

KALYANI STEELS

KSL:SEC:

CIN-L27104MH1973PLC016350

August 3, 2021

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Fort, Mumbai – 400 001
Scrip Code : 500235

National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
Scrip Symbol : KSL

Dear Sir,

Sub. : Notice of 48th Annual General Meeting scheduled to be held on Friday, September 3, 2021 and Annual Report for the financial year ended March 31, 2021

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, as amended, please find enclosed herewith following documents :

- 1) Notice of 48th Annual General Meeting (AGM) scheduled to be held on Friday, September 3, 2021 at 11.00 a.m. (I.S.T.) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM").
- 2) Annual Report for the financial year ended March 31, 2021

These documents are also available on the Company's web-site at www.kalyanisteels.com

Information of AGM and E-Voting at a glance :

Particulars	Details
Date and time of AGM	Friday, September 3, 2021 at 11.00 a.m. (I.S.T.)
Web-link for participating at AGM through VC / OAVM	https://www.evoting.nsdl.com/
Cut-off date for e-Voting	Friday, August 27, 2021
E-Voting Start Date and Time	Tuesday, August 31, 2021 at 9.00 a.m. (I.S.T.)
E-Voting End Date and Time	Thursday, September 2, 2021 at 5.00 p.m. (I.S.T.)
E-Voting web-site	https://www.evoting.nsdl.com/

Thanking you,

Yours faithfully,
For KALYANI STEELS LIMITED

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



Encl. : As above



KALYANI
GROUP COMPANY

KALYANI STEELS LIMITED, CORPORATE BUILDING, 2ND FLOOR, MUNDHWA, PUNE 411036, INDIA.
PHONE : +91 20 66215000 FAX : +91 20 26821124

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-EIGHTH Annual General Meeting of the Members of Kalyani Steels Limited will be held on Friday, September 3, 2021, at 11.00 a.m. (I.S.T.), through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), to transact the following business :

ORDINARY BUSINESS

- To consider and adopt :
 - the Audited Standalone Financial Statements of the Company for the Financial Year ended March 31, 2021 and the Reports of the Board of Directors and Auditors thereon.
 - the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2021 and the Report of the Auditors thereon.
- To declare dividend on Equity Shares for the Financial Year ended March 31, 2021.
- To appoint a Director in place of Mrs.Sunita B. Kalyani (DIN 00089496), who retires by rotation and being eligible, offers herself for re-appointment.
- To appoint a Director in place of Mr.Amit B. Kalyani (DIN 00089430), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

5. Re-appointment of Mr.R.K. Goyal (DIN 03050193) as Managing Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V to the said Act and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to such other sanctions / approvals, as may be necessary or required, the consent of the Company be and is hereby accorded to the re-appointment of Mr.R.K. Goyal (DIN 03050193) as the Managing Director, of the Company, for a period of 5 (Five) years with effect from January 17, 2021 to January 16, 2026, with such powers, authorities and functions as will be vested in him from time to time by the Board of Directors of the Company, on following terms and conditions including remuneration :

I) Salary :

- Basic Salary of ₹ 1,921,000/- (Rupees One Million Nine Hundred Twenty One Thousand only) per month in the grade of ₹ 1,000,000/- (Rupees One Million only) to ₹ 3,000,000/- (Rupees Three Million only).
- Special Allowance of ₹ 1,152,600/- (Rupees One Million One Hundred Fifty Two Thousand Six Hundred only) per month.
- Additional Special Allowance of ₹ 1,152,600/- (Rupees One Million One Hundred Fifty Two Thousand Six Hundred only) per month.

II) Perquisites :

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

Category 'A'

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

a) Housing :

- The Company shall provide furnished accommodation to the Managing Director and his family.
- In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance of ₹ 590,000/- (Rupees Five Hundred Ninety Thousand only) per month.

b) Medical Reimbursement :

Expenses incurred for the Managing Director and his family subject to the ceiling of ₹ 16,000/- (Rupees Sixteen Thousand only) per month.

c) Leave Travel Concession :

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

Explanation :

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

Category 'B'

1. Contribution to Provident Fund will not be included in the computation of the ceilings on remuneration to the extent it is not taxable under the Income Tax Act, 1961.
2. Gratuity to be paid as per the rules of the Company.
3. Encashment of leave at the end of the tenure.
4. Retirement and other benefits as per the rules of the Company.

Category 'C'

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

III) Commission :

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

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

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

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

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 ₹ 425,000/- (Rupees Four Hundred Twenty Five Thousand only) plus applicable taxes and reimbursement of out of pocket expenses, to Company's Cost Auditors, M/s S.R. Bhargave & Co., Cost Accountants, Pune (Firm Registration No.000218), appointed by the Board of Directors of the Company, for auditing the cost records maintained by the Company for the financial year ending March 31, 2022."

By Order of the Board of Directors
For Kalyani Steels Limited

Pune
May 18, 2021

Mrs. Deepti R. Puranik
Company Secretary

NOTES :

1. In view of the ongoing outbreak of the COVID 19 pandemic, social distancing norms to be followed and the continuing restrictions on movement of persons at several places in the country and pursuant to General Circular Nos. 14/2020, 17/2020, 20/2020 and 02/2021 dated April 8, 2020, April 13, 2020, May 5, 2020 and January 13, 2021 respectively, issued by Ministry of Corporate Affairs (collectively referred to as "MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated May 12, 2020 and January 15, 2021 respectively, issued by Securities and Exchange Board of India ("SEBI Circulars") and in compliance with the provisions of the Companies Act, 2013 ("Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Forty-Eighth Annual General Meeting ("AGM") of the Company will be conducted through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue.
2. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website www.kalyanisteels.com, websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and National Stock Exchange of India Limited at www.nseindia.com and on the website of NSDL at www.evoting.nsdl.com
3. In terms of the MCA Circulars, since the physical attendance of Members has been dispensed with, there is no requirement of appointment of proxies. Accordingly, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the AGM.
4. National Securities Depositories Limited ("NSDL") will be providing facility for voting through remote e-Voting and for participation in the AGM through VC / OAVM Facility and e-Voting during the AGM.
5. Members may join the AGM through VC / OAVM Facility by following the procedure as mentioned below, which shall be kept open for the Members from 10:15 a.m. (I.S.T.) i.e. 45 minutes before the scheduled start time of the AGM and will be open upto 15 minutes after the scheduled start time of AGM.
6. Members may note that the VC / OAVM Facility, provided by NSDL, allows participation of 1,000 Members on a on a first-come-first-served basis. This will not include large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without any restriction on account of first-come-first-served principle.
7. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
8. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Businesses under Item Nos.5 and 6 of the Notice to be transacted at the Annual General Meeting is annexed hereto.
9. The Share Transfer Books and the Register of Members of the Company will remain closed from Saturday, August 28, 2021 to Friday, September 3, 2021 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Annual General Meeting.
10. If the dividend on Equity Shares as recommended by the Board of Directors is declared at the Annual General Meeting, the payment of such dividend will be made on or before September 15, 2021 to those members :
 - a) whose names appear as beneficial owners holding shares in electronic form, as per the beneficial ownership data as may be made available to the Company by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL), as of the end of the day on Friday, August 27, 2021.
 - b) whose names appear in the Register of Members of the Company after giving effect to valid share transfers lodged with the Company or with the Registrar and Transfer Agents of the Company, before the close of business hours on Friday, August 27, 2021.
11. Pursuant to Finance Act 2020, dividend income will be taxable at the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to members at prescribed rates. For information on prescribed rates, members are requested to refer to the Finance Act, 2020 and amendments thereof. The members are requested to update their PAN details with Registrar and Transfer Agents (in case of shares held in physical mode) and depository participants (in case shares held in demat mode). However, no tax shall be deducted on the dividend payable to a resident individual shareholder, if the total dividend to be paid to them during FY 2021-22 by the Company does not exceed ₹ 5,000/-.

A resident individual shareholder with PAN who is not liable to pay income tax can submit a yearly declaration in Form 15G/15H, to avail the benefit of non-deduction of tax, by submitting duly signed forms to Company's RTA at <https://linkintime.co.in/formsreg/submission-of-form-15g-15h.html> or send an email to pune@linkintime.co.in with a copy marked to tforms@kalyanisteels.com by Friday, August 27, 2021 (upto 5.00 p.m. I.S.T.). Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by updating details at <https://linkintime.co.in/formsreg/submission-of-form-15g15h.html> alternatively send an email to pune@linkintime.co.in with a copy marked to tforms@kalyanisteels.com. The said declarations need to be submitted by Friday, August 27, 2021 (upto 5.00 p.m. I.S.T.).

On the said link, the user shall be prompted to select / share the following information to register their request -

- a) Select the company (Dropdown)
- b) Folio / DP ID and Client ID
- c) PAN
- d) Financial year (Dropdown)
- e) Form selection
- f) Document attachment – 1 (PAN)
- g) Document attachment – 2 (Forms)
- h) Document attachment – 3 (Any other supporting document)

Incomplete and/or unsigned forms and declarations will not be considered by the Company. All communications/ queries in this respect should be addressed to the RTA, by email to ksltaxexemption@linkintime.co.in and Exemption Forms if forwarded to this email id will not be considered for the purpose of processing. Shareholders who have uploaded exemption forms (valid in all respect) on the portal are also required to forward the original form to the Company.

12. Members holding shares in dematerialized form are requested to intimate any change in their postal address, email address, Permanent Account Number (PAN), bank details, ECS details etc. to their respective Depository Participants and those holding shares in physical form are requested to intimate the said changes to the Registrar and Transfer Agent of the Company, at their address given below.
13. Those Members who have not encashed / received their Dividend Warrants for the previous financial year(s) may approach the Registrar and Transfer Agent of the Company, at their address given below, for claiming their unencashed / unclaimed dividend.
14. Dividends which remain unencashed / unclaimed over a period of 7 years will have to be transferred by the Company to the Investor Education and Protection Fund (IEPF) constituted by the Central Government under Section 125 of the Companies Act, 2013. Further, under the amended provisions of Section 124 of the Companies Act, 2013, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall also be transferred by the Company in the name of the IEPF.
15. Equity Shares of the Company are under compulsory demat trading by all investors. Those shareholders, who have not dematerialized their shareholding, are advised to dematerialize the same to avoid any inconvenience in future.
16. The SEBI has mandated that w.e.f. April 1, 2019 except in case of transmission or transposition of securities, requests for effecting transfer of securities shall not be processed unless the securities are held in dematerialized form with a depository. In view of the same members holding shares in physical form are requested to get them converted into dematerialized form.
17. Brief Profile of Director(s) proposed to be appointed / re-appointed, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se, are provided in the Report on Corporate Governance forming part of the Annual Report.
18. 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 dematerialized 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.

19. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
20. Members, who need assistance before or during the AGM, can contact Mr. Umesh Sharma of Link Intime India Private Limited, Registrar and Transfer Agent of the Company, at umesh.sharma@linkintime.co.in or call on 020-26161629 / 26160084. Kindly quote your name, DP ID and Client ID / Folio No. and EVEN in all your communications.
21. The Register of Directors and Key Managerial Personnel and their shareholding, under Section 170 of the Companies Act, 2013 and the Register of Contracts or arrangements in which Directors are interested under Section 189 of Companies Act, 2013 and all documents referred to in this Notice and accompanying Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, will be available for electronic inspection of the Members from the date of circulation of this Notice upto the date of AGM i.e. September 3, 2021. Members seeking to inspect, can send an e-mail to Secretarial Department of the Company at investor@kalyanisteels.com.

22. The Instructions for Members for remote e-Voting and joining Annual General Meeting are as under :

The remote e-Voting period begins on Tuesday, August 31, 2021 at 9.00 a.m. and ends on Thursday, September 2, 2021 at 5.00 p.m. The remote e-Voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the cut-off date i.e. August 27, 2021, may cast their votes electronically. The voting rights of members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut-off date, being August 27, 2021.

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below :

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email ID in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below :

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> <li data-bbox="782 1199 1347 1696">1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL : https://eservices.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. <li data-bbox="782 1703 1347 1843">2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS” Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp

	<p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL : https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>
<p>Individual Shareholders holding securities in demat mode with CDSL</p>	<ol style="list-style-type: none"> 1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on NEW System Myeasi. 2. After successful login of Easi / Easiest the user will be also able to see the E-Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi / Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.
<p>Individual Shareholders (holding securities in demat mode) login through their depository participants</p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p>

Important note : Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder / Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password / OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

- 4 Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is :
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below :

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
- c) How to retrieve your ‘initial password’?
 - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.

- (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/ folio number, your PAN, your name and your registered address etc.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
 7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
 8. Now, you will have to click on "Login" button.
 9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to deulkarcs@gmail.com with a copy marked to evoting@nsdl.co.in
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. 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 download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms.Pallavi Mhatre, Manager, NSDL at evoting@nsdl.co.in

Process for those shareholders whose email IDs are not registered with the depositories for procuring user id and password and registration of email IDs for e-Voting for the resolutions set out in this notice :

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to pune@linkintime.co.in with copy marked to evoting@kalyanisteels.com
2. In case shares are held in demat mode, please provide DP ID and CL ID (16 digit DP ID + CL ID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to

pune@linkintime.co.in with copy marked to evoting@kalyanisteels.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at Step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

3. Alternatively shareholder/member may send a request to evoting@nsdl.co.in for procuring user id and password for e-Voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER :

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-Voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for remote e-Voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING AGM THROUGH VC/OAVM ARE AS UNDER :

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
 2. Members are encouraged to join the Meeting through Laptops for better experience.
 3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
 4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
 5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at investor@kalyanisteels.com. The same will be replied by the company suitably.
 6. Shareholders holding shares as on the cut-off date i.e. August 27, 2021, who would like to express their views / ask questions during the AGM, will have to register themselves as a "Speaker" and send their request mentioning their name, demat account number / folio number, email id, mobile number at investor@kalyanisteels.com between August 27, 2021 (9.00 a.m.) to August 31, 2021 (5.00 p.m.). Only those members who have registered themselves as a Speaker will only be allowed to express their views / ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.
23. Mr.S.V. Deulkar and / or Mr.Sridhar Mudliar and / or Mrs.Meenakshi Deshmukh, Partners of SVD & Associates, Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-Voting process in a fair and transparent manner.
24. The Scrutinizer shall immediately after conclusion of AGM, unblock the votes cast through e-Voting at AGM and remote e-Voting in the presence of at least two witnesses not in the employment of the Company and

shall submit not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or the person authorized by him in writing who shall countersign the same. The Chairman or the person authorized by him, shall declare the result of the voting forthwith.

25. 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 immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the Stock Exchanges.

Registrar & Transfer Agent
LINK INTIME INDIA PRIVATE LIMITED
Block No.202, Akshay Complex, 2nd Floor, Off Dhole Patil Road, Near Ganesh Mandir, Pune - 411 001
Phone Nos. : 020 - 26161629 / 26160084, Telefax : 020 - 26163503
E-mail : pune@linkintime.co.in

ANNEXURE TO THE NOTICE
Explanatory Statement as required by Section 102 of the Companies Act, 2013

As required by Section 102 of the Companies Act, 2013, the following explanatory statement sets out, the material facts relating to Special Business Items as stated in the accompanying Notice dated May 18, 2021

ITEM NO.5

Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on November 9, 2020, had re-appointed Mr.R.K. Goyal as Managing Director of the Company for the period of 5 (Five) years with effect from January 17, 2021 to January 16, 2026, on the terms of remuneration as mentioned in the Resolution No.5 subject to approval of the members.

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

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

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

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

ITEM NO.6

The Board of Directors at their meeting held on May 18, 2021, based on the recommendation of the Audit Committee, had appointed M/s S.R. Bhargave & Co., Cost Accountants, Pune, as Cost Auditors of the Company for auditing the cost records maintained by the Company for the financial year ending March 31, 2022, at remuneration of ₹ 425,000/- (Rupees Four Hundred Twenty Five Thousand only) plus applicable taxes thereon and reimbursement of out of pocket expenses.

Pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, remuneration payable to the Cost Auditors is required to be ratified by the members of the Company. The Board recommends the resolution set out at Item No.6 of the Notice, for the approval of the members of the Company.

None of the Directors / Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested in the Resolution as set out in Item No. 6 of the Notice.

By Order of the Board of Directors
For Kalyani Steels Limited

Pune
May 18, 2021

Mrs.Deepti R. Puranik
Company Secretary

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. B. B. Hattarki

Mr. M. U. Takale

Mr. Arun P. Pawar

Mr. S. K. Mandlik

Mr. S. K. Adivarekar

Mrs. Shruti A. Shah

Amb. Ahmad Javed (w.e.f. June 26, 2020)

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

P G BHAGWAT LLP

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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48TH ANNUAL GENERAL MEETING

Day	: Friday
Date	: September 3, 2021
Time	: 11.00 a.m. (I.S.T.)
Mode of Meeting	: Through Video Conferencing (VC) / Other Audio Visual Means (OAVM)



MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to present your Company's Forty-Eighth Annual Report for the year 2020-21 along with the compliance report on Corporate Governance. This section on Management Discussion and Analysis forms a part of the compliance report on Corporate Governance.

Economic Review :

As per IMF's World Economic Outlook Report of April, 2021, World real GDP has contracted by 3.3 % in the year 2020.

Novel Corona Virus Disease of 2019 (COVID 19) has severely impacted family livelihood across the world. The impact from second wave in 2021 peaked in January to weekly average of 0.78 Million new cases per day & 14.3K Deaths per day worldwide.

This recovery in 2021 is only partial as the level of economic activity is projected to remain below the level IMF had projected for 2021, before the virus hit. The cumulative loss to global GDP over 2020 and 2021 from the pandemic crisis could be around 9 trillion dollars, greater than the economies of Japan and Germany, combined. This makes the Great Lockdown the worst recession since the Great Depression and far worse than the Global Financial Crisis of 2008.

Real GDP Growth (%)

Calendar Year	2020	2021 (Projected)	2022 (projected)
World	(3.3)	6.0	4.4
Advanced Economies	(4.7)	5.1	3.6
Emerging Markets	(2.2)	6.7	5.0

Beyond 2022, world real GDP growth is projected to be approx. +3.3%.

Advanced Economies

A high degree of uncertainty surrounds these projections, with many possible downside and upside risks. Much still depends on the race between the virus and vaccines. Greater progress with vaccinations can uplift the forecast, while new virus variants that evade vaccines can lead to a sharp downgrade. Vaccinated population and strict government control will drive the projected GDP growth upward with increased occupancy / footfall rates in Hotels, restaurants, Cinema halls, airports, salons etc. which are worst hit Sectors due to COVID 19 crisis.

The recovery also varies within the group of countries. US is likely to return to end 2019 level, by 1st half of 2021. Japan in 2nd half of 2021. European countries and UK activities are likely to remain below 2019 level, till 2022 end.

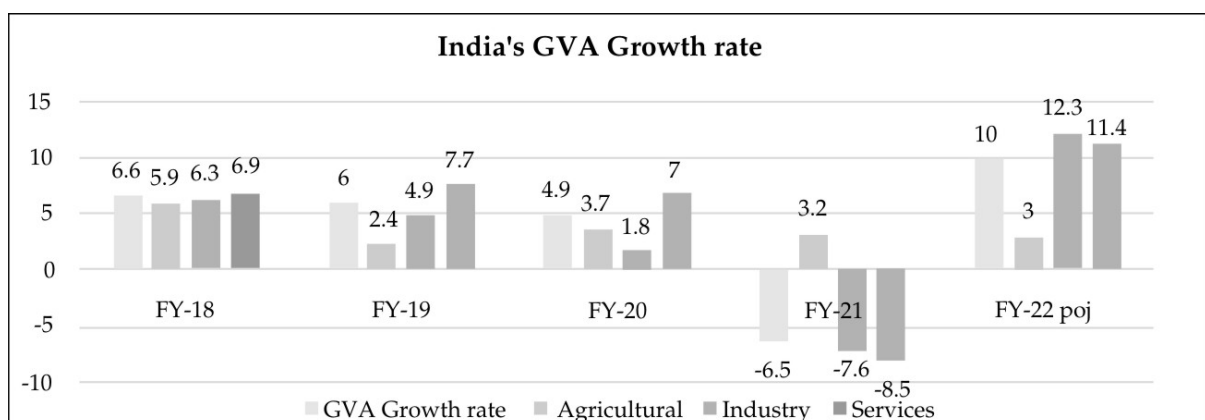
Emerging Markets

As per vaccination data, it is expected that vaccine protection will be unavailable for major population and hence lock down and containment measures may be needed frequently in 2021 and 2022, which will adversely affect output of these economies. Positive growth in China will continue due to effective containment measures, forceful public investment response and liquidity support by central banks.

In some emerging Asian markets like India, projections of 2021 have been revised up by 0.6% points, reflecting strong recovery, than initially expected after lockdown were eased. However increasing number of COVID cases has again reduced the growth prospectus in these markets.

Indian Economy

As per RBI's survey of professional forecasters dated April 7, 2021, the Indian Gross Value Added (GVA), had de-growth of 6.5% due to the effects of COVID 19 pandemic in FY 2020-21. However, for FY 2021-22 the growth of 10% is projected, due to quick recovery of economic activity after the Lockdown was eased out.



As per CRISIL Report 'India Outlook, Fiscal 2022', India's Gross Domestic Product (GDP) growth to rebound to 11% in Fiscal 2022, after an estimated 8% contraction in this Fiscal FY 2020-21, as four drivers – people learning to live with the new normal, flattening of the COVID 19 affliction curve, rollout of vaccinations and investment-focused government spending will affect the growth.

World Steel Industry

In 2020, the world steel production has reduced by 0.9% as shown below. Despite de-growth in all major steel producing countries due to COVID 19 pandemic, steel production of China has increased by 5.2%. China's percentage share in global steel production increased from 53% in 2019 to 56% in 2020.

	CY 2020	CY 2019	% Growth
World crude steel production	1864	1880	(0.9%)
China	1053	1001	5.2%
EU(28)	138.8	157.4	(11.8%)
India	99.6	111.4	(10.6%)
Japan	83.2	99.3	(16.2%)
United States	72.7	87.8	(17.2%)

Indian Steel Industry

As per World Steel Association, crude Steel production in India shrunk by 10.6% due to disruption in economic activity due to nation-wide lockdown starting from March, 2020 on account of COVID 19 pandemic.

Crude Steel Production	CY 2020	CY 2019	YoY %
Production (Mil T)	99.6	111.4	(10.6%)

On demand side, rating agency 'India Rating' has revised outlook of steel industry from negative to stable. For FY 2021-22, the agency expects the volumes to improve on year on year basis. The prices could remain volatile for certain months, because of the concentrated nature of the coking coal mining sector and the risk of a natural calamity in Australia, a major supplier of coking coal.

In 2020, China, the leading producer of steel, contributed 56% of the global output at 1,053 Million MTs, showing 5.2% growth over previous year.

The European Union (EU) recorded decrease of 11.8% in 2020 over 2019, producing 138.8 Million MTs of crude steel.

Japan's crude steel production continued to decrease and was down by 16.2% in 2020 to 83.2 Million MTs.

USA's crude steel production decreased substantially by 17.2% to 72.7 Million MTs in 2020 as compared to that in 2019.

India produced 99.6 Million MTs in 2020, with 10.6% de-growth over that in 2019.

In 2020, the global steel industry is being impacted as steel users and producers are hit by shutdowns, disrupted supply chains, collapsing confidence, delayed construction projects as well as a decline in consumption activity. Financial market volatility and collapsing oil prices have further undermined investments.

**Industry Profitability Outlook**

In FY 2020-21 post Pandemic Indian steel industry bounced back and demonstrated growth in demand from auto sector.

Going forward, the industry profitability is expected to sustain inspite of current second COVID wave as the world is geared and prepared to handle due to development of vaccines and overall public awareness.

- Substantial recovery is seen mainly in :
 - Automobiles
 - Energy / Power Sector
 - Oil & Gas
 - Engineering Industry
 - Substantial fund inducement and increase in CAPEX expected by Private Sector.
 - Various Government Initiatives including Vehicle scrapage policy and PLI schemes are expected to boost the industry favourably.
- Manpower shortage : Steel industry employs fairly large number of manpower and the situation is slowly but steadily coming back to normal - particularly migrant workers and truck drivers.
- Disruption in supply chain : Supply chains i.e. raw material producers, third party-vendors, transportation etc. were severely disturbed due to COVID 19, but are coming back to normal.
- Stressed financial position : Due to sudden slowdown in economic activity during COVID 19 and resultant industry losses, severe cash flow and working capital issues were faced, however due to various Government, RBI guidelines and Financial Institution's initiatives, economy is reviving rapidly.

Given the above scenario, it is becoming more and more important to focus on cost reduction and quality improvement to remain competitive in current market and to protect margins.

Initiatives taken by the Company

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

Marketing Initiatives

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

The Company has continued focus on niche segments such as critical components in Automotive and Engineering - where the product range is less susceptible to global market fluctuations. Moreover, Company's efforts to improve service levels and close co-ordination with all stakeholders allowed the Company to consolidate its position as the preferred supplier to its customers.

Cost reduction & Quality improvement Initiatives

The company continued its efforts for Cost reduction and Quality improvement. The details of the same are mentioned in Annexure 'A' to the Directors' Report.

Company Performance

- Revenue from Operations - ₹ 11,880 Million
- Profit before Taxation – ₹ 2,550 Million

Revenue from Operations includes Manufacturing Revenue of ₹ 11,202 Million, Trading Revenue of ₹ 462 Million and other Operating Revenue of ₹ 216 Million.

Manufacturing Revenue consists of sale of Rolled Products, As Cast Blooms and Pig Iron. The Company sold 185,416 tonnes of Rolled Products aggregating ₹ 10,532 Million, 12,540 tonnes of As Cast Blooms aggregating ₹ 572 Million and 3,455 tonnes of Pig Iron aggregating to ₹ 98 Million.

Key Financial Ratios

The Key Financial Ratios for FY 2020-21 and FY 2019-20, along with explanation for significant changes (change of 25% or more, if any) are as follows :

Particulars	2020-21	2019-20	Change (%)
Debtors Turnover	4.77	5.09	(6.32)
Inventory Turnover	9.99	9.52	4.94
Interest Coverage Ratio	45.19	27.16	66.36*
Current Ratio	2.34	2.21	5.75
Debt Equity Ratio	0.14	(0.02)	—
Operating Profit Margin (%)	22.04	14.68	50.17**
Net Profit Margin (%)	16.02	11.44	40.06***
Net Worth	11,542.15	9,639.31	19.74
Return on Net Worth	16.49	14.22	15.91

*Improvement in ratio on account of increase in profits due to cost control measures and less borrowings.

**Efficient and effective cost control measures resulting in increased Operating Profit Margin.

***Increase in Operating Profit.

Internal Control Systems and their adequacy

The Company has well established internal control systems commensurate with its size and nature of business. Appropriate internal control policies and procedures have been set up to provide reasonable assurance on the following objectives :

- Effectiveness and efficiency of its operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations
- Safeguarding its assets
- Prevention and detection of frauds and errors

Compliance to these policies and procedures is an integral part of the management review process. Adequacy and effectiveness of these internal controls are routinely tested by internal auditors based on their risk-based audit plan. The audit plan covers the key processes across the functions, including plants, depots and other establishments. Suggestions to further strengthen the processes or make them more effective are shared with the Audit Committee of Directors along with status of action thereon.

Human Resources

The Company is committed to creating a professional culture to nurture and enable people to grow in their careers alongside Company's success. Company constantly strives to strengthen its manpower in alignment with the business needs and continue to engage them through various initiatives in the realm of learning & development opportunities, reward & recognition, employee engagement activities & career growth.

The Company focuses on upgradation of knowledge and skill and providing conducive work environment. The Company has well defined HR policies in place, which enable it in building a strong performance-oriented culture, a sense of belongingness and commitment to work.

As on March 31, 2021 the Company has 63 employees. 983 employees are on the rolls of Hospet Steels Limited, which is a Joint Venture Company formed with the specific purpose of managing and operating the composite steel making facility at Ginigera, in terms of Strategic Alliance between the Company and Mukand Limited.

**REPORT ON CORPORATE GOVERNANCE****CORPORATE GOVERNANCE PHILOSOPHY**

Corporate Governance is a set of systems, principles and processes by which a Company is governed. Corporate Governance framework ensures that a Company makes timely disclosures and shares accurate information regarding its financials and performance. The Company is dedicated to conduct its business consistent with the highest standards of business ethics and values.

The Company is in compliance with the requirements stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (Listing Regulations) with regard to Corporate Governance, applicable for the Financial Year 2020-21.

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

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

As on March 31, 2021, the Board of Directors of Kalyani Steels comprised Twelve Directors. The Board consists of the Chairman, who is a Promoter Non-Executive Director, one Executive Director and ten Non-Executive Directors, of which seven are Independent. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations. Details of composition of the Board of Directors are given in Table 1.

NUMBER OF BOARD MEETINGS

During the year 2020-21, the Board of the Company met four times on June 26, 2020, August 10, 2020, November 9, 2020 and January 29, 2021. All the meetings were held in such manner that the gap between two consecutive meetings was not more than one hundred and twenty days.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS

Table 1 : The composition of the Board, the category of Directors and their attendance at the meetings of the Board of Directors held during the year 2020-21 and at the last Annual General Meeting held on September 25, 2020 :

Name of the Director	Category	Particulars of Attendance		
		Number of Board Meetings		Last AGM
		Held	Attended	
Mr.B.N. Kalyani, Chairman	Promoter Non-Executive	4	4	Yes
Mrs.Sunita B. Kalyani	Non-Executive	4	4	Yes
Mr.Amit B. Kalyani	Non-Executive	4	4	Yes
Mr.S.M. Kheny	Non-Executive	4	4	Yes
Mr.B.B. Hattarki	Independent	4	4	Yes
Mr.M.U. Takale	Independent	4	4	Yes
Mr.Arun P. Pawar	Independent	4	4	Yes
Mr.Sachin K. Mandlik	Independent	4	4	Yes
Mr.S.K. Adivarekar	Independent	4	4	Yes
Mrs.Shruti A. Shah	Independent	4	4	Yes
Amb.Ahmad Javed*	Independent	4	4	No
Mr.R.K. Goyal, Managing Director	Executive	4	4	Yes

*Appointed with effect from June 26, 2020.

Table 2 : The details of the number of Directorships held and Committee Memberships / Chairmanships held in Indian Public Limited Companies, whether listed or not, including the Company, as on March 31, 2021 and details of Directorships held in other Listed Companies :

Name of the Director	In Indian Public Limited Companies, whether listed or not, including Kalyani Steels Limited			Directorships held in other Listed Companies	
	Directorships	*Committee Memberships	*Committee Chairmanships	Name of the Company	Type of Directorship
Mr.B.N. Kalyani Chairman	7	3	—	Bharat Forge Limited Automotive Axles Limited Hikal Limited BF Utilities Limited	Executive Non-Executive Non-Executive Non-Executive
Mrs.Sunita B. Kalyani	1	—	—	—	—
Mr.Amit B. Kalyani	9	1	—	Bharat Forge Limited Hikal Limited BF Utilities Limited Kalyani Investment Company Limited BF Investment Limited Schaeffler India Limited	Executive Non-Executive Non-Executive Non-Executive Independent
Mr.S.M. Kheny	5	2	1	—	—
Mr.B.B. Hattarki	8	4	5	Automotive Axles Limited BF Utilities Limited Kalyani Investment Company Limited BF Investment Limited	Independent Independent Independent Independent
Mr.M.U. Takale	4	2	1	BF Investment Limited	Independent
Mr.Arun P. Pawar	2	—	—	Phoenix Township Limited	Non-Executive
Mr.Sachin K. Mandlik	1	—	—	—	—
Mr.S.K. Adivarekar	4	2	2	Kalyani Investment Company Limited BF Utilities Limited	Independent Independent
Mrs.Shruti A. Shah	4	2	—	Kalyani Investment Company Limited Balkrishna Industries Limited Jai Corp Limited	Independent Independent Independent
Amb.Ahmad Javed	1	—	—	—	—
Mr.R.K. Goyal Managing Director	4	4	—	Kalyani Investment Company Limited Hikal Limited	Independent Independent

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

Certificate from M/s SVD & Associates, Practicing Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of the companies, by the Securities and Exchange Board of India (SEBI) / Ministry of Corporate Affairs or any such Statutory Authority, is enclosed as Annexure "A".

INDEPENDENT DIRECTORS

Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that the Independent Directors on the Board of the Company fulfill the conditions of independence specified in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations and are independent of the Company's management. The terms of appointment of the Independent Directors are disclosed on the website of the Company viz. www.kalyanisteels.com/profile/policies.

BOARD PROCEDURE

Information Supplied to the Board

Among others, information supplied to the Board includes :

- Annual operating plans and budgets, capital budgets and any update thereof.
- Quarterly results for the Company.
- Minutes of meetings of Audit Committee and other committees of the Board and minutes of meetings of Subsidiary Company.
- Appointment, remuneration and resignation of Directors.
- The information on recruitment and remuneration of senior officers just below the level of the Board, including the appointment or removal of Chief Financial Officer and Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, if any which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company or substantial non-payment for goods sold by the Company.



- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
- Details of any Joint Venture / Collaboration Agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources / Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.
- Making of loans and investments of surplus funds.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- General Notices of interest by Directors, declaration of Independent Directors at the time of appointment / annual declaration.
- Formation / Reconstitution of Committees of the Board.
- Dividend declaration.
- Appointment and fixing remuneration, of the Auditors as recommended by the Audit Committee.
- Annual Financial Results of the Company, Auditors' Report and the Report of the Board of Directors.
- Compliance certificates for all the laws as applicable to the Company.
- CSR activities carried out by the Company and expenditure made thereon.

The Board of Directors of the Company is presented with detailed notes, along with the agenda papers, well in advance of each Board and Committee Meeting. All material information is incorporated in the agenda for facilitating focused and meaningful discussions at the meeting. In special and exceptional circumstances, additional items on the agenda are permitted with the consent of all the Independent Directors.

CEO AND CFO CERTIFICATION

The Managing Director and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations. The Managing Director and the Chief Financial Officer also give quarterly certification on financial results, while placing the financial results before the Board in terms of Regulation 33(2)(a) of the Listing Regulations.

CODE OF CONDUCT

The Company has adopted a Code of Conduct for Directors and Senior Management of the Company. The Code has been circulated to all the members of the Board and Senior Management and the same is available on the Company's website. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

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.

COMMITTEES OF THE BOARD

As on March 31, 2021, the Company has Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Finance Committee and Share Transfer Committee. The Board Committees are set up and reconstituted, as and when necessary, under the formal approval of the Board to carry out clearly defined role which are considered to be performed by the members of the respective Board Committees. The Company's guidelines relating to Board Meetings are applicable to the Committee Meetings, as far as may be practicable. Minutes of the proceedings of the Committee Meetings are placed before the Board Meeting for consideration and noting. The Company Secretary acts as the Secretary of all Committees.

AUDIT COMMITTEE

As on March 31, 2021, 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 Annual General Meeting of the Company held on September 25, 2020 was attended by the Chairman of the Audit Committee, Mr.S.K. Adivarekar, to answer the shareholders' queries.

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

During the year 2020-21, Audit Committee met on June 26, 2020, August 10, 2020, November 9, 2020 and January 29, 2021 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.K. Adivarekar, Chairman	Independent	4	4
Mr.B.N. Kalyani	Promoter Non-Executive	4	4
Mr.B.B. Hattarki	Independent	4	4
Mr.M.U. Takale	Independent	4	4

The Role / Terms of reference of the Audit Committee of the Company include of the following :

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to :
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Modified opinion(s) in the draft audit report, if any.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for the purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Evaluation of internal financial controls and risk management systems.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussions with internal auditors on any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussions with statutory auditors before audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern, if any.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the whistle blower mechanism.
- Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background etc. of the candidate.
- Reviewing the utilization of loans and / or advances from / investment by the Company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of Information by the Audit Committee :

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



Powers of 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.

STAKEHOLDERS RELATIONSHIP COMMITTEE

As on March 31, 2021, Stakeholders Relationship Committee comprised of three members viz. Mr.S.M. Kheny, Chairman, Mr.R.K. Goyal, Managing Director and Mr.B.B. Hattarki. During the year 2020-21, the Stakeholders Relationship Committee met on June 25, 2020, August 8, 2020, November 7, 2020 and January 28, 2021.

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

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

Role of the Stakeholders Relationship Committee :

- Resolving the grievances of the security holders of the Company including complaints related to transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new / duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.

COMPLIANCE OFFICER

Mrs. Deepthi R. Puranik, Company Secretary is the Compliance Officer.

STATUS OF INVESTORS' COMPLAINTS

During the year, no complaints were received. The status of complaints is also reported to the Board of Directors, as an agenda item.

DESIGNATED EXCLUSIVE E-MAIL ID

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

NOMINATION AND REMUNERATION COMMITTEE

As on March 31, 2021, Nomination and Remuneration Committee comprised of three members viz. Mr.M.U. Takale, Chairman, Mr.Amit B. Kalyani and Mr.B.B. Hattarki. During the year 2020-21, the Nomination and Remuneration Committee met on June 26, 2020 and November 7, 2020.

Role of Nomination and Remuneration Committee :

- Formulation of the criteria for determining qualifications, positive attributes and independence of Directors and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of performance of Independent Directors and the Board.
- Devising a policy on Board diversity.
- Identifying the persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

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

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

PERFORMANCE EVALUATION CRITERIA FOR DIRECTORS

The Nomination and Remuneration Committee has devised criteria for performance evaluation of Directors including independent Directors. The said criteria provides for certain parameters like seniority / experience, number of years on the Board, Board / Committee meetings attended, Director's position on the Company's Board Committees, other relevant factors and performance of the Company.

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 2020-21.

POLICY ON BOARD DIVERSITY AND NOMINATION AND REMUNERATION POLICY

The Board on recommendation of the Nomination and Remuneration Committee, has approved Policy on Board Diversity and Nomination and Remuneration Policy and the same are available on the Company's website. (Web-link : <http://www.kalyanisteels.com/profile/policies/>). These Policies provides for criteria for determining qualifications, positive attributes & independence of director as well as remuneration policy for directors, key managerial personnel and other employees, with an objective to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

Skills / Expertise / Competencies for the Board of Directors

The following is the list of core Skills / Expertise / Competencies identified by the Board of Directors for the Board members, in the context of the Company's business and that the said skills are available with the Board members :

	Industry Knowledge / experience	Technology and Innovations	Strategy and Planning	Sales and Marketing	Financial Skills	Legal and Regulatory knowledge	Corporate Governance and Risk Management
Mr.B.N. Kalyani, Chairman	✓	✓	✓	✓	✓	✓	✓
Mrs.Sunita B. Kalyani	✓		✓		✓		✓
Mr.Amit B. Kalyani	✓	✓	✓	✓	✓	✓	✓
Mr.S.M. Kheny	✓	✓	✓		✓		
Mr.B.B. Hattarki	✓	✓	✓		✓		
Mr.M.U. Takale	✓	✓	✓		✓		
Mr.Arun P. Pawar	✓	✓	✓	✓	✓	✓	✓
Mr.Sachin K. Mandlik	✓		✓		✓	✓	✓
Mr.S.K. Adivarekar	✓		✓		✓	✓	✓
Mrs.Shruti A. Shah	✓		✓		✓	✓	✓
Amb.Ahmad Javed	✓		✓		✓	✓	✓
Mr.R.K. Goyal, Managing Director	✓	✓	✓	✓	✓	✓	✓

Remuneration to Non-Executive Directors

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

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

Remuneration to Managing Director, Key Managerial Personnel and other Employees

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



The Managing Director is paid remuneration as per the terms approved by the Nomination and Remuneration Committee and the Board and confirmed by the Shareholders of the Company. The remuneration of the Managing Director comprises of Salary, Commission and Perquisites besides contribution to provident fund, gratuity and leave encashment facility. The Company does not have any stock option scheme. The tenure of the office of the Managing Director is 5 (Five) years. The Board has discretion to decide notice period of the Managing Director. There is no separate provision for payment of severance fees.

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

Table 3 : The details of the remuneration package of Directors during the year 2020-21, their shareholding in the Company and relationship with other directors, if any :

(₹ in Million)

Name of the Director	Relationship with other Directors	Sitting fees #	Salaries and perquisites	Commission ##	Total	No. of Shares held
Mr.B.N. Kalyani	*	0.04	—	7.00	7.04	1,118
Mrs.Sunita B. Kalyani	**	0.01	—	6.00	6.01	54,650
Mr.Amit B. Kalyani	***	0.01	—	6.00	6.01	31,644
Mr.S.M. Kheny	****	0.02	—	0.70	0.72	—
Mr.B.B. Hattarki	None	0.06	—	0.95	1.01	—
Mr.M.U. Takale	None	0.02	—	0.70	0.72	2,500
Mr.Arun P. Pawar	None	0.01	—	0.60	0.61	—
Mr.Sachin K. Mandlik	None	0.01	—	0.75	0.76	—
Mr.S.K. Adivarekar	None	0.02	—	0.90	0.92	—
Mrs.Shruti A. Shah	None	0.01	—	0.70	0.71	—
Amb.Ahmad Javed [§]	None	0.01	—	0.70	0.71	—
Mr.R.K. Goyal	None	N.A.	62.67	35.00	97.67	—

Sitting fees include payment of fees for attending Board and Committee Meetings.

Commission proposed and payable after approval of accounts by members of the Company in the ensuing Annual General Meeting (AGM)

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

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

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

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

§ Appointed as Director with effect from June 26, 2020

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Corporate Social Responsibility (CSR) Committee comprises of three members viz. Mr.B.B. Hattarki, Chairman, Mr.M.U. Takale and Mr.R.K. Goyal, Managing Director. During the year 2020-21, the Corporate Social Responsibility Committee met on June 26, 2020 and November 7, 2020.

Terms of Reference :

- Formulation and recommendation to the Board, CSR Policy, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount of expenditure to be incurred on the CSR activities.
- Monitor CSR Policy of the Company from time to time.

The Committee's core responsibility is to assist the Board in discharging its social responsibility by formulating and monitoring implementation of the framework of the CSR Policy. The CSR Policy of the Company is available on the Company's website. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

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

FINANCE COMMITTEE

Finance Committee comprises of three members viz. Mr.B.N. Kalyani, Chairman, Mr.B.B. Hattarki, Director and Mr.R.K. Goyal, Managing Director. During the year 2020-21, the Finance Committee met on July 4, 2020, August 7, 2020, September 7, 2020, October 30, 2020, November 30, 2020, December 11, 2020, January 22, 2021, February 26, 2021 and March 19, 2021.

Terms of Reference :

- To borrow money from banks / financial institutions, upto the limits specified by the Board.
- To open and close Bank Accounts of the Company and to authorize employees for operation of bank accounts of the Company.
- Authorization to employees to execute / sign returns, submissions, documents etc. on behalf of the Company and to appear before various statutory authorities.
- Such other matters as may be delegated by the Board from time to time.

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

Name of the Director	Category	Number of Meetings held	Number of Meetings attended
Mr.B.N. Kalyani, Chairman	Promoter Non-Executive	9	9
Mr.B.B. Hattarki	Independent	9	9
Mr.R.K. Goyal	Executive	9	9

SHARE TRANSFER COMMITTEE

The Company has constituted the Share Transfer Committee, to approve share transfers, transmissions, consolidation, sub-division, deletion of name, issue of duplicate certificates and requests for rematerialization 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. During the year 2020-21, the Share Transfer Committee met on September 21, 2020, October 21, 2020, December 19, 2020, February 27, 2021 and March 23, 2021. The particulars relating to the attendance at the Share Transfer Committee meetings held during the year are given below :

Name of the Director	Category	Number of Meetings held	Number of Meetings attended
Mr.B.N. Kalyani, Chairman	Promoter Non-Executive	5	5
Mr.B.B. Hattarki	Independent	5	5
Mr.R.K. Goyal	Executive	5	5

INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on January 29, 2021, inter alia to discuss :

- Evaluation of the performance of Non-Independent Directors and Board of Directors, as a whole.
- Evaluation of the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors.
- Evaluation of the quality, quantity and timeliness of flow of information between the Company Management and the Board of Directors, that is necessary for the Board of Directors to effectively and reasonably perform their duties.

All the Independent Directors, except Mr.M.U. Takale, were present at the meeting. The Directors expressed their satisfaction with the evaluation process.

2. MANAGEMENT
MANAGEMENT DISCUSSION AND ANALYSIS

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

DISCLOSURES
RELATED PARTY TRANSACTIONS

All transactions entered into with related parties during the year were in ordinary course of business and have been approved by the Audit Committee. The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the link : <http://www.kalyanisteels.com/profile/policies/>.

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 No.39 to Financial Statements forming part of the Annual Report.

DISCLOSURES BY MANAGEMENT TO THE BOARD

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

WHISTLE BLOWER POLICY

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal / unethical behavior. The Company has adopted Whistle Blower Policy and has established necessary vigil mechanism for employees / directors, wherein they 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 for direct access to the Chairperson of the audit committee and appropriate protection to the genuine Whistle Blower, who avails of the mechanism. The Whistle Blower Policy / Vigil Mechanism has been disclosed on the website of the Company. (Web-link :<http://www.kalyanisteels.com/profile/policies/>)

**SUBSIDIARY COMPANY**

The minutes of the Board Meetings of the unlisted subsidiary company are periodically placed before the Board of Directors of the Company. The Company has policy for determining material subsidiary. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

INDEPENDENT DIRECTORS' TRAINING AND INDUCTION

The Independent Directors are provided with necessary documents / brochures and reports to enable them to familiarize 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, the Listing Regulations and other relevant regulations and his affirmation is taken with respect to the same.

Further, with a view to familiarize 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 familiarization programme are available on the website of the Company. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

DISCLOSURE IN RELATION TO THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

In terms of provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("the Act"), the Company has formulated a Policy for prevention, prohibition and redressal of sexual harassment of women at workplace. All women employees (permanent, temporary, contractual and trainees), as well as any women visiting the Company's office premises are covered under the Policy. During the year under review, no complaint was filed pursuant to the said Act.

3. SHAREHOLDERS**DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS**

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

Mr.R.K. Goyal, has been re-appointed as Managing Director of the Company for the period of 5 (Five) years w.e.f. January 17, 2021 to January 16, 2026.

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

- Mrs.Sunita B. Kalyani born on April 18, 1951, was the Chairperson of Kalyani Thermal Systems Limited (now named as Kalyani Technoforge Limited), a Kalyani Group Company, engaged in the manufacture of thermal system equipments and automotive components. She is also actively involved in all the CSR Activities and Charitable Foundations of the Kalyani Group. Mrs.Kalyani holds 54,650 Equity Shares of ₹ 5/- each of the Company as on March 31, 2021.
- Mr.Amit B. Kalyani, born on July 26, 1975, after having his initial education in Pune, graduated in Mechanical Engineering from Bucknell University, Pennsylvania, U.S.A. He initially worked with Kalyani Steels Limited, followed by other companies within the group. He then joined Bharat Forge Limited in 1999 as Vice President and Chief Technology Officer. He was also instrumental in strategizing and execution of the several acquisitions that the group had in Germany.

Mr.Amit B. Kalyani is currently Deputy Managing 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 31,644 Equity Shares of ₹ 5/- each of the Company as on March 31, 2021.

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

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

- Mr.R.K. Goyal, has been re-appointed as Managing Director of the Company for the period of 5 (Five) years w.e.f. January 17, 2021 to January 16, 2026, on the terms and conditions mentioned in the Notice convening the ensuing Annual General Meeting.

Mr.Goyal, born on May 18, 1958, is an Engineering Graduate from BITS, Pilani and M.B.A., having more than 39 years of rich experience, in Steel Industry. He has been associated with the Company since 2011 as Managing Director and has held a leadership position in developing the Company's business. His areas of excellence includes Overall Growth Strategy Planning, Steel, Speciality Steels and Mining Business, Strategic Alliances, Mergers & Acquisitions and Indirect Taxation.

Mr.Goyal is not related to any Director, Manager or Key Managerial Personnel of the Company. Mr.Goyal does not hold any Equity Shares of the Company.

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

Other Directorships Name of the Company	Committee Memberships Name of the Company & Committee
1. Kalyani Investment Company Limited	1. Kalyani Investment Company Limited
2. Hikal Limited	Audit Committee - Member
3. Hospet Steels Limited	Stakeholders Relationship Committee – Member
	Corporate Social Responsibility Committee - Member
	Nomination & Remuneration Committee - Member
	Share Transfer Committee - Member
	2. Hikal Limited
	Audit Committee - Member

COMMUNICATION TO SHAREHOLDERS

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

During the year, quarterly, half yearly, annual financial results are published in leading newspapers such as Business Standard (All Editions) and Loksatta (Pune).

1. Website

The Company's website contains a separate dedicated section titled "Investors". The basic information about the Company, as called for in terms of Regulation 46 of the Listing Regulations, is provided on the Company's website www.kalyanisteels.com and the same is updated from time-to-time.

2. Filing with Stock Exchanges

Financial Results / other information to Stock Exchanges is filed electronically on BSE Listing Centre for BSE and on NEAPS for NSE.

3. Annual Report

Annual Report containing, inter alia, Audited Financial Statements, Consolidated Financial Statements, Directors' Report, Independent Auditor's Report and other important information, is circulated to members and others entitled thereto in electronic / physical form. The management Discussion and Analysis (MDA) Report and Business Responsibility Report (BRR) forms part of the Annual Report and the same is also displayed on the Company's website www.kalyanisteels.com

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

**CREDIT RATING FROM CARE RATINGS LIMITED**

Care Ratings Limited have assigned following rating to the Company's bank facilities :

Facilities	Rating
Long Term Bank Facilities	CARE AA Stable (Reaffirmed) (Double A; Outlook : Stable)
Short Term Bank Facilities	CARE A1+ (Reaffirmed) (A One Plus)
Commercial Paper – Proposed [@]	CARE A1+ (Reaffirmed) (A One Plus)

@ carved out of sanctioned working capital limits of the Company.

FEES PAID TO STATUTORY AUDITORS

The Company has paid the fees of ₹ 5.30 Million to P G Bhagwat LLP, Chartered Accounts, Pune (Firm Registration No.101118W / W100682) during the year 2020-21.

DETAILS OF NON-COMPLIANCE

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

GENERAL BODY MEETINGS

Annual General Meeting :

The date, time and venue for the last 3 (Three) Annual General Meetings are given below :

Date	Time	Venue	Special Resolutions Passed
September 25, 2020	11.00 a.m.	Held through Video Conferencing (VC)/ Other Audio Visual Means (OAVM)	—
August 27, 2019	11.00 a.m.	Registered Office of the Company at Mundhwa, Pune – 411 036	1. Re-Appointment of Mr.Arun P. Pawar as an Independent Director 2. Re-Appointment of Mr.M.U Takale as an Independent Director
August 21, 2018	11.00 a.m.	Registered Office of the Company at Mundhwa, Pune – 411 036	Re-appointment of Mr.B.B. Hattarki, as an Independent Director

POSTAL BALLOT

No resolution was put through postal ballot during the year 2020-21.

None of the businesses proposed to be transacted in the ensuing Annual General Meeting require passing of resolution conducted through postal ballot.

COMPLIANCE WITH MANDATORY AND DISCRETIONARY REQUIREMENTS

The Company is fully compliant with the applicable mandatory requirements of Listing Regulations. The Company has adopted the following non-mandatory requirements of Listing Regulations.

1) Unmodified Opinion(s) in Audit Report

The Company is in the regime of financial statements with unqualified / unmodified Audit Opinion.

2) Reporting of Internal Auditors

The Internal Auditors of the Company report to the Audit Committee periodically to ensure independence of the Internal Audit function.

SHAREHOLDER INFORMATION**COMPANY REGISTRATION DETAILS**

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

ANNUAL GENERAL MEETING

Day, Date and Time : Friday, September 3, 2021 at 11.00 a.m.

Mode of Meeting : Through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”)

FINANCIAL CALENDAR

1st April to 31st March

BOOK CLOSURE

The books will be closed from Saturday, August 28, 2021 to Friday, September 3, 2021 (both days inclusive).

DIVIDEND PAYMENT DATE

Dividend of ₹ 7.50/- per Equity Share of ₹ 5/- each (i.e.150%) for FY 2020-21 recommended by the Board, if approved by the members, shall be paid on or before Wednesday, September 15, 2021.

LISTING

The Equity Shares of the Company are listed on :

- 1) National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051
- 2) BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai - 400 001

All annual listing fees due during the year have been paid.

STOCK CODES

NSE : KSL

BSE : 500235

Equity ISIN : 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 2020-21 :

Month & Year	NSE			BSE		
	High (₹)	Low (₹)	Volume (No. of Shares Traded)	High (₹)	Low (₹)	Volume (No. of Shares Traded)
April, 2020	158.80	120.00	693,857	158.80	120.00	92,997
May, 2020	151.65	135.50	1,178,650	151.35	135.00	113,028
June, 2020	259.00	143.30	4,852,941	258.00	144.60	495,066
July, 2020	257.40	192.02	4,482,068	253.00	190.25	486,924
August, 2020	246.80	211.00	3,258,659	246.00	211.50	443,209
September, 2020	222.55	196.30	1,570,676	222.05	196.70	165,929
October, 2020	232.60	208.50	770,002	230.85	208.50	93,298
November, 2020	248.00	206.35	2,129,063	247.25	206.80	235,114
December, 2020	291.80	230.70	5,621,708	291.30	225.35	642,756
January, 2021	306.90	258.85	3,953,713	307.15	259.80	440,203
February, 2021	327.90	260.20	3,906,783	326.15	261.00	451,878
March, 2021	335.00	280.00	1,985,645	334.55	287.25	258,340



STOCK PERFORMANCE

Chart 'A' plots the movement 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 2020-21 i.e. April 1, 2020

REGISTRAR AND TRANSFER AGENTS AND SHARE TRANSFER SYSTEM

M/s. Link Intime India Private Limited, having Registered Office at C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai – 400 083 and Pune Branch Office at Block No.202, Akshay Complex, 2nd Floor, Off Dhole Patil Road, Near Ganesh Mandir, Pune – 411 001 are the Registrar and Transfer Agents of the Company and carry out the share transfer work on behalf of the Company. The Equity Shares of the Company are traded on the Stock Exchanges compulsorily in demat mode.

PATTERN OF SHAREHOLDING BY OWNERSHIP AS ON MARCH 31, 2021

Category of the Shareholder	No. of Equity Shares held	Shareholding %
Promoters	28,248,823	64.71
Mutual Funds	2,922,120	6.69
Financial Institutions / Banks	267	—
Foreign Portfolio Investors	1,043,144	2.39
Bodies Corporate	654,054	1.50
NRIs	296,916	0.68
Indian Public	10,487,736	24.03
TOTAL	43,653,060	100.00

PATTERN OF SHAREHOLDING BY SHARE CLASS AS ON MARCH 31, 2021

Category (Shares)	No. of Shareholders	No. of Equity Shares held	Shareholding %
Up to 5,000	42,391	7,601,278	17.41
5,001 to 10,000	99	722,193	1.66
10,001 to 20,000	34	481,907	1.10
20,001 to 30,000	15	371,716	0.85
30,001 to 40,000	9	316,893	0.73
40,001 to 50,000	8	362,932	0.83
50,001 to 100,000	10	672,269	1.54
100,001 and above	17	33,123,872	75.88
TOTAL	42,583	43,653,060	100.00

DEMATERIALIZATION

The Company’s Equity Shares are under compulsory Demat Trading. As on March 31, 2021, dematerialized shares accounted for 99.30% of the total Equity.

SITE LOCATION

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

INVESTORS CORRESPONDENCE ADDRESS

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

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

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I, R.K. Goyal, Managing Director of the Company do hereby declare that all the Board Members and Senior Management Personnel have affirmed for the year ended March 31, 2021, compliance with the Code of Conduct of the Company laid down for them.

Place : Pune
Date : May 18, 2021

R.K. Goyal
Managing Director

Annexure A**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

[Pursuant to Regulation 34(3) and Schedule V Para C clause 10(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members
Kalyani Steels Limited
Mundhwa, Pune – 411 036

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kalyani Steels Limited (hereinafter referred to as 'the Company'), having CIN : L27104MH1973PLC016350 and having Registered Office at Mundhwa, Pune – 411 036, produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal (www.mca.gov.in) as considered necessary) and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India and Ministry of Corporate Affairs.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr.Babasaheb Neelkanth Kalyani	00089380	15/02/1984
2.	Mr.Amit Babasaheb Kalyani	00089430	22/05/2004
3.	Mrs.Sunita Babasaheb Kalyani	00089496	30/03/2015
4.	Mr.Bhalachandra Basappa Hattarki	00145710	29/06/1992
5.	Mr.Madan Umakant Takale	01291287	27/06/2006
6.	Mr.Shivakumar Kheny	01487360	15/02/1984
7.	Mr.Ravindra Kumar Goyal	03050193	17/01/2011
8.	Mr.Arun Pandurang Pawar	03628719	25/10/2011
9.	Mr.Shrikrishna Kiran Adivarekar	06928271	18/05/2018
10.	Mr.Sachin Krishna Mandlik	07980384	09/11/2017
11.	Mrs.Shruti Anup Shah	08337714	29/01/2020
12.	Amb.Javed Ahmad*	08668304	26/06/2020

* Amb.Javed Ahmad (DIN 08668304) has been appointed as an Additional Director with effect from June 26, 2020 and his appointment as an Independent Director has been approved by the members of the Company, at their Annual General Meeting held on September 25, 2020.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SVD & Associates
Company Secretaries

Meenakshi R. Deshmukh
Partner

FCS No. : 7364
C P No. : 7893

UDIN : F007364C000336981

Place : Pune
Date : May 18, 2021

Note : We have relied on the documents and evidences provided by electronic mode, in view of prevailing pandemic situation of COVID 19, for the purpose of issuing this certificate.



KALYANI

48th Annual Report 2020-2021

CERTIFICATE FROM PRACTICING COMPANY SECRETARY ON CORPORATE GOVERNANCE

To the Members of
Kalyani Steels Limited

We have examined the compliance of conditions of Corporate Governance by Kalyani Steels Limited (hereinafter referred "the Company") for the year ended March 31, 2021, as stipulated in relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For SVD & Associates
Company Secretaries

Meenakshi R. Deshmukh
Partner

FCS No. : 7364

C P No. : 7893

UDIN : F007364C000336990

Place : Pune
Date : May 18, 2021

Note :

We have relied on the documents and evidences provided by electronic mode, in view of prevailing pandemic situation of COVID 19, for the purpose of issuing this certificate.

DIRECTORS' REPORT

To,

The Members,

The Directors have pleasure in presenting the Forty-Eighth Annual Report on the business and operations of the Company together with the Audited Financial Statements for the Financial Year ended March 31, 2021.

1. Financial Highlights (on stand-alone basis)

		(₹ in Million)	
		2020-21	2019-20
Total Income	:	12,305.29	12,221.91
Total Expenditure	:	9,245.71	10,036.27
Finance Cost	:	67.70	80.46
Depreciation & amortization expenses	:	441.51	426.15
Profit before Exceptional Item and Tax	:	2,550.37	1,679.03
Exceptional Item	:	—	—
Profit before Tax	:	2,550.37	1,679.03
Tax Expenses :			
- Current Tax	:	684.50	477.50
- Deferred Tax	:	(37.15)	(165.04)
- Taxation for earlier years	:	—	(4.61)
Profit after Tax	:	1,903.02	1,371.18

2. Dividend & Reserves

The Directors are pleased to recommend a dividend of ₹ 7.50/- per Equity Share of ₹ 5/- each (i.e.150%), for the financial year ended March 31, 2021, for approval of the members. The dividend on Equity Shares, if approved by the members would involve cash outflow of ₹ 327.40 Million.

During the year under review, no transfer is made to the General Reserve. An amount of ₹ 10,840 Million is retained as surplus in the Statement of Profit and Loss.

3. Performance of the Company

The year 2020-21 had been a very difficult year for Indian Economy and particularly for the manufacturing sector. Outbreak of COVID 19 pandemic impacted most of the countries, including India. This resulted in announcing of lockdowns and quarantine measures by Government of India that sharply stalled economic activity.

To support the economy, post lockdowns, Government of India announced various measures. The Reserve Bank of India also announced several measures to ease the financial system stress, including enhancing system liquidity, reducing interest rates, moratorium on loan repayments for borrowers etc.

Despite this scenario, your Company performed extremely well. During the Financial Year ended March 31, 2021, the Company achieved Revenue from Operations of ₹ 11,880 Million against ₹ 11,989 Million in the previous year. The Profit before Tax is ₹ 2,550 Million against ₹ 1,679 Million in the previous year, representing growth of 52%.

The market bounced back, once the pandemic situation came in control and the nationwide lock down was lifted by the government. From September, 2020 onwards there was significant improvement in demand of Passenger Vehicles Segment, Two Wheeler Segment and Tractors Segment. However the Commercial Vehicle Segment did not pick up much, due to slow infrastructure activities in the country post pandemic.

Global positive trends in Automobile, Engineering and Bearing Industry, which are Company's main target business segments also supported for business recovery.



4. Coke Making Facility and Heat Recovery Captive Power Plant

The Company has planned to set up a 200,000 TPA Non-recovery / Heat recovery, stamp charged Coke Oven with Modified wet Quenching of hot coke and 17 MW captive power plant to be operated utilizing waste heat energy of flue gas generated from Coke Oven. The electrical power so produced shall be used for captive consumption and the surplus, if any, will be sold to external agencies. The Broad Specifications are as follows :

- Coke Oven
 - Annual capacity (Dry coke) – 0.2 MT
 - Type of oven – Non-recovery / heat recovery
 - Charging – Stamp charged
 - No. of Ovens – 72
 - Quenching system – Modified wet quenching
- Heat Recovery Captive Power Plant
 - Power generation capacity – 17 MW
 - Generation voltage – 11 KV
 - Boiler type – HRSG with coke oven hot flue gas
 - No. of boilers – 2
 - No. of STG – 1 set
 - Type of turbine – Condensing
 - Type of Condenser – Water cooled

Respecting commitment to the Atmanirbhar Bharat campaign, the process technology being adopted is indigenous coke-making technology with all latest innovations incorporated for a high degree of technological performance and product quality.

The estimated project cost is ₹ 2,110 Million (net of taxes) to be funded by way of debt and internal accruals. The project has already been rolled out with most of the critical equipment ordered and construction work at site progressing in full swing and expected to be commissioned by September, 2022.

5. State of Company's Affairs

Discussion on the state of Company's affairs has been covered as part of the Management Discussion and Analysis (MD&A). MD&A for the year under review, as stipulated under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

6. Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance Requirements set out by SEBI.

The Report on Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented in a separate section forming part of the Annual Report.

The requisite certificate from Secretarial Auditors of the Company viz. M/s. SVD & Associates, Company Secretaries, Pune confirming compliance with conditions of Corporate Governance is attached to Report on Corporate Governance.

7. Deposits

During the year under review, the Company has not accepted any deposit under Chapter V of the Companies Act, 2013.

8. Directors

In terms of the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mrs.Sunita B. Kalyani and Mr.Amit B. Kalyani, Directors of the Company, are retiring by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

Based on the recommendation of the Nomination and Remuneration Committee of the Company, the Board of Directors at its meeting held on November 9, 2020, had re-appointed Mr.R.K. Goyal, as Managing Director of the Company for the period of 5 (Five) years i.e. from January 17, 2021 to January 16, 2026.

These re-appointments form part of the Notice of the Annual General Meeting and the Resolutions are recommended for your approval. Profiles of these Directors, are given in the Report on Corporate Governance for reference of the members.

The Company has received declarations from all Independent Directors that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

8.1 Board Evaluation

Pursuant to provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information and functioning.

The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as composition of the committee, effectiveness of the committee meetings, information and functioning.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual directors on the basis of criteria such as contribution of individual director to the Board and committee meetings like preparedness on the issues to be discussed and inputs in meetings etc.

In a separate meeting of independent directors, the performance of the non-independent directors, the Chairman of the Company and the Board as a whole was evaluated, taking into account the views of the executive and non-executive directors.

8.2 Policy on Board Diversity and Nomination & Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Policy on Board Diversity and Nomination & Remuneration Policy is available on the website of the Company. (Web-link : <http://www.kalyanisteels.com/profile/policies/>).

8.3 Meetings of the Board

During the Financial Year 2020-21, four Board Meetings were convened and held. Also a separate meeting of Independent Directors as prescribed under Schedule IV of the Companies Act, 2013 was held. The details of meetings of Board of Directors are provided in the Report on Corporate Governance that forms part of this Annual Report.

9. Directors' Responsibility Statement

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that :

- i) in the preparation of the annual accounts for the year ended March 31, 2021, the applicable accounting standards have been followed and that there are no material departures;
- ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of the profit of the Company for that period;
- iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors have prepared the annual accounts for the year ended March 31, 2021, on a going concern basis;
- v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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

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

11. Corporate Social Responsibility

The Company has been carrying out various Corporate Social Responsibility (CSR) activities in the areas of education, health, water, sanitation etc. These activities are carried out in terms of Section 135 read with Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Annual Report on CSR Activities undertaken by the Company is annexed herewith as Annexure "B". The CSR Policy is available on Company's website. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

12. Related Party Transactions

All contracts or arrangements entered into by the Company with Related Parties during the financial year were in the ordinary course of business and on an arm's length basis.

Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of transactions with related parties, are provided in Form AOC-2, which is annexed herewith as Annexure "C". Related party disclosures as per Ind AS have been provided in Note 39 to the Financial Statements.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

13. Risk Management

The Company recognizes that risk is an integral and unavoidable component of business and is committed to managing the risk in a proactive and efficient manner. The Company as part of business strategy has in place a mechanism to identify, assess, monitor risks and mitigate various risks with timely action. Risks are discussed at the meetings of the Audit Committee and the Board of Directors of the Company.

14. Audit Committee

As on March 31, 2021, the Audit Committee comprises of Mr.S.K. Adivarekar, Chairman of the Committee and Independent Director, Mr.B.N. Kalyani, Promoter Non-Executive Director, Mr.B.B. Hattarki, Independent Director and Mr.M.U. Takale, Independent Director.

All the recommendations made by the Audit Committee were deliberated and accepted by the Board during the Financial Year 2020-21.

15. Auditors and Auditor's Report

During the year, the Company's Auditors viz. P. G. Bhagwat, Chartered Accountants, a Partnership Firm, was converted and incorporated as Limited Liability Partnership (LLP). P G Bhagwat LLP (Firm Registration No.101118W / W100682) holds the office till the conclusion of the Forty-Ninth Annual General Meeting to be held in 2022.

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

During the year under review, the Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013 to the Audit Committee.

16. Cost Auditors

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Rules, 2014, the cost record maintained by the Company is required to be audited. The Board of Directors had, on the recommendation of the Audit Committee, appointed M/s S.R. Bhargave & Co., Cost Accountants, Pune for conducting the cost audit of the Company for Financial Year 2021-22.

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.

17. Secretarial Audit and Secretarial Standards

Pursuant to provisions of Section 204 of the Companies Act, 2013, the Board had appointed M/s. SVD & Associates, Company Secretaries, Pune, to undertake Secretarial Audit of the Company for the Financial Year 2020-21. The Secretarial Audit Report for the Financial Year ended March 31, 2021, is annexed herewith as Annexure "D". The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

The Company is compliant with the Secretarial Standards issued by the Institute of Company Secretaries of India and approved by Central Government under Section 118(10) of the Companies Act, 2013.

18. 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".

19. Annual Return

The Company shall upload a copy of Annual Return for FY 2020-21 on its Web-site viz. www.kalyanisteels.com as soon as it has been filed with Registrar of Companies.

20. Whistle Blower Policy

The Company has vigil mechanism named 'Whistle Blower Policy', wherein the employees / directors can report the instances of unethical behavior, actual or suspected fraud or any violation of the Code of Conduct and / or laws applicable to the Company and seek redressal. This mechanism provides appropriate protection to the genuine Whistle Blower, who avail of the mechanism. During the year under review, the Company has not received any complaint under the said mechanism. The 'Whistle Blower Policy' as approved by the Board is uploaded on the Company's website. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

21. 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.

22. Internal Financial Controls

The Company has in place adequate internal financial controls with reference to the Financial Statements, commensurate with size, scale and complexity of its operations. The internal control system has been designed to ensure that financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets. During the year, such controls were tested and no reportable material weaknesses were observed in the design or implementation.

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

There are no adverse material changes or commitments occurred after March 31, 2021, which may affect the financial position of the Company or may require disclosure.

24. 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.

25. Familiarization Programme

The Company on a regular basis, makes detailed presentation to the entire Board including Independent Directors on the Company's operations and business plans, strategy, global and domestic business environment. Such presentations are made by the senior management, so that the Independent Directors can have direct interaction with them. The Board members are provided with necessary documents / brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

The details of programmes for familiarization of Independent Directors with the Company are put up on website of the Company. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

26. Subsidiaries, Joint Ventures or Associate Companies

As on March 31, 2021, the Company has one Subsidiary and two associates / joint venture companies. A statement containing the salient features of the financial statement of the subsidiary and associates / joint ventures in the prescribed format AOC-1 is annexed hereto as Annexure "F".

The Policy for determining 'Material' subsidiaries has been displayed on the Company's website. (Web-link : <http://www.kalyanisteels.com/profile/policies/>)

27. Business Responsibility Report

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") mandates inclusion of the Business Responsibility Report (BRR) as a part of Annual Report, for top 1,000 Listed entities based on market capitalization. In compliance with the Regulations, BRR is annexed hereto as Annexure "G".

**28. Consolidated Financial Statements**

The Consolidated Financial Statements, pursuant to Section 129 of the Companies Act, 2013 are attached to the Standalone Financial Statements of the Company.

29. Transfer to Investor Education and Protection Fund (IEPF)

Pursuant to provisions of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) the declared dividends, which are unpaid or unclaimed for a period of seven (7) years and the shares thereof, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Accordingly, during the year, the Company has transferred the unpaid or unclaimed dividend for a period of seven (7) years from the date they became due for payment, along with the shares thereof to IEPF. No claim shall be entertained against the Company for the amounts and shares so transferred.

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

The Company has zero tolerance for sexual harassment of women at workplace and has adopted a Policy for prevention, prohibition and redressal of sexual harassment of women at workplace, in terms of provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. All women employees (permanent, temporary, contractual and trainees), as well as any women visiting the Company's office premises are covered under the Policy. During the year under review, no complaint was filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

31. Acknowledgement

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

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

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

for and on behalf of the Board of Directors

Place : Pune
Date : May 18, 2021

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) Energy efficient pump introduced for mould and spray cooling in caster for power saving.
- b) Energy saving by installing VFD in Sinter cooler motor, for adjusting speed with sinter discharge temperature.

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

Out of total 9.38 Cr of units consumed, 5.34 Cr units of renewable energy consumed, 3.41 Cr units of IEX power used to replace KPTCL power and balance 0.63 Cr units consumed from GESCOM.

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

B. TECHNOLOGY ABSORPTION :

I. The efforts made towards technology absorption :

- a) Development of process to replace double rolling by single rolling, resulting in substantial increase in productivity and reduction of energy and mill operation cost.
- b) Process innovation to produce improved bar quality suitable for direct forging without peeling for cold forging application of constant velocity (CV) joints.
- c) Development of customized variants of 5120H, 28Cr S4, SCM420H grades for IB5 Gear and Shaft applications.
- d) Modification of Shot blasting machine turbine drive arrangement resulting in substantial increase in machine availability and increased MTBF (Mean Time Between Failures).
- e) Augmentation of Condition Monitoring System by introducing following additional monitoring activities to facilitate Condition Based Maintenance (CBM) of critical equipment as follows :
 - Partial discharge test for HT Motors
- Partial discharges (PD) Testing and Monitoring solutions can provide critical information on the quality of insulation and its impact on overall equipment health.
 - Current signature analysis on HT motors
- Motor Current Signature Analysis (MCSA) is a condition monitoring technique used to diagnose problems in motors.
 - Sweep frequency response analysis on Main Transformers
- Sweep frequency response analysis (SFRA) is a method to evaluate the mechanical integrity of core, windings and clamping structures within power transformers.
 - For MBF#1 and #3, 'ISOTHERM SOFTWARE PROGRAM' for hearth refractory wear monitoring was set up for improved monitoring of hearth condition.
 - Digitisation process started in Steel Melting shop for better monitoring and control of process for efficient operation and improved productivity.
 - Online condition monitoring of MBF blower/ motor started.

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

The Company has developed various new products such as :

- a) Development of 38MnSiVs6 with stringent Carbon Equivalent (CE) requirement for LASER welding for output shaft applications.
- b) Developed EN 353 with Titanium for cold forging applications.
- c) Developed 17NiCrMo6-4 special steel for Yoke shaft application.

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

- a) Auto Grinding Machine :
 - (1) Year of Import : 2017-18
 - (2) Whether technology been fully absorbed : Yes
 - (3) If not, areas where absorption has not taken place with reasons : N.A.
- b) DC MOTOR (1650 kw) for Blooming Mill :
 - (1) Year of Import : 2017-18
 - (2) Whether technology been fully absorbed : Yes
 - (3) If not, areas where absorption has not taken place with reasons : N.A.
- c) MBF Hearth refractory design modification and Isotherm Monitoring :
 - (1) Year of Implementation : 2018-19
 - (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 :
Used : ₹ 1,768.21 Million Earned : ₹ 355.07 Million

for and on behalf of the Board of Directors

Place : Pune

Date : May 18, 2021

B.N. Kalyani

Chairman



ANNEXURE - B TO DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended]

1. A brief outline on CSR Policy of the Company :

Corporate Social Responsibility (CSR) Policy of the Company emphasize initiatives in specific areas of social development that would include primary, secondary education, skills development, vocational training, health and hygiene, preventive health care and sanitation, women empowerment, environment and ecological protection, character building by providing training opportunities in sports and cultural activities etc. The CSR Policy is available on the website of the Company. (Web-link :<http://www.kalyanisteels.com/profile/policies/>)

2. The composition of the CSR Committee :

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr.B.B. Hattarki, Chairman	Independent	2	2
2	Mr.M.U. Takale	Independent	2	2
3	Mr.R.K. Goyal, Managing Director	Executive	2	2

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the Board are disclosed on the website of the Company :

Web-link : https://www.kalyanisteels.com/wp-content/uploads/Committees_of_Board.pdf
<http://www.kalyanisteels.com/profile/policies/>

4. Provide the details of Impact assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) :

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any :

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (₹ in Million)	Amount required to be set-off for the financial year, if any (₹ in Million)
	2020-21	49.99	34.80
	Total	49.99	34.80

6. Average Net Profit of the Company as per Section 135(5) : ₹ 1,739.92 Million

7. a) Two percent of Average Net Profit of the Company as per Section 135(5) : ₹ 34.80 Million

b) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years : Not Applicable

c) Amount required to be set off for the financial year, if any : ₹ 34.80 Million

d) Total CSR obligation for the financial year (7a+7b-7c) : Nil

8. a) CSR amount spent or unspent for the financial year :

Total Amount Spent for the Financial Year (₹ in Million)	Amount Unspent (₹ in Million)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
7.67	—	—	—	—	—

b) Details of CSR amount spent against ongoing Projects for the financial year :

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	Location of the Project		Project duration	Amount allocated for the Project (₹ in Million)	Amount spent in the current financial Year (₹ in Million)	Amount transferred to Unspent CSR Account for the Project as per Section 135(6) (₹ in Million)	Mode of Implementation - Direct (Yes/ No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration No.
—	—	—	—	—	—	—	—	—	—	—	—	—

c) Details of CSR amount spent against other than ongoing Projects for the financial year :

Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the Project		Amount spent for the Project (₹ in Million)	Mode of Implementation Direct (Yes / No)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration No.
1	Education	(ii)	Yes	Maharashtra	Pune	1.56	No	Pratham Pune Education Foundation	—
2	Education	(ii)	Yes	Maharashtra	Pune	5.00	No	SBK Charitable Trust	—
3	Grocery Distribution / Other Aid to COVID Centre	(xii)	No	Karnataka	Koppal	1.11	Yes	—	—
						7.67			

d) Amount spent in Administrative Overheads : Not Applicable

e) Amount spent on Impact Assessment, if applicable : Not Applicable

f) Total amount spent for the Financial Year (8b+8c+8d+8e) : ₹ 7.67 Million

g) Excess amount for set off, if any

Sl. No.	Particulars	Amount (₹ in Million)
i)	Two percent of average net profit of the Company as per Section 135(5)	34.80
ii)	Total amount spent for the Financial Year (including amount available for set off from FY 2019-20)	57.66
iii)	Excess amount spent for the financial year [(ii)-(i)]	22.86
iv)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years, if any	—
v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	22.86

9. a) Details of Unspent CSR amount for the preceding three financial years :

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (₹ in Million)	Amount spent in the reporting Financial Year (₹ in Million)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (₹ in Million)
				Name of the Fund	Amount (₹ in Million)	Date of transfer	
—	—	—	—	—	—	—	—



b) Details of CSR amount spent in the financial year for ongoing Projects of the preceding financial year(s) :

Sl. No.	Project ID	Name of the Project	Financial Year in which the Project was commenced	Project duration	Total amount allocated for the Project (₹ in Million)	Amount spent on the Project in the reporting Financial Year (₹ in Million)	Cumulative amount spent at the end of reporting Financial Year (₹ in Million)	Status of the Project - Completed / Ongoing
—	—	—	—	—	—	—	—	—

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details) :

- Date of creation or acquisition of the capital asset(s) : Not Applicable
- Amount of CSR spent for creation or acquisition of capital asset : Not Applicable
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. : Not Applicable
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) : Not Applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5) : Not Applicable

The Responsibility Statement of the CSR Committee of the Board of Directors :

The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and Policy of the Company.

Place : Pune
Date : May 18, 2021

R.K. Goyal
Managing Director

B.B. Hattarki
Chairman, CSR Committee

ANNEXURE - C TO DIRECTORS' REPORT
FORM AOC-2

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

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

1. Details of contracts / arrangements or transactions not at arm's length basis :

There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2021, which are not at arm's length basis.

2. Details of material contracts / arrangements or transactions at arm's length basis :

a)	Name(s) of the related party and nature of relationship	:	Bharat Forge Limited, Company under Common Control	Kalyani Technoforge Limited, Company under Common Control
b)	Nature of contracts / arrangements / transactions	:	Sale / supply of goods or materials - Steel, Purchase of scrap, mill scale	Sale / supply of goods or materials - Steel
c)	Duration of contracts / arrangements / transactions	:	On on-going basis	On on-going basis
d)	Salient terms of the contracts / arrangements / transactions including the value, if any	:	In tune with market parameters. Transaction Value not exceeding ₹ 20,000 Million for each of the Financial Year	In tune with market parameters. Transaction Value not exceeding ₹ 5,000 Million for each of the Financial Year
e)	Date(s) of approval by the Board	:	January 29, 2020	January 29, 2020
f)	Amount paid as advance, if any	:	N.A.	N.A.

On behalf of the Board of Directors

Place : Pune

Mrs.D.R. Puranik

B.M. Maheshwari

R.K. Goyal

B.N. Kalyani

Date : May 18, 2021

Company Secretary

Chief Financial Officer

Managing Director

Chairman

**ANNEXURE - D TO DIRECTORS' REPORT**

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[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 and

Pursuant to Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members
Kalyani Steels Limited
Mundhwa,
Pune - 411 036

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kalyani Steels Limited bearing CIN - L27104MH1973PLC016350 (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 and explanation provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2021 according to the provisions of :

- (i) The Companies Act, 2013, as amended from time to time (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (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 wherever applicable;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the Company during the Audit Period);
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Audit Period);
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - 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, 2018 (Not applicable to the Company during the Audit Period).

(vi) We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no other law was applicable specifically to the Company.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with Stock Exchange(s) pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any amendments thereto.

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

We further report that,

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

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

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

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

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

For SVD & Associates
Company Secretaries

Meenakshi R. Deshmukh
Partner

FCS No. : 7364

C P No. : 7893

UDIN : F007364C000335087

Place : Pune

Date : May 18, 2021

Note : This report is to be read with letter of even date by the Secretarial Auditors, which is annexed as Annexure 'A' and forms an integral part of this report.

ANNEXURE 'A'

To,
The Members
Kalyani Steels Limited
Mundhwa,
Pune - 411 036

Our Secretarial Audit Report of even date is to be read along with this letter.

Management's Responsibility

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

Auditor's Responsibility

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. We have also relied on the documents and evidences provided by electronic mode, in view of the prevailing Pandemic situation of COVID 19.
5. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

Disclaimer

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
7. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

For SVD & Associates
Company Secretaries

Meenakshi R. Deshmukh
Partner

FCS No. : 7364

C P No. : 7893

UDIN : F007364C000335087

Place : Pune

Date : May 18, 2021

**ANNEXURE - E TO DIRECTORS' REPORT**

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

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

Sr. No.	Name of the Director	Ratio
1	Mr.B.N. Kalyani	4.15
2	Mrs.Sunita B. Kalyani	3.54
3	Mr.Amit B. Kalyani	3.54
4	Mr.S.M. Kheny	0.42
5	Mr.B.B. Hattarki	0.60
6	Mr.M.U. Takale	0.43
7	Mr.Arun P. Pawar	0.36
8	Mr.Sachin K. Mandlik	0.45
9	Mr.S.K. Adivarekar	0.54
10	Mrs.Shruti A. Shah	0.42
11	Amb.Ahmad Javed	0.42
12	Mr.R.K. Goyal	57.55

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

(₹ in Million)

Sr. No.	Name of the Director	Remuneration		% increase / (decrease)
		2020-21	2019-20	
1	Mr.B.N. Kalyani	7.04	5.54	27.19
2	Mrs.Sunita B. Kalyani	6.01	4.01	49.90
3	Mr.Amit B. Kalyani	6.01	4.01	49.90
4	Mr.S.M. Kheny	0.72	0.66	8.16
5	Mr.B.B. Hattarki	1.01	0.96	5.43
6	Mr.M.U. Takale	0.72	0.73	(0.28)
7	Mr.Arun P. Pawar	0.61	0.51	19.69
8	Mr.Sachin K. Mandlik	0.76	0.76	—
9	Mr.S.K. Adivarekar	0.92	0.77	19.58
10	Mrs.Shruti A. Shah	0.71	N.A.	N.A.
11	Amb.Ahmad Javed	0.71	N.A.	N.A.
12	Mr.R.K. Goyal	97.67	80.05	22.01

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

- c) The percentage increase in the median remuneration of employee(s) in the financial year : Nil
- d) The number of permanent employees on the role of the Company : 63 Employees as on March 31, 2021
- e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :
- Percentage increment for Salaries of Non-Managerial Personnel is Nil.
- Percentage increment for Salaries of Managerial Personnel is Nil.
- f) The remuneration paid to the Directors is as per the Remuneration Policy of the Company.
- g) Statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee of the Company, who - (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore two lakh rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh fifty thousand rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the

KALYANI STEELS

managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the Company :

No.	Name & Designation	Remuneration Received (₹ in Million)	Nature of Employment	Qualifications	Experience (Years)	Date of Commencement of Employment	Age	Last Employment	% of Equity Shares held	Whether Relative of Director and if so, name of the Director
1	Mr.R.K. Goyal, Managing Director	97.67	Permanent Employee	B.E. (HONS) MBA	39	17-01-2011	63	JSL Stainless Limited	—	N.A.
2	Mr.P.S. Ghosh, President and Chief (Project)	13.36	Permanent Employee	M.Tech (Mechanical) MDP	43	02-04-2014	69	Welspun Maxsteels Limited	—	N.A.
3	Mr.B.M. Maheshwari, Chief Financial Officer	9.42	Permanent Employee	B.Com ACA	27	16-05-2013	51	Essar Steel India Limited	—	N.A.
4	Mr. Prashant L. Dande Sr. Vice President (Marketing)	6.84	Permanent Employee	B.E. (Met) M.B.A.	31	19-10-2018	54	Mahindra Sanyo Special Steels Private Limited	—	N.A.
5	Mrs.D.R. Puranik Company Secretary	6.27	Permanent Employee	B.Com LL.B. ACS	32	16-05-2001	55	Kalyani Ferrous Industries Limited	—	N.A.
6	Mr.Ajit R. Yadav Vice President (Marketing)	5.14	Permanent Employee	B. Sc. M.B.A. (Marketing)	25	01-08-2012	48	Kalyani Carpenter Special Steels Private Limited	—	N.A.
7	Mr.Dushyant Dattatray Deputy General Manager (Purchase)	5.09	Permanent Employee	B. Tech. (Computer Science & Engineering) PGDM	11	01-08-2015	36	Nilon's Enterprises Private Limited	—	N.A.
8	Mr.Amit Jawade* Sr. Manager	4.83	Permanent Employee	B. Tech. (Electronic & Communication) PGDCM	9	23-09-2013	33	The Boston Consulting Group	—	N.A.
9	Mr.Arvind Sangamnerkar Vice President (Marketing)	4.68	Permanent Employee	B. Tech (Industrial Engineering)	24	16-08-2012	47	Remi Metals Gujrat Ltd.	—	N.A.
10	Mr.Anand Shirsat Deputy General Manager (Legal & HR)	4.64	Permanent Employee	B.Com. LLB DLL&LW	26	24-07-1997	55	Kalyani Ferrous Industries Limited	—	N.A.
11	Mr.Rajesh Singh General Manager (Mining)	3.58	Permanent Employee	M. Sc. (Applied Geology) M. Sc. Tech. (Mineral Exploration) M. Phil. (Remote Sensing)	28	02-11-2015	56	Essar Steel India Limited	—	N.A.

* Part of the year

for and on behalf of the Board of Directors

Place : Pune
Date : May 18, 2021

B.N. Kalyani
Chairman



KALYANI

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ANNEXURE - F TO DIRECTORS' REPORT

FORM AOC-1

Pursuant to first proviso to sub-section (3) of Section 129 read with
Rule 5 of Companies (Accounts) Rules, 2014

Statement containing salient features of the Financial Statement of
Subsidiaries / Associate Companies / Joint Ventures

Part "A" : Subsidiaries

(₹ in Million)

Name of the Subsidiary	:	Lord Ganesha Minerals Private Limited
The Date since when subsidiary was acquired	:	October 1, 2015
Reporting Period for the subsidiary concerned, if different from the holding company's reporting period	:	April 1, 2020 to March 31, 2021
Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	:	Indian Rupees
Share Capital	:	₹ 20.00
Reserves & Surplus	:	₹ (178.80)
Total Assets	:	₹ 1.01
Total Liabilities	:	₹ 159.82
Investments	:	₹ 0.01
Turnover	:	Nil
Profit before Taxation	:	₹ (13.26)
Provision for taxation	:	Nil
Profit after Taxation	:	₹ (13.26)
Proposed Dividend	:	Not Applicable
% of shareholding	:	77.50%

Part "B" : Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(₹ in Million)

Name of Associate / Joint Venture	Hospet Steels Limited	Kalyani Mukand Limited
1. Latest Audited Balance Sheet Date	31-03-2021	31-03-2021
2. Date on which the Associate or Joint Venture was associated or acquired	March 27, 1999	January 18, 2000
3. Shares of Associate / Joint Venture held by the Company on the year end		
No.	124,997	1,000,000
Amount of Investment in Associates / Joint Venture	₹ 1.249	₹ 10.05 (Refer Note 5 (a) of Separate Financial Statements)
Extend of Holding %	49.99%	50.00%
4. Description of how there is significant influence	Note - A	Note - A
5. Reason why the associate / joint venture is not consolidated	Consolidated	Note - B
6. Networth attributable to Shareholding as per latest Audited Balance Sheet	(2.62)	—
7. Profit / (Loss) for the year	—	—
Considered in Consolidation	—	—
Not Considered in Consolidation	—	—

Notes :

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

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

On behalf of the Board of Directors

Place : Pune

Mrs.D.R. Puranik

B.M. Maheshwari

R.K. Goyal

B.N. Kalyani

Date : May 18, 2021

Company Secretary

Chief Financial Officer

Managing Director

Chairman

**ANNEXURE – G TO DIRECTORS’ REPORT
BUSINESS RESPONSIBILITY REPORT**

[Pursuant to Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A : GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company :
L27104MH1973PLC016350
2. Name of the Company :
Kalyani Steels Limited
3. Registered address :
Mundhwa, Pune – 411 036
4. Website :
www.kalyanisteels.com
5. E-mail ID :
investor@kalyanisteels.com
6. Financial Year reported :
2020-21
7. Sector(s) that the Company is engaged in (industrial activity code-wise) :

NIC Code	Description
214	Manufacture of Iron & Steel
8. List three key products / services that the Company manufactures / provides (as in balance sheet) :
Quality Medium Carbon, High Carbon, Medium Alloy and Micro-Alloyed steels for following applications :
 - a) Rolled Bars for Automotive Application
 - b) Rolled Bars for Engineering Application
 - c) Round Cast for Seamless Tube Industry
 - d) Machined Bars for Aluminium Smelting Industry
9. Total number of locations where business activity is undertaken by the Company :
 - a) Number of International Locations (Provide details of major 5) : Not Applicable
 - b) Number of National Locations : Registered Office : Mundhwa, Pune – 411 036
Plant Location : Hospet Road, Ginigera, Tal. & Dist. Koppal, Karnataka – 583 228
10. Markets served by the Company – Local / State / National / International :
India, Dubai, U.A.E., Qatar

SECTION B : FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR) :
₹ 218.64 Million
2. Total Turnover (INR) :
₹ 11,880 Million
3. Total profit after taxes (INR) :
₹ 1,903 Million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) :
3.31% (considering the set off availed) of the average net profits of the Company for last three financial years was spent towards Corporate Social Responsibility during year 2020-21.
5. List of activities in which expenditure in 4 above has been incurred :
Promotion of education and Health

SECTION C : OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies? :
Yes. The Company has one subsidiary as on March 31, 2021.
2. Do the Subsidiary Company / Companies participate in the BR Initiatives of the Parent Company? If yes, then indicate the number of such subsidiary company(s) :
Given the current size and scale of operations, Subsidiary Company, as of now, is not engaged in BR initiatives process of the Company.
3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%] :
The entities with which the Company does business with viz. suppliers, distributors etc. are not directly included in BR initiatives of the Company.



SECTION D : BR INFORMATION	
1. Details of Director / Directors responsible for BR	
a.	Details of the Director / Directors responsible for implementation of the BR policy / policies : DIN : 03050193 Name : Mr.R.K. Goyal Designation : Managing Director
b.	Details of BR head : DIN : 03050193 Name : Mr.R.K. Goyal Designation : Managing Director Telephone No. : 020-66215000 E-mail ID : rkgoval@kalyanisteels.com

2. Principle-wise (as per NVGs) BR Policy / policies

The Company's policies are in line with the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs, which provides for the following nine areas of Business Responsibility to be adopted by the organizations :

Principle 1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3	Businesses should promote the well-being of all employees.
Principle 4	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5	Businesses should respect and promote human rights.
Principle 6	Businesses should respect, protect and make efforts to restore the Environment.
Principle 7	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8	Businesses should support inclusive growth and equitable development.
Principle 9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a) Details of compliances (Reply in Y/N)										
No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy / policies for	Y	Y	Y	Y	Y*	Y	Y	Y	Y
2.	Has the policy being formulated in Consultation with the relevant stakeholders?	Y	Y	Y	Y	NA	Y	Y	Y	Y
3.	Does the policy conform to any National / international standards? If yes, specify? (50 words)	Yes, the Policies are in line with international standards such as ISO 9001-2000, ISO 14001 & TS 16949 : 2002 and meet national regulatory requirements such as the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Also guidelines as per NVGs on social, environment and economic responsibility of business have been considered for formulation of some policies.								
4.	Has the policy being approved by the Board? Is yes, has it been signed by MD / owner / CEO / appropriate Board Director?	The mandatory Polices under Indian laws and regulations have been adopted by the Board and signed by the Director.								
5.	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	These policies are administered and supervised by the management of the Company through internal governance structure.								
6.	Indicate the link for the policy to be viewed online?	Mandatory Policies viz. CSR Policy, Insider Trading Policy, Code of Conduct are available on Company's website viz. • http://www.kalyanisteels.com/profile/policies/ • http://www.kalyanisteels.com/quality/ All other policies are available at the Registered Office.								

* This policy is embedded in the Company's Code of Conduct, Ethics and HR policies.

7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes. Polices are communicated to internal stakeholders and the same are available at the Registered Office. Wherever required, the Polices are also communicated to our external stakeholders and are made available on Company's website.								
8.	Does the Company has in-house Structure to implement the policy / policies?	Yes. The Company has an in-house structure with clearly defined roles and responsibilities which periodically reviews implementation of various policies under the aegis of Internal Risk Management Framework, Internal Audits and review of KPI's at various levels of management.								
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders grievances related to the policy/ policies?	Yes. Each of the Policies formulated by the Company have an in-built grievance and redressal mechanism.								
10.	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	Policies are subject to internal and external audits as part of certification process and ongoing periodic assessments wherever required.								
b)	If answer to the question at serial number 1 against any principle, is 'No', please explain why : (tick up to 2 options) :									
No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within next 1 year	-	-	-	-	-	-	-	-	-
6.	Any other reason (Please specify)	-	-	-	-	-	-	-	-	-

3. Governance related to BR

- a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year :
Annually
- b) Does the Company publish a BR or a Sustainability Report ? What is the hyperlink for viewing this report ? How frequently it is published ?
The Company has been publishing the BR Report as a part of its Annual Report from the last year. See <https://www.kalyanisteels.com/profile/annualreport/>

SECTION E : PRINCIPLE-WISE PERFORMANCE

Principle 1 : Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

- a) Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?
Yes. It also extends to outside Company to the extent applicable.
- b) How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.
During the year under review, the Company has not received any Complaint in connection with ethics, bribery and corruption.

**Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

- a) List upto 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.
- Social or environmental concerns and risks – None
 - De-risking and Opportunities – As under :
 - a) Stringent production process compliance and 100% quality inspection through NDT inspection line to detect and eliminate any defect in the final product preventing the risk of rejection and premature failures of the products.
 - b) This also minimized the risk of generation of defective product leading to rejection.
 - c) Machined current collector bar for aluminum smelter has opened a new market segment. It also benefits the client by reducing the smelting cost by reduction of cell voltage of electrolysis and thereby energy consumption.
- b) For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional) :
- i) Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain?
Nil
 - ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?
- Increased yield leads to reduction of specific energy and utility consumption.
- c) Does the Company have procedures in place for sustainable sourcing (including transportation) ? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.
The Company follows its sourcing strategy from suppliers who can offer sustainability in their supply in terms of various attributes of sourcing.
- d) Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
Yes, the Company, as a regular practice attach preference to the local contractors and service providers in following areas :
 - i) Various civil and structural construction work of moderate size and complexity
 - ii) Hiring of material handling and construction field equipment
 - iii) Plant maintenance works except AMCs
 - iv) Procurement of standard lubricants and consumables
- e) Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.
Yes. Recycling of products and waste is done as under :
 - i) BF dust catcher dust – recycled to Sinter Plant - approx. 100%
 - ii) EOF sludge – recycled to Sinter Plant - approx. 100%
 - iii) RMHS de-dusting system bag house dust - approx. 100%
 - iv) Scale pit – Mill scale recovered and recycled to Sinter Plant - approx. 100%
 - v) Blowdown water / waste water from Demineralization (DM) plant – Settling in guard pond and recycled / Treated in ETP and recycled (100%)
 - vi) Use of slag generated during iron and steel making in civil construction

Principle 3 : Businesses should promote the well-being of all employees.

- a) Please indicate the Total number of employees :
- a) Head Office (Pune) – 63
 - b) Works – 983 employees on the rolls of Hospet Steels Limited, which is a joint venture formed with a specific purposes of managing and operating the composite steel making facility.
- b) Please indicate the Total number of employees hired on temporary / contractual / casual basis :
- a) Head Office (Pune) - 7
 - b) Works (Hospet) - Nil
- c) Please indicate the Number of permanent women employees :
- a) Head Office (Pune) – 5
 - b) Works (Hospet) - 6
- d) Please indicate the Number of permanent employees with disabilities :
- a) Head Office (Pune) – Nil
 - b) Works (Hospet) - 1
- e) Do you have an employee association that is recognized by management?
No

- f) What percentage of your permanent employees is members of this recognized employee association?
N.A.
- g) Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year :

No	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour / forced labour / involuntary labour	Nil	Nil
2.	Sexual harassment	Nil	Nil
3.	Discriminatory employment	Nil	Nil

- h) What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

i)	Permanent Employees	Safety Training : 100% Skill & Up-gradation Training : 92%
ii)	Permanent Women Employees	
iii)	Casual / Temporary / Contractual Employees	
iv)	Employees with Disabilities	

Principle 4 : Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

- a) Has the Company mapped its internal and externals Stakeholders? Yes/No
Yes, the principal stakeholders of the Company are employees, shareholders, suppliers, customers, partners, Government & regulatory authorities and local community. These stakeholders are mapped in a structured manner through systematic communication platforms which help the Company us to understand the Stakeholders needs and the improvement opportunities for the Company in all respects.
- b) Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders ?
Yes, the general population from adjacent villages.
- c) Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.
Yes. The Company engages with these stakeholders on a regular basis and pursue various community development programs like renovation of village schools, construction of toilets, providing school furniture etc.

Principle 5 : Businesses should respect and promote human rights.

- a) Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others ?
The Company does not have a specific policy for human rights as such. However, Company’s internal policies on Code of Conduct, Ethics and HR recognizes all the key aspects of human rights and extends to Group / Joint Ventures / Suppliers / Contractors / NGOs / Local community.
- b) How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management ?
During the year, the Company has not received any complaints from any stakeholders.

Principle 6 : Businesses should respect, protect and make efforts to restore the Environment.

- a) Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others ?
Yes, Company’s environment policy extends to all interested parties which includes company employees, group companies, joint ventures, suppliers, contractors, NGOs and others.
- b) Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming etc ? Y/N. If yes, please give hyperlink for webpage etc.
Yes, the Company has strategic focus on global environmental issues with sustainable initiatives in place as under :
- i) Emission control :

Continuous environmental monitoring to contain emissions under regulatory limits and as per the specific



environmental conditions laid down by the Government for the plant. Compliance report link :

- <http://www.kalyanisteels.com/wp-content/uploads/MOEFCC-Bangalore-CCR.pdf>
- <http://www.kalyanisteels.com/wp-content/uploads/PGB-Stat-Compl-Report-Mar2020-Qrtr.pdf>

ii) Conservation of natural resources :

Implementation of Zero Liquid Discharge (ZLD) on a sustainable basis.

iii) Reduction of Carbon foot print :

Use of Blast Furnace gas for power generation and replace fossil fuel in reheating furnaces of the rolling mills.

iv) Re-use and recycling :

Recovery and Recycling of solid waste generated through various processes.

c) Does the Company identify and assess potential environmental risks ? Y/N

Yes, the Company continuously assess and monitors environmental risks through its robust environment monitoring system facilitated by continuous stack monitoring equipment and ambient air quality monitoring systems.

d) Does the Company have any project related to Clean Development Mechanism ? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed ?

The Company has not participated formally for CDM certification as per guidelines of Kyoto Protocol but have executed major projects to replace fossil oil fuels with blast furnace gas leading to substantial reduction in pollution

e) Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Yes, listed as under :

i) Out of total 9.38 Cr of units consumed, 5.34 Cr units of renewable energy consumed, 3.41 Cr units of IEX power used to replace KPTCL power and balance 0.63 Cr units consumed from GESCOM.

ii) Energy efficient pump introduced for mould and spray cooling in caster for power saving.

iii) Energy saving by installing VFD in Sinter cooler motor, for adjusting speed with sinter discharge temperature.

f) Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported ?

Yes. Ref link : <http://www.kalyanisteels.com/wp-content/uploads/MOEFCC-Bangalore-CCR.pdf>

g) Number of show cause/ legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

NIL

Principle 7 : Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

a) Is your Company a member of any trade and chamber or association ? If Yes, Name only those major ones that your business deals with :

The Company is member of Confederation of Indian Industry (CII), Mahratta Chamber of Commerce, Industry and Agriculture (MCCIA) and The Alloy Steel Producers Association of India (ASPA).

b) Have you advocated / lobbied through above associations for the advancement or improvement of public good ? Yes/No; if yes specify the broad areas (drop box : Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

From time to time, the Company has joined hands with these associations for the betterment and advancement of society at large. The Company has contributed in the areas of Governance and administration, inclusive development policies.

Principle – 8 : Businesses should support inclusive growth and equitable development.

a) Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8 ? If yes details thereof.

The Company through Pratham Pune Educational Foundation (NGO) provides non formal education to underprivileged children from slum areas of Pune.

- b) Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organization?

The programmes are undertaken through external NGO.

- c) Have you done any impact assessment of your initiative ?

No

- d) What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken ?

During the year, the Company spend ₹ 57.66 Million (including the set off availed) towards various CSR activities. The project-wise details are provided in Annexure - B to the Directors' Report.

- e) Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

The Company is providing the non-formal education to underprivileged children through Pratham Pune Education Foundation, initiative with the objective that 'Every Child is in school and every child learns' and the dropout rate is considerably decreased.

Principle 9 : Businesses should engage with and provide value to their customers and consumers in a responsible manner.

- a) What percentage of customer complaints / consumer cases are pending as on the end of financial year.

No customer complaint is pending for FY 2020-21.

- b) Does the Company display product information on the product label, over and above what is mandated as per local laws ? Yes / No / N.A. / Remarks (additional information).

Yes - we display product information on products.

- c) Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No case is filed by any customer on the Company.

- d) Did your Company carry out any consumer survey / consumer satisfaction trends ?

The Company has done detailed market survey of all the existing as well as potential customers region wise to understand their requirements in terms of product range, volumes and new business opportunities.



INDEPENDENT AUDITOR'S REPORT

To the Members of Kalyani Steels Limited
Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the Standalone Financial Statements of Kalyani Steels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the Standalone Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements") and includes a Joint Operation accounted for on proportionate basis.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of the other auditor on separate financial statements of the Joint Operation, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("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 March 31, 2021, its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Financial Statements under the provisions of the Act and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence obtained by us and by the other auditor referred to in the "Other Matter" paragraph, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Key Audit Matters	Principle Audit Procedures
<p>Accounting of joint operation As explained in Note 2.3, the Company's composite steel manufacturing facility at Ginigera is under a strategic alliance arrangement with a joint venture partner. The facility is managed by Hospet Steels Limited. The alliance confers Kalyani Steels Limited (KSL) and Mukand Limited (ML) with rights to assets, obligations for liabilities, sharing of expenses / profit / loss in the proportion of product sharing ratio (viz. 41.38% by KSL and 58.62% by ML). Thus, KSL and ML have right to the assets and obligations for the liabilities of this arrangement. The strategic alliance is a joint arrangement in the nature of joint operation and accordingly, the Company has recognized its share of revenue and expenses and assets and liabilities from joint operation in its separate financial statements. Due to the nature and complexities involved in accounting of strategic alliance arrangement as joint operation, this is a key audit matter.</p>	<p>As part of our audit procedure –</p> <ul style="list-style-type: none"> - we have obtained the said strategic alliance arrangement and read the terms and conditions mentioned therein. - assessed the management's judgement of concluding the arrangement as joint operation as per the principles laid down under Ind AS 111. - further we have tested the controls and procedures established by the management relating to accounting of joint venture. <p>The accounting for joint operation requires the Company to recognize only its share of expenses from the joint operation, therefore we have checked the amount charged to ML (joint venture partner) are as per the terms and conditions of strategic alliance arrangement and have been offset against the respective expense line items. Similarly, the expenses incurred by the ML (joint venture partner) and charged to the Company have been reclassified to the respective expense line items based on the nature of such expenses.</p>

Key Audit Matters	Principle Audit Procedures
<p>Valuation of inventory As on March 31, 2021, the Company is having inventory of ₹ 1,189.45 Million and disclosed in Note 10. The inventory is valued at cost or net realizable value whichever is lower. Costs includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but does not include borrowing costs. Cost of work-in-progress and finished goods are determined on a weighted average basis (refer Note (k) of Significant Accounting Policies). The Company's composite steel manufacturing involves processes such as Mini Blast Furnace (MBF), Steel Melting Shop (SMS) and Rolling Mill Shop (RMS). The production is carried out continuously, by way of the simultaneous, standardized and sequential process. The output of a process is the input of another. The production from the last process is transferred to finished stock. Both direct and indirect costs are charged to the processes. The production results in joint and by-products. Losses, both normal and abnormal loss occur at different stages of production which are also taken into consideration while calculating the unit cost. Considering the calculation of process cost at each stage, accounting of joint product and by-product, normal / abnormal losses and allocation of overheads, the valuation of inventory is regarded as a key audit matter.</p>	<p>As a part of our audit procedures over valuation of inventory we have performed the following procedures :</p> <ul style="list-style-type: none"> - assessed the design and performed tests of the design and operating effectiveness of the key controls over inventory valuation. - obtained understanding of production process at each stage. - obtained and tested on sample basis the process cost of each production process. - verified the calculations, accounting of joint and by-product and allocation basis of overhead as per costing principles. - tested the assumptions such as allocation percentages of fixed and variable overheads and yield rate at each production stages with source data. - further we have tested on sample basis, net realisable value of finished goods based on subsequent sale value. - we have also checked the aging report for identification of non-moving / slow moving finished goods on a sample basis.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis, Board of Directors' Report along with its Annexures and Corporate Governance Report included in the Annual Report but does not include the Standalone Financial Statements and our auditor's report thereon. Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of 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 (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also :

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its Joint Operation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its Joint Operation to express an opinion on the Standalone Financial Statements. For the other entity included in the Standalone Financial Statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of a Joint Operation, included in the Standalone Financial Statements on proportionate basis as per Ind AS 111 "Joint Operations", whose financial statements reflect total revenue of ₹ Nil, total comprehensive income / loss of ₹ Nil for the year ended March 31, 2021. The joint operation has total assets of ₹ 235.46 Million as on March 31, 2021 and net cash (outflow) of ₹(13.86) million for the year ended March 31, 2021.

These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the Standalone financial statements insofar as it relates to the amounts and disclosures included in

respect of this Joint Operation and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid joint operation, is based solely on the report of the other auditor.

Our opinion is not modified in respect to this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements of Joint Operation, as noted in the Other Matters paragraph, we report that :
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company and its Joint Operation so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows 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 Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e) On the basis of the written representations received from the Directors as on March 31, 2021 taken on record by the Board of Directors and the report of other auditor of the Joint Operation, none of the Directors is disqualified as on March 31, 2021 from being appointed as a Director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and its Joint Operation and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
 - g) As required by Section 197 (16) of the Act, in our opinion and according to information and explanation provided to us, the remuneration paid by the Company to its Directors is in accordance with the provisions of Section 197 of the Act and remuneration paid to Directors is not in excess of the limit laid down under this Section. As per the report of the auditor of the Joint Operation no remuneration is provided / paid to the Directors of the Joint Operation.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements - Refer Note 37.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There is no amount required to be transferred, to the Investor Education and Protection Fund by the Company and its Joint Operation.

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.101118W/W100682

Pune
May 18, 2021

Abhijeet Bhagwat
Partner
Membership No.136835
UDIN : 21136835AAAABG2227

**Annexure 'A' to the Independent Auditor's Report**

Referred to in paragraph 1 under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date :

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of four years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- (c) The title deeds of immovable properties are held in the name of the Company.
- (ii) Physical verification of inventory has been conducted by the management during the current year. In our opinion, the interval of such verification is reasonable. Discrepancies noticed on physical verification were not material and the same have been properly dealt with in the books of account.
- (iii) The Company has granted unsecured loan [inter corporate deposit (ICD)], to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

Number of parties	Opening Balance (₹ in Million)	Year End Balance (₹ in Million)	Maximum Balance (₹ in Million)
1	Nil	700.00	700.00

- (a) According to the information and explanations provided to us, the rate of interest charged on these ICDs is at arm's length. The Company has taken corporate guarantee from the holding company of the loanee Company. Therefore, we can conclude that the terms and conditions of the grant of such ICDs is not prejudicial to the interest of the Company.
- (b) According to the information and explanations provided to us, the repayment schedule of the principal and interest are stipulated. The repayments are as per the schedule.
- (c) According to the information and explanations provided to us no amount is overdue.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act with respect to loans, investments, guarantees and security, as applicable.
- (v) According to information and explanation provided to us, the Company has not accepted deposits, hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, are not applicable to it. According to information and explanation provided to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal.
- (vi) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under sub-section (l) of Section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however made a detailed examination of records with a view to determine whether they are accurate and complete.
- (vii) (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of customs, goods and service tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanation provided to us, no undisputed amounts payable in respect of statutory dues were in arrears as at March 31, 2021, for a period more than six months from the date they became payable.

- (b) According to the information and explanation provided to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, goods and service tax, value added tax or cess which have not been deposited on account of any dispute except those mentioned below :

Name of the statute	Nature of dues	Amount (₹ in Million)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	9.43	August, 2008 to February, 2011	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)
Central Excise Act, 1944	Excise Duty	20.39	2012-13 to 2014-15	Commissioner
Income Tax Act, 1961	Income Tax	6.72	Assessment Years 2016-17 & 2017-18	Commissioner of Income Tax Appeals
Income Tax Act, 1961	Income Tax	6.29	Assessment Year 2018-19	Assessing Officer
KVAT, 2003	VAT	0.64	FY 2011-12	Karnataka Appellate Tribunal
KVAT, 2003	VAT	1.01	FY 2012-13	Forum JC-Appeals

- (viii) Based on our audit procedures and according to the information and explanation provided to us, the Company has not defaulted in repayment of loans or borrowings to a financial institution, bank or government. The Company did not have debenture holders.
- (ix) According to information and explanation provided to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) in the current year. According to the information and explanations given to us, term loans availed by the Company in the current year were, prima facie, applied for the purpose for which the loans were obtained.
- (x) Based upon the audit procedures performed by us and according to the information and explanation provided to us by the management, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported to us during the year.
- (xi) According to the information and explanation provided to us, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and accordingly, Clause (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanation provided to us, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act wherever applicable and the details of the transactions have been disclosed in the Standalone Financial Statements as required by Ind AS 24 'Related Party Disclosures'. Refer Note 39.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanation provided to us, the Company has not entered into any non-cash transactions with Directors or persons connected with him.
- (xvi) According to the information and explanation provided to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.101118W/W100682

Abhijeet Bhagwat
Partner

Membership No.136835

UDIN : 21136835AAAABG2227

Pune
May 18, 2021

**Annexure 'B' to the Independent Auditor's Report**

Referred to in paragraph 2 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date

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

We have audited the internal financial controls with reference to the Standalone Financial Statements of Kalyani Steels Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date which includes internal financial controls over financial reporting of one of the Company's Joint Operation which is a company incorporated in India.

Management's Responsibility for Internal Financial Controls

The respective Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the respective Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Standalone Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to the Standalone Financial Statements included obtaining an understanding of internal financial controls with reference to the Standalone Financial Statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and by the other auditor referred to in the "Other Matter" paragraph is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to the Standalone Financial Statements.

Meaning of Internal Financial controls with reference to the Standalone Financial Statements

A Company's internal financial controls with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to the Standalone Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles and

that receipts and expenditures of the Company are being made only in accordance with authorizations of management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to the Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to the Standalone Financial Statements, including the possibility of collusion or improper management, override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to the Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Standalone Financial Statements may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion and based on report of other auditor, the Company and its Joint Operation have, in all material respects, adequate internal financial controls with reference to the Standalone Financial Statements and such internal financial controls with reference to the Standalone Financial Statements were operating effectively as at March 31, 2021, based on the internal controls over financial reporting criteria established by the Company and its Joint Operation considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to a Joint Operation, is based on the corresponding report of the auditor of such Company. Our opinion is not modified in respect of this matter.

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.101118W/W100682

Abhijeet Bhagwat
Partner
Membership No.136835
UDIN : 21136835AAAABG2227

Pune
May 18, 2021



BALANCE SHEET AS AT MARCH 31, 2021

		(₹ in Million)	
		As at	As at
		March 31, 2021	March 31, 2020
	Notes		
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	3,816.41	4,172.75
(b) Capital work-in-progress	3	106.72	52.19
(c) Intangible assets	4	7.99	12.20
(d) Investment in subsidiary and associate	5.a	—	—
(e) Financial assets			
(i) Investments	5.b	1,442.14	1,446.88
(ii) Loans	6.a	793.79	67.91
(iii) Other financial assets	7.a	16.04	15.15
(f) Income Tax assets (net)	8	4.54	9.31
(g) Other non-current assets	9.a	33.22	10.32
		Total	6,220.85
			5,786.71
Current assets			
(a) Inventories	10	1,189.45	1,259.68
(b) Financial assets			
(i) Investments	5.c	—	327.73
(ii) Trade receivables	11	2,490.96	2,355.10
(iii) Cash and cash equivalents	12	113.35	146.98
(iv) Bank balances other than (iii) above	13	6,146.26	3,458.39
(v) Loans	6.b	—	0.19
(vi) Other financial assets	7.b	151.23	149.61
(c) Other current assets	9.b	191.48	159.73
		Total	10,282.73
			7,857.41
Total Assets		16,503.58	13,644.12
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	218.64	218.64
(b) Other equity			
(i) Reserves and surplus		11,259.27	9,350.07
(ii) Other reserves		64.24	70.60
Total equity		11,542.15	9,639.31
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	183.76	—
(b) Provisions	18.a	42.10	39.11
(c) Deferred tax liabilities (net)	19	270.36	305.43
(d) Other non-current liabilities	20	73.94	108.70
		Total	570.16
			453.24
		Carried Over	570.16
		Carried Over	11,542.15
			453.24
			9,639.31

BALANCE SHEET AS AT MARCH 31, 2021

		(₹ in Million)	
		As at	As at
		March 31, 2021	March 31, 2020
	Notes		
		Carried Over	9,639.31
		11,542.15	<u>9,639.31</u>
		Carried Over	453.24
		570.16	<u>453.24</u>
Current liabilities			
(a) Financial liabilities			
(i)	Borrowings	21	1,500.00
(ii)	Trade payables	22	—
	- total outstanding dues of micro enterprises and small enterprises	30.55	22.34
	- total outstanding dues of creditors other than micro enterprises and small enterprises	2,324.36	3,127.58
(iii)	Other financial liabilities	17	279.19
(b)	Provisions	18.b	16.31
(c)	Other current liabilities	23	209.46
(d)	Current tax liabilities (net)	24	31.40
		Total	4,391.27
		<u>4,961.43</u>	<u>3,551.57</u>
		<u>16,503.58</u>	<u>4,004.81</u>
		<u>16,503.58</u>	<u>13,644.12</u>
Total liabilities			
Total Equity and Liabilities			
Significant Accounting Policies			
	1		
Significant accounting judgements, estimates and assumptions			
	2		

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

As per our attached Report of even date

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.101118W/W100682

Onbehalf of the Board of Directors

Abhijeet Bhagwat
Partner
Membership No.136835

Mrs.D.R. Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N. Kalyani
Chairman

Pune
Date : May 18, 2021

Pune
Date : May 18, 2021



KALYANI

48th Annual Report 2020-2021

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

		(₹ in Million)	
	Notes	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations	25	11,879.94	11,989.28
Other Income	26	425.35	232.63
Total Income		12,305.29	12,221.91
Expenses			
Cost of raw materials consumed	27	5,457.33	5,854.32
Purchase of traded goods	28	414.64	510.88
Manufacturing Expenses	33.a	2,031.27	2,322.09
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	246.67	(120.53)
Employee benefits expense	30	573.44	577.34
Finance costs	31	67.70	80.46
Depreciation and amortization expense	32	441.51	426.15
Other expenses	33.b	522.36	892.17
Total expenses		9,754.92	10,542.88
Profit before exceptional items and tax		2,550.37	1,679.03
Exceptional items		—	—
Profit before tax		2,550.37	1,679.03
Tax expense			
Current tax		684.50	477.50
Deferred tax		(37.15)	(165.04)
Taxation in respect of earlier years		—	(4.61)
Total tax expense	35	647.35	307.85
Profit for the year		1,903.02	1,371.18
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent period (net of tax)			
(a) Re-measurement of post employment benefit plans		8.26	(7.03)
Tax on above		(2.08)	1.77
		6.18	(5.26)
(b) Changes in fair value of equity instruments (compulsorily convertible debentures)		(6.36)	(106.01)
Total other comprehensive income for the year (net)		(0.18)	(111.27)
Total comprehensive income for the year		1,902.84	1,259.91
Earnings per share (of ₹ 5/- each)	36		
Basic and Diluted		43.59	31.41
Significant Accounting Policies	1		
Significant accounting judgements, estimates and assumptions	2		

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

As per our attached Report of even date

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.101118W/W100682

On behalf of the Board of Directors

Abhijeet Bhagwat
Partner
Membership No.136835

Mrs.D.R.Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N. Kalyani
Chairman

Pune
Date : May 18, 2021

Pune
Date : May 18, 2021

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity Share Capital

(₹ in Million)

Particulars	Notes	No. of shares	Amount
As at March 31, 2019		43,653,060	218.64
Changes in equity share capital	14	—	—
As at March 31, 2020		43,653,060	218.64
Changes in equity share capital	14	—	—
As at March 31, 2021		43,653,060	218.64

B. Other Equity

(₹ in Million)

Particulars	Notes	Reserves and Surplus		Other reserve FVTOCI Equity	Other Equity
		Retained Earnings	General reserve		
As at April 1, 2019		8,091.16	419.27	176.61	8,687.04
Profit for the year		1,371.18	—	—	1,371.18
Other Comprehensive Income :					
Remeasurements of post-employment benefit plans (net of tax)		(5.26)	—	—	(5.26)
Changes in fair value of equity instruments (compulsorily convertible debentures)		—	—	(106.01)	(106.01)
Total Comprehensive Income for the year		1,365.92	—	(106.01)	1,259.91
Final Dividend for the year ended March 31, 2019	15	(218.27)	—	—	(218.27)
Tax on final dividend for the year ended March 31, 2019	15	(44.87)	—	—	(44.87)
Interim equity dividend of current year	15	(218.27)	—	—	(218.27)
Tax on interim equity dividend of current year	15	(44.87)	—	—	(44.87)
As at March 31, 2020		8,930.80	419.27	70.60	9,420.67
As at April 1, 2020		8,930.80	419.27	70.60	9,420.67
Profit for the year		1,903.02	—	—	1,903.02
Other Comprehensive Income :					
Remeasurements of post-employment benefit plans (net of tax)		6.18	—	—	6.18
Changes in fair value of equity instruments (compulsorily convertible debentures)		—	—	(6.36)	(6.36)
Total Comprehensive Income for the year		1,909.20	—	(6.36)	1,902.84
As at March 31, 2021		10,840.00	419.27	64.24	11,323.51

Significant Accounting Policies 1

Significant accounting judgements, estimates and assumptions 2

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

As per our attached Report of even date

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.101118W/W100682

On behalf of the Board of Directors

Abhijeet Bhagwat
Partner
Membership No.136835

Mrs.D.R.Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N. Kalyani
Chairman

Pune
Date : May 18, 2021

Pune
Date : May 18, 2021



STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Million)

	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash Flows from Operating Activities :		
Profit before income tax	2,550.37	1,679.03
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation	441.51	426.15
Unrealized foreign exchange loss / (gain) / MTM etc., net	(10.83)	83.52
Interest expense	67.70	80.46
Dividend income	(0.13)	(37.84)
Profit on sale of property, plant and equipment	(0.11)	(0.03)
Profit on sale of Investment	(29.58)	(22.49)
Interest from deposits and loans	(308.30)	(167.03)
Provision written back	(81.74)	(87.99)
Fair value loss / (Gain) on investments measured at FVTPL	(1.62)	9.94
Impairment of Investment	—	72.98
Receivables provided for / written off (net)	2.53	27.12
Adjustments for changes in working capital		
(Increase) / Decrease in inventories	70.23	284.62
(Increase) / Decrease in trade receivables	(134.08)	708.26
(Increase) / Decrease in other assets / other financial assets	(26.73)	55.87
(Increase) / Decrease in loans	(725.69)	1.27
Increase / (Decrease) in provisions	8.17	(9.46)
Increase / (Decrease) in trade payables	(702.77)	(151.94)
Increase / (Decrease) in other financial liabilities	29.04	60.01
Increase / (Decrease) in other current liabilities	92.67	(46.02)
Increase / (Decrease) in other non-current liabilities	(34.76)	108.70
Cash generated from Operations	1,205.88	3,075.13
Income taxes paid (net of refunds)	(652.26)	(506.40)
Net Cash Flow from Operating Activities	553.62	2,568.73
B. Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(160.20)	(341.30)
(Purchase) / Sale of investments	(2,332.54)	(1,560.73)
Dividend received	0.13	37.84
Interest received	301.70	31.03
Sale of assets property, plant and equipment	0.15	0.06
Net Cash Flows from Investing Activities	(2,190.76)	(1,833.10)

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021

	Year ended March 31, 2021	(₹ in Million) Year ended March 31, 2020
C) Cash Flows from Financing Activities		
Proceeds from borrowings, net	1,682.68	(178.81)
Interest paid	(79.17)	(92.14)
Dividend paid	—	(526.26)
Net Cash Flows from Financing Activities	1,603.51	(797.21)
Net increase / (decrease) in cash and cash equivalents	(33.63)	(61.58)
Cash and cash equivalents at the beginning of the year (refer Note 12)	146.98	208.56
Cash and cash equivalents at the end of the year (refer Note 12)	113.35	146.98
Significant accounting policies	1	
Significant accounting judgements, estimates and assumptions	2	

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

As per our attached Report of even date

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.101118W/W100682

On behalf of the Board of Directors

Abhijeet Bhagwat
Partner
Membership No.136835

Mrs.D.R. Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N. Kalyani
Chairman

Pune
Date : May 18, 2021

Pune
Date : May 18, 2021

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

(All amounts are in Rupees Million, except per share data and unless stated otherwise)

Background

Kalyani Steels Limited ("the Company") is a public limited company domiciled in India and incorporated in February, 1973 under the provisions of Companies Act, 1956. The equity shares of the Company are listed on two recognized stock exchanges in India i.e. BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company is primarily engaged in the business of manufacture and sale of Iron and Steel Products. The Company is an integrated manufacturer of diverse range of steel products with its manufacturing facility located at Hospet Works in Karnataka. The Registered Office of the Company is located at Mundhwa, Pune - 411 036. The CIN of the Company is L27104MH1973PLC016350.

These standalone financial statements for the year ended March 31, 2021 were approved by the Board of Directors and authorized for issue on May 18, 2021.

1A. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation**(i) Compliance with Ind AS**

These standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time. In addition, guidance notes / announcements issued by ICAI and guidelines issued by SEBI are also applied.

Joint operations

Certain of the Company's activities, are conducted through joint operations, which are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. As per Ind AS 111 - Joint arrangements, in its standalone financial statements, the Company being a joint operator has recognized its share of the assets, liabilities, income and expenses of these joint operations incurred jointly with the other partners, along with its share of income from the sale of the output and any assets, liabilities and expenses that it has incurred in relation to the joint operation.

(ii) Historical cost convention

The standalone financial statements have been prepared on a historical cost basis, except for the following :

- Certain financial assets and liabilities (including derivative instruments) that are measured at fair value.
- Defined benefit plans - plan assets measured at fair value.

(iii) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is treated as current when it is :

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :**(b) Estimation of uncertainties relating to the global health pandemic from COVID 19**

The Company has considered the possible effects that may result from the pandemic relating to COVID 19 on the carrying amounts of receivables, inventory, Investments, prices of principal inputs and outputs and possible supply chain disruptions. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company expects the carrying amount of these assets will be recovered.

(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions for the Company. Refer Note 44 for segment information presented.

(d) Foreign currency transactions

Functional and presentation currency

Items included in the standalone financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The standalone financial statements are presented in Indian Rupee (INR), which is the Company's functional and presentation currency.

Initial Recognition

Foreign currency transactions are recorded in Indian currency, by applying the exchange rate between the Indian currency and the foreign currency at the date of transaction.

Conversion

Monetary items, designated in foreign currencies are revalued at the rate prevailing on the date of Balance Sheet.

Exchange Differences

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognized as income or as expenses in the year in which they arise, except in cases where they relate to the acquisition of qualifying assets, in which cases they were adjusted in the cost of the corresponding asset. On transition to Ind AS, the Company has elected to continue the accounting policy adopted in its previous GAAP with respect to foreign exchange differences arising on long-term foreign currency monetary items related to a depreciable asset, existing as on March 31, 2017. Such exchange differences are adjusted to the cost of depreciable asset and depreciated over the balance life of the asset.

(e) Revenue recognition

Sale of goods

The Company manufactures and sells a range of steel and iron product in the market. Sales are recognized when control of the products has transferred at a point of time, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Export Incentives

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

Interest Income

Interest income from debt instruments is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :****Dividends**

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(f) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

(g) Taxes**Current income tax**

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961. The management periodically evaluates positions taken in returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Current income tax relating to items recognized in other comprehensive income is recognized in other comprehensive income and not in statement of Profit and Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except :

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except :

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Current and deferred taxes are recognized in the statement of profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of indirect taxes paid, except :

When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of tax included, the net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

(h) Leases

The determination of whether a contract is (or contains) a lease is based on the substance of the contract at the inception of the lease. The contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability. A lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The Company uses the practical expedient to apply the requirements of Ind AS 116 to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Company considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognize right-of-use asset and a lease liability. The Company applies both recognition exemptions.

Right of use asset

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

Lease liability

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Lease modification

For a lease modification that is not accounted for as a separate lease, the Company accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

Company as Lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :**

lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Where the Company is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. However, if there is no reasonable certainty that the Company will obtain possession of the asset upon end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" for the first time, using the modified retrospective transition method, applied to lease contracts that are ongoing as at April 1, 2019.

(i) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Company's cash management.

(j) Trade receivables

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

(k) Inventories

Cost of inventories include all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares are valued at cost or net realizable value whichever is lower. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on weighted average basis.

Work-in-progress and finished goods are valued at cost or net realizable value whichever is lower. Costs includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but does not include borrowing costs. Cost of work-in-progress and finished goods are determined on a weighted average basis.

Materials-in-transit and materials in bonded warehouse are valued at actual cost incurred up to the date of balance sheet.

Scrap is valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(l) Investment in subsidiary and associate

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :**(m) Fair value measurement**

The Company measures financial instruments at fair value on initial recognition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either :

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level inputs that is significant to the fair value measurement as a whole :

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is un-observable.

For assets and liabilities that are recognized in the standalone financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(n) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(o) Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :**

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories :

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

Financial assets at amortised cost

A financial asset is measured at amortized cost if both following conditions are met :

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss.

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income, if both of the following criteria are met :

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets, until they are de-recognized or re-classified, are subsequently measured at fair value and recognized in other comprehensive income except for interest income, gain / loss on impairment, gain / loss on foreign exchange which is recognized in the statement of profit and loss.

Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

In addition, the Company may elect to classify a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any financial asset as at fair value through profit or loss.

After initial measurement, such financial assets are subsequently measured at fair value in the statement of profit and loss.

Equity Instrument

Investment in equity instrument issued by other than subsidiaries are classified as at FVTPL, unless the related instruments are not held for trading and the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income.

De-recognition of financial assets

A financial asset is de-recognized when :

- The contractual rights to receive cash flows from the financial asset have expired or
- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either :
 - (a) The Company has transferred substantially all the risks and rewards of the asset or
 - (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure :

- Financial assets that are debt instruments and are measured at amortized cost e.g. loans, debt-securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider :

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss. This amount is reflected under the head "Other Expenses" in the statement of profit and loss.

The Balance sheet presentation for various financial instruments is described below :

- Financial assets measured as at amortized cost.

ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-offs criteria, the Company does not de-recognize impairment allowance from the gross carrying amount.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e. financial assets which are credit impaired on purchase / origination.

Financial Liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below :

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Standalone embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :****De-recognition of financial liabilities**

A financial liability (or a part of a financial liability) is de-recognized from its balance sheet when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

(p) Loans and Borrowings at amortised Cost

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains / (losses).

(q) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred.

(r) Derivatives

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income / other expenses.

(s) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

(t) Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). All significant costs relating to the acquisition and installation of property, plant and equipment are capitalized. Such cost includes the cost of replacing part of the property, plant and equipment and borrowings costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection/ relining is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit and loss during the reporting period in which they are incurred.

Subsequent costs are included in the asset's carrying amount as recognized as a standalone asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for a standalone asset is de-recognized when replaced.

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Depreciation on additions is provided from the beginning of the month in which the asset is put to use.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the end of the month prior to the month in which such assets are sold, discarded or demolished.

The useful lives has been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

Depreciation is charged on the basis of useful life of assets on straight line method.

Useful life of following asset category is considered as per Schedule II of Companies Act, 2013 except MBF Relining.

For MBF Relining, useful life is considered based on past history of usage, supported by technical evaluation.

Asset Category	Life In Years
Factory Buildings	30
Office Building	60
Plant and Equipment - Continuous Process	20
Plant and Equipment - other than continuous process	13
MBF Relining	4
Electrical Installations	10
Computers	3
Servers	6
Furniture and Fixtures	10
Office Equipment	5
Vehicles	8

Freehold land is carried at historical cost.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the standalone statement of profit and loss when the asset is de-recognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets of computer software is amortized over the useful economic life of six years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the net carrying amount of the asset and are recognized in the statement of profit and loss when the asset is de-recognized.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :****(u) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses including impairment on inventories are recognized in the statement of profit and loss.

Previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of asset does not exceed its recoverable amount. Such reversal is recognized in statement of profit and loss.

(v) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are unsecured and are presented as current liabilities unless payment is not due within operating cycle determined by the Company after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

(w) Provisions and contingent liabilities

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on the best estimate required to settle the obligation at the Balance Sheet date. Provisions are reviewed at each Balance Sheet date and adjusted to reflect current best estimates.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. A disclosure for a contingent liability is made where there is a possible obligation arising out of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(x) Employee Benefits**(i) Short-term Employee Benefits**

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and are recognized in the period in which the employee renders the related service.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :**(ii) Post-Employment benefits****1. Defined Contribution plan**

The Company makes payment to approved superannuation schemes, state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid / payable under the schemes is recognized in the statement of profit and loss during the period in which the employee renders the related service. The Company has no further obligations under these schemes beyond its periodic contributions.

2. Defined Benefit plan

The employees' gratuity fund scheme is Company's defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plan, to recognize the obligation on a net basis.

(iii) Long term Employment benefits

The employee's long term compensated absences are Company's other long term benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognize the obligation on a net basis.

In regard to other long term employment benefits, the Company recognizes the net total of service costs, net interest on the net defined benefit asset / liability and re-measurements of the net defined benefit asset / liability in the statement of profit and loss.

Gratuity

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Remeasurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Provident Fund

The Company operates two plans for its employees to provide employee benefits in the nature of provident fund.

The Company pays provident fund contributions to publicly administered provident funds as per regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due.

Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :****Superannuation**

Retirement benefit in the form of superannuation plan is a defined contribution plan. Defined contributions to insurance Company for employees covered under Superannuation scheme are accounted at the rate of 15% of such employees' basic salary, restricted to ₹ 150,000/- p.a. The Company recognizes expense toward the contribution paid / payable to the defined contribution plan as and when an employee renders the relevant service. The Company has no obligation, other than the contribution payable to the superannuation fund.

iv) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of the following dates : (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(y) Paid up equity

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(z) Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

(aa) Dividends

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

(bb) Earnings per share**(i) Basic Earnings per Share**

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(ii) Diluted Earnings per Share

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(cc) Rounding of amounts

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

1. B Standards issued but not effective

Following exposure drafts have been issued by the Institute of Chartered Accountants of India :

1. Amendment to Ind AS 116, "Leases" - COVID 19 related Rent Concessions beyond June 30, 2021

On July 24, 2020, the MCA issued the Companies (Indian Accounting Standard) Amendment Rules, 2020 which amended Ind AS 116 to provide relief for lessees in accounting for eligible rent concessions upto July 31, 2021 that are a direct consequence of COVID 19. The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to extend the relief for lessees in accounting for eligible rent concessions upto July 31, 2022.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :**2. Amendment to Ind AS 116, "Leases" - Interest Rate Benchmark Reform : Phase 2**

The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to include a practical expedient in respect of all lease modifications that change the basis for determining future lease payments as a result of interest rate benchmark reform.

3. Amendments to Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets" - Onerous Contracts

The exposure draft on amendments to Ind AS 37 issued by the Institute of Chartered Accountants of India proposes amendments regarding costs a Company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

4. Amendments to Ind AS 16, "Property, Plant and Equipment" - Proceeds before Intended Use

The exposure draft on amendments to Ind AS 16 issued by the Institute of Chartered Accountants of India proposes amendments regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

5. Amendments to Ind AS 103, "Business Combinations" - Reference to the Conceptual Framework

The exposure draft on amendments to Ind AS 103 issued by the Institute of Chartered Accountants of India proposes amendments to change out updated reference to "Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards" and update it with reference to "Conceptual Framework for Financial Reporting under Indian Accounting Standards". It also proposes certain consequential amendments.

6. Amendments to Ind AS 101, "First-time Adoption of Indian Accounting Standards" - Subsidiary as a First-time Adopter

The exposure draft on amendments to Ind AS 101 issued by the Institute of Chartered Accountants of India proposes amendments to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

7. Amendments to Ind AS 41, "Agriculture" - Taxation in Fair Value Measurements

The exposure draft on amendments to Ind AS 41 issued by the Institute of Chartered Accountants of India proposes amendments to remove a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in Ind AS 41 with those in other Ind AS's.

8. Amendments to Ind AS 109, "Financial Instruments" - Fees in the '10 per cent' Test for De-recognition of Financial Liabilities

The exposure draft on amendments to Ind AS 109 issued by the Institute of Chartered Accountants of India proposes amendments to clarify the fees a Company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

9. Amendments to Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments : Disclosures" - Interest Rate Benchmark Reform : Phase 2

The exposure draft on amendments to Ind AS 109 and Ind AS 107 issued by the Institute of Chartered Accountants of India proposes amendments to assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of Ind AS's when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate.

10. New Indian Accounting Standard (Ind AS) 117, Insurance Contracts

The exposure draft of Ind AS 117 is issued by the Institute of Chartered Accountants of India as replacement for Ind AS 104 Insurance Contracts.

11. Amendments to Ind AS 40, Investment Property

The exposure draft on amendments to Ind AS 40 issued by the Institute of Chartered Accountants of India proposes to reinstate the fair value option thereby providing the entities an accounting policy choice to subsequently measure investment properties using either the cost model or the fair value model.

The above exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from April 1, 2021 as at the date of approval of these financial statements. On issue of the amendment by MCA, the Company would evaluate the impact of the change in the standalone financial statements.

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :****2. Significant accounting judgements, estimates and assumptions**

The preparation of the Company's standalone financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. This note provides an overview of the areas that involve a higher degree of judgments or complexities and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these judgments, estimates and assumptions is mentioned below.

Judgments, estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the standalone financial statements :

1. Legal Contingencies

The Company has received various orders and notices from tax authorities in respect of direct and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and makes judgments for providing provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

2. Segment Reporting

Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to aggregation of certain operating segments into one or more reportable segment.

The Company has determined that the Chief Operating Decision Maker (CODM) is the Board of Directors (BoD), based on its internal reporting structure and functions of the BoD. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the BoD to assess performance and allocate resources.

3. Joint operation

The Company's composite Steel manufacturing facility at Ginigera is under a strategic alliance arrangement with a joint venture partner. The facility is managed by Hospet Steels Limited. The alliance confers Kalyani Steels Limited (KSL) and Mukand Limited (ML) with rights to assets, obligations for liabilities, sharing of expenses / profit / loss in the proportion of product sharing ratio (viz. 41.38% by KSL and 58.62% by ML). Thus, KSL and ML have right to the assets and obligations for the liabilities of this arrangement. Thus, the strategic alliance is a joint arrangement in the nature of joint operation.

4. Investment in convertible debentures

The Company has invested in fully convertible debentures (FCDs) of DGM Realities Private Limited of face value of ₹ 1,319.60 Million. These FCDs shall be compulsorily converted into equity shares of DGM Realities in various tranches starting from March 29, 2024. The existing rights associated with these FCDs do not give the Company the current ability to direct control over relevant activities of DGM Realities. Hence, these investments are considered as investment in equity instruments and classified as fair value through OCI. Refer Note 5(b) for further disclosures.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

1. Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and benefit increases are based on expected future inflation rates. Further details about employee benefit obligations are given in Note 38.

2. Fair value measurement of unquoted financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments and estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 40 for further disclosures.

3. Impairment of Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and estimates the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4. Deferred Tax

At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax asset could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 3 : Property, plant and equipment

Particulars	(₹ in Million)						
	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total
Gross Block as at March 31, 2019	999.37	1,012.05	6,826.49	96.99	30.19	38.84	9,003.93
Additions	36.06	30.33	314.22	2.31	0.24	3.20	386.36
Disposals / Adjustments	—	—	(177.72)	(0.42)	—	(0.77)	(178.91)
Gross Block as at March 31, 2020	1,035.43	1,042.38	6,962.99	98.88	30.43	41.27	9,211.38
Additions	0.23	—	29.69	37.82	0.18	8.20	76.12
Disposals / Adjustments	—	—	—	(0.09)	—	(0.86)	(0.95)
Gross Block as at March 31, 2021	1,035.66	1,042.38	6,992.68	136.61	30.61	48.61	9,286.55
							Capital work in progress
							50.88
							52.19
							(50.88)
							52.19
							105.66
							(51.13)
							106.72

Particulars	(₹ in Million)						
	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total
Accumulated Depreciation :							
As at March 31, 2019	—	330.34	4,346.41	83.77	16.70	23.59	4,800.81
For the year	—	35.53	367.19	7.62	2.34	4.03	416.71
Disposals / Adjustments	—	—	(177.72)	(0.42)	—	(0.75)	(178.89)
As at March 31, 2020	—	365.87	4,535.88	90.97	19.04	26.87	5,038.63
For the year	—	39.57	379.39	6.04	2.33	5.09	432.42
Disposals / Adjustments	—	—	—	(0.05)	—	(0.86)	(0.91)
As at March 31, 2021	—	405.44	4,915.27	96.96	21.37	31.10	5,470.14

Particulars	(₹ in Million)						
	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total
Net Block							
As at March 31, 2020	1,035.43	676.51	2,427.11	7.91	11.39	14.40	4,172.75
As at March 31, 2021	1,035.66	636.94	2,077.41	39.65	9.24	17.51	3,816.41

- i) For Depreciation and amortisation refer accounting policy (refer Note 1A).
- ii) The Company had adopted deemed cost exemption under Ind AS 101, on transition date April 1, 2015. The information of Gross Block and accumulated depreciation as on April 1, 2015 is carried forward for disclosures.
- iii) Contractual obligations - Refer Note 37-B for disclosure of contractual commitments for the acquisition of Property, plant and equipment.
- iv) Capital work-in-progress as on March 31, 2021 mainly comprises construction of Coke Oven.
- v) Property, plant and equipment pledged as security, refer Note 46.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 4 : Intangible assets

(₹ in Million)

Particulars	Computer software
Gross block as at March 31, 2019	56.65
Additions	—
Disposals / Adjustments	—
Gross block as at March 31, 2020	56.65
Additions	4.88
Disposals / Adjustments	—
Gross block as at March 31, 2021	61.53

(₹ in Million)

Particulars	Computer software
Accumulated Amortisation :	
As at March 31, 2019	35.01
For the year	9.44
Disposals / Adjustments	—
Gross block as at March 31, 2020	44.45
For the year	9.09
Disposals / Adjustments	—
Gross block as at March 31, 2021	53.54

(₹ in Million)

Net Block	
As at March 31, 2020	12.20
As at March 31, 2021	7.99

- i) Intangible Assets are amortised on Straight Line method.
- ii) For Depreciation and amortisation refer accounting policy (Note 1A).
- iii) The remaining amortisation period is 2-4 years.
- iv) The Company had adopted deemed cost exemption under Ind AS 101, on transition date April 1, 2015. The information of Gross Block and accumulated depreciation as on April 1, 2015 is carried forward for disclosures.

Note 5 (a) : Investment in Subsidiary and Associate

(₹ in Million)

Particulars	Face value per unit in ₹	Number of shares		Amount	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Investment in Equity Shares (Unquoted) :					
Equity Shares in Subsidiary valued at cost (fully paid)					
Lord Ganesha Minerals Private Limited	₹ 10	1,550,000	1,550,000	261.93	261.93
Equity Shares in Associate at cost (Unquoted)					
Kalyani Mukand Limited	₹ 10	1,000,000	1,000,000	10.05	10.05
Total				271.98	271.98
Aggregate provision for impairment in value of investments				(271.98)	(271.98)
Total				—	—
Aggregate amount of quoted investments				—	—
Aggregate amount of unquoted investments				271.98	271.98
Aggregate amount of impairment in the value of investments				271.98	271.98



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 5 (b) : Non-current investments

(₹ in Million)

Particulars	Face value per unit in ₹	Number of shares / debentures		Amount	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Investments in Preference Shares (Unquoted) :					
Investments at fair value through profit or loss					
10% Non-Cumulative Redeemable in Baramati Speciality Steels Limited	10	5,926,000	5,926,000	17.90	16.28
10% Non-Cumulative Redeemable in Kalyani Natural Resources Private Limited	100	132,000	132,000	13.20	13.20
Less : Provision for impairment in value of investments				(13.20)	(13.20)
8% Non-Cumulative Redeemable in Kalyani Mining Ventures Private Limited	10	1,310,000	1,310,000	13.10	13.10
Less : Provision for impairment in value of investments				(13.10)	(13.10)
Sub Total (i)				17.90	16.28
Investments in Subsidiary at fair value through profit or loss					
1% Non-Cumulative Redeemable in Lord Ganesha Minerals Private Limited	10	42,038,500	42,038,500	420.39	420.39
Less : Provision for impairment in value of investments				(420.39)	(420.39)
Sub Total (ii)				—	—
Total (i+ii)				17.90	16.28
Investment in Debentures (Unquoted) (fully paid up) :					
Investment at fair value through other comprehensive income					
0% Fully Convertible Debentures in DGM Realities Private Limited	100	13,196,000	13,196,000	1,424.24	1,430.60
Total Investment in Debentures				1,424.24	1,430.60
Total Non-current investments				1,442.14	1,446.88
Aggregate amount of quoted investments				—	—
Aggregate amount of unquoted investments				1,888.83	1,893.57
Aggregate amount of impairment in the value of investments				446.69	446.69

Note 5 (c) : Current investments

(₹ in Million)

Particulars	Face value per unit in ₹	Number of units		Amount	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
I. Investments in Mutual Funds (Quoted) :					
Investments at fair value through profit and loss					
HDFC Liquid Fund - Growth	1,000	—	39,311	—	152.67
DSP Saving Fund	1,000	—	3,358,856	—	71.35
Total I				—	224.02
Aggregate amount of quoted investments				—	224.02
Aggregate amount of unquoted investments				—	—
Aggregate amount of impairment in the value of investments				—	—

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

Particulars	Face value per unit in ₹	Number of shares		Amount	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
II. Investments in Equity Shares (Quoted) :					
Investments at fair value through profit and loss					
ACC Limited	10	—	2,300	—	2.23
Axis Bank Limited	2	—	14,500	—	5.50
Bajaj Auto Limited	10	—	1,500	—	3.04
Bajaj Finance Limited	2	—	7,200	—	15.96
Container Corporation of India Limited	5	—	3,300	—	1.09
Crisil Limited	1	—	1,400	—	1.76
DLF Limited	2	—	5,000	—	0.69
Finolex Industries Limited	10	—	4,000	—	1.56
Godrej Industries Limited	5	—	1,000	—	0.60
HDFC Bank Limited	1	—	27,000	—	23.27
ICICI Bank Limited	2	—	17,500	—	5.68
Kajaria Ceramics Limited	1	—	1,000	—	0.38
Kotak Mahindra Bank Limited	5	—	21,900	—	28.39
Maruti Suzuki India Limited	5	—	1,900	—	8.15
State Bank of India	1	—	27,500	—	5.41
Total II				—	103.71
Aggregate amount of quoted investments				—	103.71
Aggregate amount of unquoted investments				—	—
Aggregate amount of impairment in the value of investments				—	—
Total Current Investments				Total I+II	327.73
Aggregate amount of quoted investments				—	327.73
Aggregate amount of unquoted investments				—	—
Aggregate amount of impairment in the value of investments				—	—

Note 6 : Loans

a. Non-current

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Loan to related party		
Unsecured, considered good (refer Note 39)	700.00	—
Security deposits		
Unsecured, considered good	93.79	67.91
Unsecured, considered doubtful	2.09	2.09
Less : Allowance for credit losses	(2.09)	(2.09)
Total	793.79	67.91

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

b. Current

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Unsecured, considered good		
Loans to employees	—	0.19
Total	—	0.19

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



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 7 : Other financial assets

a. Non-current

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Bank deposits with maturity more than twelve months under lien against Bank Guarantee	16.04	15.15
Total	16.04	15.15

b. Current

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Interest accrued on fixed deposits	145.90	135.93
Income Receivable	5.33	13.68
Total	151.23	149.61

Note 8 : Non-current Income tax assets (net)

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Tax paid in advance (net of provisions)	4.54	9.31
Total	4.54	9.31

Note 9 : Other assets

a. Non-current

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Capital advances		
Unsecured, considered good	29.45	4.73
Unsecured, considered doubtful	20.29	20.29
Less : Allowance for credit losses	(20.29)	(20.29)
Balances with government authorities		
Unsecured, considered good	2.90	3.93
Unsecured, considered doubtful	3.90	10.60
Less : Allowance for credit losses	(3.90)	(10.60)
Prepaid expenses	0.87	1.66
Total	33.22	10.32

b. Current

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Prepaid expenses	22.57	16.55
Advance to suppliers		
Unsecured, considered good	145.52	109.16
Unsecured, considered doubtful	2.52	2.52
Less : Allowance for credit losses	(2.52)	—
Balances with government authorities		
Unsecured, considered good	22.40	30.97
Unsecured, considered doubtful	—	—
Less : Allowance for credit losses	—	—
Other advances	0.99	0.53
Total	191.48	159.73

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 10 : Inventories

(₹ in Million)

Particulars (at lower of cost or net realisable value)	March 31, 2021	March 31, 2020
Raw materials	595.95	408.93
Work-in-progress	112.12	158.33
Finished goods	387.96	553.64
Finished goods - Traded	—	36.04
Scrap at estimated realisable value	2.51	1.25
Stores, spares etc.	90.91	101.49
Total	1,189.45	1,259.68

1. The value of inventories above is stated after amount recognized of ₹ 7.04 Million (March 31, 2020 : ₹ 31.56 Million) for write-downs to net realisable value and provision for slow moving and obsolete items.

a) Details of raw material inventory

(₹ in Million)

As at March 31, 2021	MTs	Amount
Coke / Coal / Coke Fines	16,676	275.95
Iron Ore / Iron Ore Fines / Mill Scale	29,221	185.36
Ferro Alloys		111.62
Others		23.02
Total		595.95

(₹ in Million)

As at March 31, 2020	MTs	Amount
Coke / Coal / Coke Fines	11,363	233.83
Iron Ore / Iron Ore Fines / Mill Scale	16,802	68.15
Ferro Alloys		51.67
Others		55.28
Total		408.93

b) Details of work in progress

(₹ in Million)

As at March 31, 2021	MTs	Amount
Blooms & Rounds	2,603	103.19
Others		8.93
Total		112.12

(₹ in Million)

As at March 31, 2020	MTs	Amount
Blooms & Rounds	4,130	140.67
Others		17.66
Total		158.33

c) Details of finished goods

(₹ in Million)

As at March 31, 2021	MTs	Amount
Rolled Products	8,647	387.96
Others		2.51
Total		390.47

(₹ in Million)

As at March 31, 2020	MTs	Amount
Rolled Products	13,626	553.64
Traded Goods	635	36.04
Others		1.25
Total		590.93



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 11 : Trade receivables

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Trade Receivable	1,276.97	1,141.29
Receivables from related parties (refer Note 39)	1,239.48	1,255.13
Less : Allowance for doubtful debts	(25.49)	(41.32)
	2,490.96	2,355.10
Break up of security details		
Secured, considered good	—	—
Unsecured, considered good	2,490.96	2,355.10
Doubtful	25.49	41.32
Total	2,516.45	2,396.42
Allowance for doubtful debts	(25.49)	(41.32)
Total	2,490.96	2,355.10

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

1. Trade receivables are measured at amortised cost.
2. Trade receivable are non-interest bearing and are generally on terms of 30-90 days upon delivery.
3. The amount of receivables from related parties is disclosed net of advance of ₹ 470 Million (March 31, 2020 : ₹ 470 Million) as the Company has a legally enforceable right to set off the said advance against the receivable and the Company intends to do so.
4. For details of debts due from companies in which any director is a partner, a director or a member, refer Note 39 of related party transactions.
5. Movement of impairment Allowance (allowance for bad and doubtful debts).

(₹ in Million)

Particulars	
As at April 1, 2019	31.44
Allowance made / (reversed) during the year	(17.24)
Provision for Doubtful Debts	27.12
As at March 31, 2020	41.32
Allowance made / (reversed) during the year	(15.83)
Provision for Doubtful Debts	—
As at March 31, 2021	25.49

Note 12 : Cash and cash equivalents

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Cash on hand	—	0.51
Balances with Banks		
In current accounts	113.35	146.47
Total	113.35	146.98

Note 13 : Bank balances other than cash and cash equivalents

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Earmarked balances (on unclaimed dividend accounts)	8.41	9.49
Deposits with original maturity of more than three months but less than twelve months	6,137.85	3,448.90
Total	6,146.26	3,458.39

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 14 : Share capital

(a) Authorised share capital

Particulars	Equity shares	Cumulative redeemable preference shares	Unclassified shares
As at March 31, 2020 :			
Number of shares	95,000,000	3,010,000	2,400,000
Face value per share	₹ 5/-	₹ 100/-	₹ 10/-
Amount (₹ in million)	475.00	301.00	24.00
As at March 31, 2021 :			
Number of shares	95,000,000	3,010,000	2,400,000
Face value per share	₹ 5/-	₹ 100/-	₹ 10/-
Amount (₹ in million)	475.00	301.00	24.00

(b) Terms / rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹ 5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Issued and subscribed equity share capital

(₹ in Million)

Particulars	Number of shares	Amount
As at March 31, 2019	43,759,380	218.80
Changes in equity share capital	—	—
As at March 31, 2020	43,759,380	218.80
Changes in equity share capital	—	—
As at March 31, 2021	43,759,380	218.80

(d) Subscribed and fully paid up equity share capital

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Equity Shares of ₹ 5/- each fully paid	218.27	218.27
Add : Forfeited Equity Shares (amount paid up)	0.37	0.37
Subscribed and paid up equity share capital	218.64	218.64
Number of equity shares of ₹ 5/- each fully paid	43,653,060	43,653,060
Add : Forfeited Equity Shares	106,320	106,320
Number of shares	43,759,380	43,759,380

(e) Details of shareholders holding more than 5% shares in the Company

Particulars	Ajinkya Investment & Trading Company	Sundaram Trading & Investment Private Limited	BF Investment Limited
As at March 31, 2020			
% of holding	7.47%	17.79%	39.06%
Number of shares	3,261,822	7,766,758	17,052,421
As at March 31, 2021			
% of holding	7.47%	17.79%	39.06%
Number of shares	3,261,822	7,766,758	17,052,421



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 15 : Other equity

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
A) Reserves and Surplus		
i) Retained earnings		
Balance at the beginning of the year	8,930.80	8,091.16
Add : Profit for the year	1,903.02	1,371.18
Add : Other Comprehensive Income being remeasurements of post-employment benefit plans (net of tax)	6.18	(5.26)
Total	1,909.20	1,365.92
Less :		
Final equity dividend of previous year	—	218.27
Tax on final equity dividend of previous year	—	44.87
Interim equity dividend of current year	—	218.27
Tax on interim equity dividend of current year	—	44.87
Total	—	526.28
Balance at the end of the year	10,840.00	8,930.80
ii) General reserve		
Balance at the beginning and end of the year	419.27	419.27
B) Other reserve :		
FVTOCI Equity investment reserve		
Balance at the beginning of the year	70.60	176.61
Fair value changes for the year	(6.36)	(106.01)
Balance at the end of the year	64.24	70.60
Total	11,323.51	9,420.67

Nature and purpose of reserves :

i) General reserve :

Under the erstwhile Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn. There is no movement in general reserve during the current and previous year.

ii) FVTOCI Equity investment reserve :

The Company has elected to recognise changes in the fair value of investment in compulsorily convertible debentures in other comprehensive income. These changes are accumulated within the FVTOCI investment reserve within equity. The Company will transfer amounts from the said reserve to retained earnings when the relevant debentures are de-recognized.

iii) Dividend distribution made and proposed :

(₹ in Million)

Particulars	2020-21	2019-20
Cash Dividend on Equity shares declared and paid		
Final Dividend :		
For the year ended March 31, 2020 : ₹ Nil per equity share (March 31, 2019 : ₹ 5/- per equity share)	—	218.27
Dividend distribution tax on final dividend	—	44.87
Interim Dividend :		
For the year ended March 31, 2021 : ₹ Nil/- per equity share (March 31, 2020 : ₹ 5/- per equity share)	—	218.27
Dividend distribution tax on interim dividend	—	44.87
Proposed dividends on Equity Shares		
Final Dividend :		
For the year ended March 31, 2021 : ₹ 7.50/- per equity share (March 31, 2020 : ₹ Nil/- per equity share)	327.40	—

Proposed dividend on equity shares is subject to approval of the shareholders of the Company at the annual general meeting and is not recognized as a liability as at year end.

As per the Finance Act, 2020, dividend distribution tax under both the Sections 115-O & 115BBDA of the Income Tax Act, 1961, has been abolished.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 16 : Non- current borrowings

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Secured :		
Foreign currency term loans from banks :		
MUFG Bank, Ltd. Singapore (refer Note (i) below)	183.80	—
Total non-current borrowings	183.80	—
Less : Interest accrued	0.04	—
Total	183.76	—

Foreign currency term loans :

i) From MUFG Bank, Ltd. Singapore

External Commercial Borrowing (ECB) Term Loan balance outstanding, USD 2,500,000/-, repayable in ten equal quarterly instalments, repayment commencing from December 29, 2023, carrying interest at three months USD LIBOR plus 90 bps p.a. payable quarterly.

Details of security

Above Foreign Currency Term Loan is secured by First pari-passu Charge on the Movable Fixed Assets of the Company i.e. hypothecation of the entire Plant and Machineries, machinery spares, tools and accessories and other movable accessories 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.

Note 17 : Other Current financial liabilities

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Interest accrued but not due	9.67	21.14
Unclaimed dividend payable	8.41	9.49
Creditors for capital goods	174.81	174.75
Employee benefits payable	86.30	56.18
Total	279.19	261.56

Note 18 : Provisions

a. Non-current

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Provision for employee benefits (refer Note 38)		
Provision for compensated absences	42.10	39.11
Total	42.10	39.11

b. Current

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Provision for employee benefits (refer Note 38)		
Provision for gratuity	8.33	11.74
Provision for compensated absences	7.98	7.65
Total	16.31	19.39



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 19 : Deferred tax liabilities (net)

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Deferred tax liabilities		
Depreciation and amortisation	292.10	337.01
Fair valuation of derivatives	—	—
Total deferred tax liabilities	292.10	337.01
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act	9.23	9.73
Provision for doubtful debts	1.46	5.44
Other Comprehensive income	0.64	2.72
Fair valuation of investment	10.41	13.69
Total deferred tax assets	21.74	31.58
Total	270.36	305.43

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

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Deferred tax liabilities		
Depreciation and amortisation	(44.92)	(171.60)
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act	0.50	5.75
Provision for doubtful debts	3.98	(0.09)
Fair valuation of investment	3.29	0.90
Total	(37.15)	(165.04)

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

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Remeasurements of post-employment benefit plans	2.08	(1.77)
Total	2.08	(1.77)

Note 20 : Other non-current liabilities

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Advance received as a part of strategic alliance	73.94	108.70
Total	73.94	108.70

Note 21 : Current borrowings

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Unsecured borrowing from bank		
HDFC Bank Limited*	1,500.00	—
Total	1,500.00	—

* Borrowing carries interest at rate of 4.18% p.a.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 22 : Trade payables

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	30.55	22.34
Total outstanding dues of creditors other than micro enterprises and small enterprises		
i) Acceptances (see Note (i) below)	883.03	1,820.68
ii) Related Parties (refer Note 39)	121.05	54.58
iii) Others	1,320.28	1,252.32
Total	2,354.91	3,149.92

- i) Acceptances include credit availed by the Company from banks for payment to suppliers for raw materials purchased by the Company. The arrangements are interest-bearing and are payable within one year.
- ii) Trade payables are non interest bearing and generally settled within 90 days.
- iii) The Company has compiled this information based on the current information in its possession as at March 31, 2021.

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

(₹ in Million)

Dues to Micro, Small and Medium Enterprises (MSMEs)	March 31, 2021	March 31, 2020
Total amount dues to MSMEs as on Balance Sheet date		
- Principal amount due to MSMEs	30.55	22.34
- Interest on principal amount due to MSMEs	0.11	0.11
Total delayed payments to MSMEs during the year		
- Principal amount	—	1.24
- Interest on Principal amount	—	0.11
Total amount of interest paid to MSMEs during the year	—	—
Total interest accrued and remaining unpaid at the end of the year under MSMED Act	0.11	0.11
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23	0.11	0.11

Note 23 : Other current liabilities

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Statutory dues payable	150.27	52.80
Advances from customers	9.04	13.84
Advance received as a part of strategic alliance	50.15	50.15
Total	209.46	116.79

Note 24 : Current tax liabilities (net)

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Provision for income tax (net of advance tax)	31.40	3.91
Total	31.40	3.91



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 25 : Revenue from operations

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from contracts with customers		
Sale of Products		
Finished Goods	11,202.15	11,169.85
Traded Goods	462.25	584.65
Other Operating Revenue		
Scrap Sales	128.03	134.19
Export incentives received	5.77	12.60
Provisions written back	81.74	87.99
Total	11,879.94	11,989.28

Details of finished goods sold

(₹ in Million)

Year ended March 31, 2021	Quantity in MTs	Amount
Pig Iron	3,455	97.71
Blooms and Rounds	12,540	572.46
Rolled Products	185,416	10,531.98
Total		11,202.15

(₹ in Million)

Year ended March 31, 2020	Quantity in MTs	Amount
Pig Iron	1,938	48.31
Blooms and Rounds	14,334	658.39
Rolled Products	184,106	10,463.15
Total		11,169.85

Details of traded goods sold

(₹ in Million)

Year ended March 31, 2021	Quantity in MTs	Amount
Rolled Products	8,721	462.25
Total		462.25

(₹ in Million)

Year ended March 31, 2020	Quantity in MTs	Amount
Rolled Products	10,510	584.65
Total		584.65

Note 26 : Other income

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Dividend income from investment in mutual funds - measured at FVTPL	—	37.84
Dividend income from investment in equity shares - measured at FVTPL	0.13	—
Interest from deposits and loans, being financial assets carried at amortised cost	308.30	167.03
Gain on foreign exchange (net)	64.72	—
Profit on sale of Investments measured at FVTPL	29.58	22.49
Profit on sale of property, plant and equipment	0.11	0.03
Net gain / (loss) on investments measured at FVTPL	1.62	2.37
Miscellaneous receipts	20.89	2.87
Total	425.35	232.63

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 27 : Cost of raw materials consumed

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Raw material at the beginning of the year	408.93	815.10
Add : Purchases	5,648.70	5,448.15
Less : Sale of Raw Material	4.35	—
Less : Raw material at the end of the year	595.95	408.93
Total	5,457.33	5,854.32

Details of raw materials consumed

(₹ in Million)

Year ended March 31, 2021	Quantity in MTs	Amount
Coke / Coal / Coke Fines	126,997	2,606.66
Iron Ore / Iron Ore Fines / Mill Scale	310,959	1,551.99
Ferro Alloys		919.57
Others		379.11
Total		5,457.33

(₹ in Million)

Year ended March 31, 2020	Quantity in MTs	Amount
Coke / Coal / Coke Fines	135,510	3,122.78
Iron Ore / Iron Ore Fines / Mill Scale	324,881	1,302.29
Ferro Alloys		1,064.31
Others		364.94
Total		5,854.32

Note 28 : Purchases of traded goods

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rolled Products	414.64	510.88
Total	414.64	510.88

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

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Inventories at the end of the year		
Work in Progress	112.12	158.33
Finished Goods	387.96	553.64
Finished Goods - Traded	—	36.04
Scrap at estimated realisable value	2.51	1.25
	502.59	749.26
Inventories at the beginning of the year		
Work in Progress	158.33	127.17
Finished Goods	553.64	496.62
Finished Goods - Traded	36.04	3.73
Scrap at estimated realisable value	1.25	1.21
	749.26	628.73
Total	246.67	(120.53)



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 30 : Employee benefits expense

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	505.00	480.00
Gratuity (refer Note 38)	11.77	10.99
Contribution to provident fund and other funds	36.60	62.11
Workmen and staff welfare expenses	20.07	24.24
Total	573.44	577.34

Note 31 : Finance costs

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest expenses	34.73	4.42
Other borrowing costs*	32.97	76.04
Total	67.70	80.46

* Other borrowing costs includes L/C charges, Bank processing charges etc.

Note 32 : Depreciation and amortization expense

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on tangible assets (refer Note 3)	432.42	416.71
Amortisation of intangible assets (refer Note 4)	9.09	9.44
Total	441.51	426.15

Note 33 : Other expenses

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) Manufacturing expenses :		
Stores and spares consumed	767.41	945.99
Job work and manufacturing charges	476.42	486.44
Power and fuel	677.74	753.95
Building and road repairs	10.61	16.13
Machinery repairs	41.01	60.79
Facility charges under strategic alliance	58.08	58.79
Total (a)	2,031.27	2,322.09
b) Other expenses :		
Rent (short term or low value)	0.89	1.16
Rates and taxes	0.06	0.65
Insurance	16.87	14.34
Legal and Professional charges	12.22	28.83
Travelling and conveyance	9.80	22.57
CSR expenditure (refer Note 43)	7.67	90.42
Donations	0.40	10.00
Freight outward	342.08	328.64
Brokerage and commission	6.64	1.92
Payment to auditor (refer Note 34)	5.30	5.43
Directors' fees and travelling expenses	0.31	1.04
Directors' commission	25.00	17.75
Loss on Foreign Exchange Fluctuation (net)	—	146.90
Provision for Doubtful Debts (net of reversal)	—	27.12
Provision for Doubtful Advances	2.53	—
Fair value loss arising from financial instruments designated as FVTPL	—	12.31
Provision for impairment in Investment in subsidiary	—	72.98
Miscellaneous expenses*	92.59	110.11
Total (b)	522.36	892.17
Total (a + b)	2,553.63	3,214.26

* Miscellaneous expenses includes branding fees, security services, printing, stationery, postage, telephone etc.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 34 : Payment to auditors

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
As statutory auditors	3.68	3.68
In other capacity :		
Tax audit fees	0.73	0.73
Limited review	0.45	0.45
Certification	0.43	0.56
Out of pocket expenses reimbursed	0.01	0.01
Total	5.30	5.43

Note 35 : Income tax expense

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current tax expense	684.50	477.50
Deferred tax expense	(37.15)	(165.04)
Taxation in respect of earlier years	—	(4.61)
Total	647.35	307.85

The Company had provided Income Tax for the year ended on March 31, 2020 and remeasured its Deferred Tax Assets / Liabilities on the basis of rates prescribed under Section 115BAA of Income Tax Act, 1961 exercising the option permitted under that Section.

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

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax	2,550.37	1,679.03
Applicable tax rate	25.168%	25.168%
Computed tax expense	641.88	422.58
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
CSR Expenses	1.93	10.17
Investment written off	—	18.37
Advances written off	0.64	—
Impact of Income Tax rate decrease on Deferred Tax	—	(133.31)
Dividend received	0.03	(9.52)
Donation	0.10	(5.05)
Others	2.77	9.22
Taxation in respect of earlier years	—	(4.61)
Income tax expense	647.35	307.85

Note 36 : Earnings per Share

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Net profit after tax (₹ in Million)	1,903.02	1,371.18
Weighted average number of equity shares	43,653,060	43,653,060
Basic and diluted earning per share of nominal value of ₹ 5/- each	43.59	31.41



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 37 : Contingencies and commitments

A Contingent liabilities

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
i Claims against the Company not acknowledged as debts	1.98	1.98
ii Customs duty, excise duty and service tax - matter under appeal	32.57	32.57
iii Income tax matters under appeal	15.78	9.50
iv Iron ore supplier - rate difference claim - disputed	255.20	255.20
v Reimbursement for Forest Development Tax on Iron Ore claimed by supplier	33.49	33.49
vi Forest Development Tax / Fees*	386.67	255.54
vii Others	1.53	1.53
Total	727.22	589.81

* In response to a petition filed by the iron ore mine owners and purchasers (including the Company) contesting the levy of Forest Development Tax (FDT) on iron ore on the ground that the State does not have jurisdiction to legislate in the field of major minerals which is a central subject, the Honourable High Court of Karnataka vide its judgement dated 3rd December, 2015 directed refund of the entire amount of FDT collected by Karnataka State Government on sale of iron ore by private lease operators and National Mineral Development Corporation Limited (NMDC). The Karnataka State Government has filed an appeal before the Supreme Court of India ("SCI"). SCI has not granted stay on the judgement but stayed refund of FDT. The matter is yet to be heard by SCI. Based on merits of the case and supported by a legal opinion, the Company has not recognized provision for FDT of ₹ 386.67 Million as at March 31, 2021 (₹ 255.54 Million as at March 31, 2020) and treated it as a contingent liability.

B Capital and other commitments

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
1 Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances)	473.74	1.97
2 Other Commitments on account of :		
a) Purchase of Raw Material through E-Auction	24.52	—
b) Supply of Gases - Minimum Take over Price	377.49	435.57
Total	875.75	437.54

Note 38 : Provision for Employee benefits

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Compensated absences (refer Note A)		
Non-current	42.10	39.11
Current	7.98	7.65
Gratuity (refer Note B)		
Current	8.33	11.74

A) Compensated absences

The compensated absences cover the Company's liability for privilege leave.

I) Significant assumptions

The significant actuarial assumptions were as follows :

Kalyani Steels Limited

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.30%	6.50%
Salary escalation rate	7.00%	7.00%
Retirement age	VP and above - 60 years Wholtime Director - 65 years Others - 55 years	VP and above - 60 years Wholtime Director - 65 years Others - 55 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Attrition rate	7.00%	7.00%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Hospet Steels Limited (Joint Operation)

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.80%	6.90%
Salary escalation rate	8.00%	7.00%
Retirement age	Staff - 58 years Workers - 60 years	Staff - 58 years Workers - 60 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Attrition rate	1.00-3.00%	1.00-3.00%

B) Gratuity

The Company has formed "Kalyani Steels Limited Employees Group Gratuity cum Life Assurance Scheme" to manage the gratuity obligations. The joint operation at Hospet Steels Limited has formed "Hospet Steels Employees Gratuity Trust" to manage its gratuity obligations. The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to an insurance company - Life Insurance Corporation of India. Every permanent employee is entitled to a benefit equivalent to 15/30 days (as applicable) of the last drawn salary for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. There is no compulsion on the part of the Company to fully pre-fund the liability of the Plan. The Company's philosophy is to fund the benefits based on its own liquidity as well as level of under funding of the plan.

I) The amounts recognized in balance sheet and movements in the net benefit obligation over the year are as follows :
(₹ in Million)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2019	111.00	(96.20)	14.80
Current service cost	10.67	—	10.67
Interest expense / (income)	7.95	(7.63)	0.32
Total amount recognized in Statement of Profit and Loss	18.62	(7.63)	10.99
Experience gain / loss	11.64	(0.03)	11.61
(Gain) / loss from change in financial assumptions	(4.77)	0.19	(4.58)
Total amount recognized in Other Comprehensive Income	6.87	0.16	7.03
Benefits paid	(10.23)	9.98	(0.25)
Contribution	—	(21.36)	(21.36)
Mortality	—	0.53	0.53
March 31, 2020	126.26	(114.52)	11.74

(₹ in Million)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2020	126.26	(114.52)	11.74
Current service cost	11.18	—	11.18
Interest expense / (income)	8.32	(7.73)	0.59
Total amount recognized in Statement of Profit and Loss	19.50	(7.73)	11.77
Experience gain / loss	(8.65)	(0.95)	(9.60)
(Gain) / loss from change in financial assumptions	0.90	0.44	1.34
Total amount recognized in Other Comprehensive Income	(7.75)	(0.51)	(8.26)
Benefits paid	(3.74)	3.38	(0.36)
Contribution	—	(6.94)	(6.94)
Mortality	—	0.38	0.38
March 31, 2021	134.27	(125.94)	8.33

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

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Present value of funded obligation	134.27	126.26
Fair value of plan assets	(125.94)	(114.52)
Deficit of funded plan	8.33	11.74



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

III) Significant estimates :

The significant actuarial assumptions were as follows :

Kalyani Steels Limited

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.50%	6.50%
Salary growth rate	7.00%	7.00%
Attrition rate	7.00%	7.00%
Retirement age	M1 category - 60 years Wholetime Director - 65 years	M1 category - 60 years Wholetime Director - 65 years
Mortality rate	Others - 55 years Indian Assured Lives Mortality (2012-14) Ultimate	Others - 55 years Indian Assured Lives Mortality (2012-14) Ultimate

Hospet Steels Limited (Joint operation)

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.80%	6.90%
Salary growth rate	8.00%	7.00%
Attrition rate	1 - 3%	1 - 3%
Retirement age	Staff - 58 years Workers - 60 years	Staff - 58 years Workers - 60 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

IV) Sensitivity analysis :

The sensitivity of defined obligation to changes in the weighted principal assumptions is :

(₹ in Million)

Assumption	Impact on defined benefit obligation	
	March 31, 2021	March 31, 2020
Discount rate		
1% decrease	10.15	10.17
1% increase	(8.86)	(8.87)
Future salary increase		
1% decrease	(7.74)	(7.85)
1% increase	8.66	8.80
Attrition rate		
1% decrease	0.74	0.78
1% increase	(0.67)	(0.71)

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognized in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The following payments are expected future benefit payments :

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Less than a year	13.47	11.65
Between 1 - 2 years	30.46	7.73
Between 2 - 5 years	46.96	63.31
Over 5 years	75.05	77.05
Total	165.94	159.74

The weighted duration of the defined obligation is 8.09 years (March 31, 2020 - 7.55 years)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

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

Particulars	March 31, 2021	March 31, 2020
Unquoted - Insurer managed funds*	100.00%	100.00%

* The Company maintains gratuity fund, which is being administered by LIC. Fund value confirmed by LIC as at March 31, 2021 is considered to be the fair value.

VI) The Company expects to contribute ₹ 8.33 Million to the gratuity fund in the next year.

C) Superannuation plan

The Company and its Joint Operation has formed “Kalyani Steels Limited Officers Superannuation Scheme” and “Hospet Steels Limited Employees Superannuation Trust” respectively to manage its superannuation scheme through Life Insurance Corporation of India. Contributions are made at 15% of basic salary for employees covered under the superannuation scheme. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognized during the period towards defined contribution plan is ₹ 6.26 Million (March 31, 2020 - ₹ 9.43 Million).

D) Risk Exposure

Through its defined benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below :

Asset Volatility : All plan assets for gratuity and superannuation are maintained in a trust managed by a public sector insurer viz. LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

Asset volatility risk for provident fund : The plan liabilities are calculated using a discount rate set with reference to bond yields, if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income fund, manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The Company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The Company intends to maintain the above investment mix in the continuing years.

Changes in bond yields : A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of plans’ bond holdings.

Life expectancy : This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Future salary increase and inflation risk : Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management’s discretion may lead to uncertainties in estimating this increasing risk.

Asset-Liability mismatch risk : Risk arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans.



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 39 : Related party transactions**A) Name of the related parties and nature of relationship****(i) Where control exists :**

Subsidiary	Ownership interest held by the Company	
	March 31, 2021	March 31, 2020
Lord Ganesha Minerals Private Limited	77.50%	77.50%

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

Joint operation	Ownership interest held by the Company	
	March 31, 2021	March 31, 2020
Hospet Steels Limited	41.38%	41.38%

The principal place of business of the joint operation is India. The voting rights in the joint operation are 49.99% (March 31, 2019 : 49.99%). The principal business is to act as a management company for strategic alliance arrangement between Kalyani Steels Limited and Mukand Limited.

Other related parties :**a) Structured entities :**

- i) Kalyani Steels Limited Non Bargainable Staff Provident Fund
- ii) Kalyani Steels Limited Officers Superannuation Scheme
- iii) Kalyani Steels Limited Employees Group Gratuity cum Life Assurance Scheme
- iv) Hospet Steels Employees Gratuity Trust
- v) Hospet Steels Limited Employees Superannuation Trust

b) Enterprise where in the Company is an Associate :

BF Investment Limited

Associate	Ownership interest held by the Company	
	March 31, 2021	March 31, 2020
Kalyani Mukand Limited	50.00%	50.00%

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

B) Other related parties with whom transactions have taken place during the year :**Entities under common control :**

- i) Bharat Forge Limited
- ii) Kalyani Technoforge Limited
- iii) Kalyani Transmission Technologies Private Limited
- iv) Saarloha Advanced Materials Private Limited
- v) Baramati Speciality Steels Limited (w.e.f. FY 2020-21)
- vi) Kalyani Investment Company Limited

C) Promoter / Promoter Group having 10% or more shareholding :

- i) Sundaram Trading & Investment Private Limited
- ii) BF Investment Limited

Key Management Personnel :

- i) Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director
- ii) Mrs.Sunita B. Kalyani, Non-Executive Director
- iii) Mr.Amit B. Kalyani, Non-Executive Director
- iv) Mr.S.M. Kheny, Non-Executive Director
- v) Mr.B.B. Hattarki, Independent Director
- vi) Mr.M.U. Takale, Independent Director
- vii) Mr.Arun P. Pawar, Independent Director
- viii) Mr.Sachin K. Mandlik, Independent Director
- ix) Mr.S.K. Adivarekar, Independent Director
- x) Mrs.Shruti A. Shah, Independent Director
- xi) Amb.Ahmad Javed, Independent Director (w.e.f. June 26, 2020)
- xii) Mr.R.K. Goyal, Managing Director, Executive Director

Entities in which KMPs have significant influence

- i) Kalyani Technologies Limited

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

I	Key management personnel compensation	March 31, 2021	March 31, 2020
i)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	7.04	5.54
ii)	Mrs.Sunita B. Kalyani, Non-Executive Director	6.01	4.01
iii)	Mr.Amit B. Kalyani, Non-Executive Director	6.01	4.01
iv)	Mr.S.M. Kheny, Non-Executive Director	0.72	0.66
v)	Mr.B.B. Hattarki, Independent Director	1.01	0.96
vi)	Mr.M.U. Takale, Independent Director	0.72	0.73
vii)	Mr.Arun P. Pawar, Independent Director	0.61	0.51
viii)	Mr.Sachin K. Mandlik, Independent Director	0.76	0.76
ix)	Mr.S.K. Adivarekar, Independent Director	0.92	0.77
x)	Mrs.Shruti A. Shah, Independent Director	0.71	—
xi)	Amb.Ahmad Javed, Independent Director	0.71	—
xii)	Mr.R.K. Goyal, Managing Director, Executive Director	97.67	80.05
	Total	122.89	98.00

(₹ in Million)

II	Dividend Paid	March 31, 2021	March 31, 2020
i)	Sundaram Trading & Investment Private Limited	—	77.67
ii)	BF Investment Limited	—	170.52
iii)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	—	0.01
iv)	Mrs.Sunita B. Kalyani, Non-Executive Director	—	0.55
v)	Mr.Amit B. Kalyani, Non-Executive Director	—	0.32
vi)	Mr.M.U. Takale, Independent Director	—	0.03
	Total	—	249.10

(₹ in Million)

III	Transactions with related parties	March 31, 2021	March 31, 2020
A	Sale of goods		
i)	Bharat Forge Limited	3,554.81	4,109.69
ii)	Kalyani Technoforge Limited	2,111.41	2,243.09
iii)	Kalyani Transmission Technologies Private Limited	300.28	122.78
iv)	Saarloha Advanced Materials Private Limited	197.12	136.07
v)	Baramati Speciality Steels Limited	348.97	—
B	Purchase of goods		
i)	Bharat Forge Limited	7.34	10.46
ii)	Saarloha Advanced Materials Private Limited	460.10	563.94
iii)	Baramati Speciality Steels Limited	2.58	—
C	Reimbursement of expenses received		
i)	Kalyani Investment Company Limited	11.51	11.35
ii)	Saarloha Advanced Materials Private Limited	7.08	9.28
D	Conversion charges paid		
i)	Saarloha Advanced Materials Private Limited	97.14	91.73
ii)	Baramati Speciality Steels Limited	165.87	—
E	Reimbursement of expenses paid		
i)	Bharat Forge Limited	0.05	—
ii)	Saarloha Advanced Materials Private Limited	0.83	2.14
iii)	Kalyani Mukand Limited	0.30	—
F	Finance provided - Loan		
i)	Kalyani Transmission Technologies Private Limited	700.00	—
G	Interest income		
i)	Kalyani Transmission Technologies Private Limited	37.23	—
H	Branding Fees paid		
i)	Kalyani Technologies Limited	27.60	27.70
I	Computer hardware purchase		
i)	Kalyani Technologies Limited	0.50	10.68
J	Provision for Diminution in value of Investment		
i)	Lord Ganesha Minerals Private Limited	—	72.98



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

III	Transactions with related parties	March 31, 2021	March 31, 2020
K	Employee benefit expense		
i)	Kalyani Steels Limited Non Bargainable Staff Provident Fund	—	24.74
ii)	Kalyani Steels Limited Officers' Superannuation Scheme	2.61	2.96
iii)	Kalyani Steels Limited Employees' Group Gratuity cum Life Assurance Scheme	5.45	9.88
iv)	Hospet Steels Employees Gratuity Trust	1.49	11.61
v)	Hospet Steels Limited Employees Superannuation Trust	5.99	6.46

(₹ in Million)

IV	Outstanding balances from sale / purchases of goods	March 31, 2021	March 31, 2020
A	Trade Payables		
i)	Bharat Forge Limited	0.40	1.93
ii)	Saarloha Advanced Materials Private Limited	99.52	34.51
iii)	Baramati Speciality Steels Limited	11.81	—
iv)	Kalyani Technologies Limited	9.32	18.14
	Total trade payables from related parties (Note 22)	121.05	54.58
B	Trade Receivables		
i)	Bharat Forge Limited	135.61	414.48
ii)	Kalyani Technoforge Limited	862.72	763.17
iii)	Kalyani Transmission Technologies Private Limited	164.20	62.88
iv)	Saarloha Advanced Materials Private Limited	20.83	12.51
v)	Baramati Speciality Steels Limited	54.88	—
vi)	Kalyani Investment Company Limited	1.24	2.09
	Total trade receivables from related parties (Note 11)	1,239.48	1,255.13
C	Loan given		
i)	Kalyani Transmission Technologies Private Limited	700.00	—
D	Key management personnel compensation		
i)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	7.00	5.50
ii)	Mrs.Sunita B. Kalyani, Non-Executive Director	6.00	4.00
iii)	Mr.Amit B. Kalyani, Non-Executive Director	6.00	4.00
iv)	Mr.S.M. Kheny, Non-Executive Director	0.70	0.65
v)	Mr.B.B. Hattarki, Independent Director	0.95	0.90
vi)	Mr.M.U. Takale, Independent Director	0.70	0.70
vii)	Mr.Arun P. Pawar, Independent Director	0.60	0.50
viii)	Mr.Sachin K. Mandlik, Independent Director	0.75	0.75
ix)	Mr.S.K. Adivarekar, Independent Director	0.90	0.75
x)	Mrs.Shruti A. Shah, Independent Director	0.70	—
xi)	Amb.Ahmad Javed, Independent Director	0.70	—
xii)	Mr.R.K. Goyal, Managing Director, Executive Director	41.07	22.93
	Total Key Management Personnel Compensation	66.07	40.68

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

(₹ in Million)

V	Compensation to key management personnel	March 31, 2021	March 31, 2020
	Nature of transaction		
	Short-term employee benefits	97.67	77.77
	Post-employment benefits	—	2.28
	Other-long term benefits	—	—
	Termination benefits	—	—
	Share base payment	—	—

As the future liability for gratuity is provided on an actuarial basis for the Company as whole, the amount pertaining to individual is not ascertainable and therefore not included above.

VI Terms and conditions for outstanding balances

Transactions relating to dividends were on the same terms and conditions that applied to other shareholders. The sale and purchase transactions were on the normal commercial terms and at market rates. The outstanding balances as on year end are unsecured and will be settled in monetary terms.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 40 : Fair value measurements

Financial assets and liabilities at amortised cost

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Financial assets		
Loan to employees	—	0.19
Loan to related party	700.00	—
Security deposits	93.79	67.91
Trade receivables	2,490.96	2,355.10
Cash and cash equivalents	113.35	146.98
Other Bank Balances	6,146.26	3,458.39
Income Receivable	151.23	149.61
Bank deposits with maturity more than twelve months	16.04	15.15
Total financial assets	9,711.63	6,193.33
Financial liabilities		
Borrowings	1,683.76	—
Trade payables	2,354.91	3,149.92
Other financial liabilities	279.19	261.56
Total financial liabilities	4,317.86	3,411.48

Financial assets and liabilities classified as FVTPL

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Investment in Preference shares	17.90	16.28
Investments in Mutual Funds	—	224.02
Investments in Equity Shares	—	103.71

Financial assets and liabilities classified as FVTOCI

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Investment in Debentures	1,424.24	1,430.60

i) Fair value hierarchy :

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ in Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3
Investment in Preference shares			
March 31, 2021	—	—	17.90
March 31, 2020	—	—	16.28
Investments in Mutual Funds			
March 31, 2021	—	—	—
March 31, 2020	224.02	—	—
Investments in Equity Shares			
March 31, 2021	—	—	—
March 31, 2020	103.71	—	—
Investment in Debentures			
March 31, 2021	—	—	1,424.24
March 31, 2020	—	—	1,430.60

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include :

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value for preference shares is determined using discounted cash flow analysis (Baramati Speciality Steels Limited).
- The fair value for preference shares is determined using net asset value method (Lord Ganesha Minerals Private Limited).
- The fair value for compulsorily convertible debentures is determined using asset approach (replacement value method).

iii) Valuation process :

The finance department of the Company includes a team that performs the valuations of assets and liabilities required for financial reporting purposes. This team appoints external valuation experts whenever the need arises for Level 3 fair valuation. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every year, in line with the Company's annual reporting period.

iv) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of such financial assets and liabilities are a reasonable approximation of their fair values.

v) Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in Level 3 items :

(₹ in Million)

Particulars	Preference shares	Debentures	Total
As at April 1, 2020	16.28	1,430.60	1,446.88
Gains / (losses) recognized in profit or loss	1.62	—	1.62
Gains / (losses) recognized in other comprehensive income	—	(6.36)	(6.36)
As at March 31, 2021	17.90	1,424.24	1,442.14

vi) Valuation inputs and relationships to fair value :

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

Particulars	Significant unobservable input	
	March 31, 2021	March 31, 2020
1) Preference shares		
i) Discount rate	10.00%	10.00%
2) Compulsory convertible debentures		
i) Discount rate	6.07%	6.04%
ii) Inflation rate	6.07%	6.92%

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

Note 41 : Financial risk management

The Company is exposed to risks such as changes in foreign currency exchange rates and interest rates. A variety of practices are employed to manage these risks, including use of derivative instruments.

Derivative instruments are used only for risk management purposes and not for speculation. All foreign currency derivative instruments are entered into with major financial institutions. The Company's credit exposure under these arrangements is limited to agreements with a positive fair value at the reporting date. Credit risk with respect to the counterparty is actively monitored.

Presented below is a description of the risks (market risk, credit risk and liquidity risk) together with a sensitivity analysis, performed annually, of each of these risks based on selected changes in market rates and prices. These analyses reflect management's view of changes which are reasonably possible to occur over a one-year period.

I) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company is exposed in the ordinary course of business to risks related to changes in foreign currency exchange rates, commodity prices and interest rates.

A) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is engaged in international trade and thereby exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

i) Foreign currency risk exposure

The Company's exposure to foreign currency risk (in USD) at the end of reporting period in INR (Million), is as follows :
(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Financial assets		
Trade receivables	77.60	31.80
Net exposure to foreign currency risk (assets)	77.60	31.80
Financial liabilities		
Borrowings	183.76	—
Trade payables	905.57	1,838.60
Interest	0.01	—
Net exposure to foreign currency risk (liabilities)	1,089.34	1,838.60

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

Particulars	Impact on pre tax profit or loss and pre tax equity	
	March 31, 2021	March 31, 2020
USD		
Increase by 1%*	(10.12)	(18.43)
Decrease by 1%*	10.12	18.43

*Holding all other variables constant

ii) Commodity Price risk :

The Company's revenue is exposed to the market risk of price fluctuations related to the sale of its steel products. Market forces generally determine prices for the steel products sold by the Company. These prices may be influenced by factors such as supply and demand, production costs (including the cost of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the Company earns from the sale of its steel products. The Company is also subject to fluctuations in prices for the purchase of iron ore, metallurgical coke, ferro alloys, scrap and other raw material inputs.

Commodity Price Sensitivity :

The Company has a back to back pass through arrangements for volatility in raw material prices for most of the customers. The selling prices of steel and the prices of input raw material moves in the same direction. However in few cases there may be a lag effect in case of such pass through arrangements and might have some effect on the Company's profit and equity.

B) Interest risk

The Company has borrowings at variable interest rate. Profit or loss and equity are sensitive to higher / lower interest expense from borrowings as a result of change in the interest rates. The following sensitivity analysis has been performed for non-current and current borrowings.

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Total borrowings at variable interest rate	183.76	—
Interest rate swaps	—	—
Net exposure to interest rate risk	183.76	—
Particulars	Impact on pre tax profit or loss and pre tax equity	
	March 31, 2021	March 31, 2020
Increase by 0.5%*	(0.05)	—
Decrease by 0.5%*	0.05	—

*Holding all other variables constant

II Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these debt financing plans.



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

i) **Maturities of financial liabilities**

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

(₹ in Million)

March 31, 2021	Less than 1 year	More than 1 year
Non-derivative		
Borrowings	1,500.00	183.76
Trade payables	2,354.91	—
Other financial liabilities	279.19	—

(₹ in Million)

March 31, 2020	Less than 1 year	More than 1 year
Non-derivative		
Borrowings	—	—
Trade payables	3,149.92	—
Other financial liabilities	261.56	—

III **Credit risk**

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

The balances with banks, loans given to employees and associated company, security deposits are subject to low credit risk since the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil. Hence, no provision has been created for expected credit loss for credit risk arising from these financial assets.

A Trade receivables

Senior management is responsible for managing and analysing the credit risk for each of their new clients before standard payment, delivery terms and conditions are offered. The Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment. The utilisation of credit limits is regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for all customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11.

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

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Gross carrying amount	2,516.45	2,396.42
Expected loss rate	1.01%	1.72%
Expected credit losses (loss allowance provision)	25.49	41.32
Carrying amount of trade receivables (net of impairment)	2,490.96	2,355.10

ii) **Reconciliation of loss allowance provision - trade receivables**

(₹ in Million)

Loss allowance as on March 31, 2019	31.44
Changes in loss allowance	9.88
Loss allowance as on March 31, 2020	41.32
Changes in loss allowance	(15.83)
Loss allowance as on March 31, 2021	25.49

Note 42 : Capital management

The Company's objective when managing capital is to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long term and short term borrowings. The Company's policy is aimed at combination of short-term and long-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Total debt includes all long and short-term debts as disclosed in Note 16 and Note 21 to the financial statements.

The capital structure of the Company is as follows :

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Borrowings	1,683.76	—
Less : Cash and cash equivalents	113.35	146.98
Net debt	1,570.41	(146.98)
Equity	11,542.15	9,639.31
Debt equity ratio	0.14	(0.02)

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Note 43 : Corporate social responsibility (CSR)

(₹ in Million)

Sr. No.	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a)	Gross amount required to be spent by the Company during the year	34.80	40.43
	Total	34.80	40.43

b) Amount spent (set-off availed) during the year

(₹ in Million)

Sr. No.	Particulars	2020-21
1	Set-off availed against excess amount spent in FY 2019-20 towards contribution to PM Care Fund (COVID 19)	34.80
	Total	34.80

c) Amount spent during the year

(₹ in Million)

Sr. No.	Particulars	2020-21	2019-20
1	Promotion of education Donation	6.56	40.15
2	PM CARES Fund (COVID 19)	—	50.00
3	On purposes other than (1) above	1.11	0.27
	Total	7.67	90.42

d) Amount carried forwarded to FY 2021-22

(₹ in Million)

Sr. No.	Particulars	Amount
1	Gross amount required to be spent by the Company during FY 2019-20	40.43
2	Actual amount spent during FY 2019-20	(90.42)
3	Excess amount spent carried forward for FY 2020-21	(49.99)
4	Gross amount required to be spent by the Company during FY 2020-21	34.80
5	Actual amount spent during FY 2020-21	(7.67)
6	Excess amount spent carried forward for FY 2021-22	(22.86)

Note 44 : Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors has been identified as the chief operating decision maker.

The Company has organized its operating segments based on product groupings. These operating segments have been aggregated into one reportable business segment 'Forging and Engineering quality carbon and alloy steels'.

Following are major customers, which contribute more than 10% to the Revenues of the Company. The details are as under :

(₹ in Million)

Name of Customer	2020-21	2019-20
Bharat Forge Limited	3,554.81	4,109.69
Kalyani Technoforge Limited and its subsidiary	2,411.69	2,365.87

Total revenues from sales to customers outside India for the year ended March 31, 2021 and March 31, 2020 was ₹ 355.07 Million and ₹ 336.33 Million respectively.

All assets are in India.



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Note 45 : (Net debt) / Surplus reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended March 31, 2021

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Cash and cash equivalents	113.35	146.98
Current borrowings	(1,500.00)	—
Non-current borrowings	(183.80)	—
(Net Debt) / Surplus	(1,570.45)	146.98

(₹ in Million)

Particulars	Cash and cash equivalents	Current borrowings	Non-current borrowings	Total
(Net debt) / Surplus as on April 1, 2020	146.98	—	—	146.98
Cash flows	(33.63)	(1,500.00)	(183.76)	(1,717.39)
Interest paid	—	24.30	—	24.30
Interest expense	—	(24.30)	(0.04)	(24.34)
(Net debt) / Surplus as on March 31, 2021	113.35	(1,500.00)	(183.80)	(1,570.45)

Note 46 : Assets hypothecated as security

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
First charge		
Property, plant and equipment (Machineries)	2,077.41	—

Note 47 : Disclosures required under Section 186 (4) of the Companies Act, 2013

(₹ in Million)

Name of the Loanee	Purpose	Rate of Interest p.a.	Term of Repayment	As at March 31, 2021	As at March 31, 2020
Kalyani Transmission Technologies Private Limited	Business Operations	8%	Within 36 months	700.00	—

Note 48 :

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment received Indian Parliament approval and Presidential assent in September, 2020. The Code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders suggestions. However, the date on which the Code will come into effect has not notified. The company will assess the impact of the Code when it comes into effect and will record any related impact in the period of the Code becomes effective.

Note 49 :

The Company has considered the possible effects that may result from COVID 19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of COVID 19, the Company has, at the date of approval of the financial statements, used internal and external sources of information and expects that the carrying amounts of the assets will be recovered and currently does not anticipate any material impact.

Note 50 :

Previous year figures have been regrouped / reclassified wherever necessary to conform with current year's classification / disclosure.

As per our attached Report of even date

For P G BHAGWAT LLP
Chartered Accountants

Firm Registration No.101118W/W100682

On behalf of the Board of Directors

Abhijeet Bhagwat
Partner
Membership No.136835Mrs.D.R.Puranik
Company
SecretaryB.M. Maheshwari
Chief Financial
OfficerR.K. Goyal
Managing
DirectorB.N.Kalyani
ChairmanPune
Date : May 18, 2021Pune
Date : May 18, 2021

INDEPENDENT AUDITOR’S REPORT

To the Members of Kalyani Steels Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Kalyani Steels Limited (hereinafter referred to as the “Holding Company”) and its Subsidiary (Holding Company and its Subsidiary together referred to as “the Group”) and includes Joint Operation of the Group accounted on proportionate basis, which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended and notes to the Consolidated Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as “the Consolidated Financial Statements”).

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial statements / information prepared by the management, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, of the consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (“SAs”) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group and in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence obtained by us and by the other auditors referred to in the “Other Matter” paragraph, is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Key Audit Matters	Principle Audit Procedures
<p>Accounting of joint operation</p> <p>As explained in Note 2.3, the Holding Company’s composite steel manufacturing facility at Ginigera is under a strategic alliance arrangement with a joint venture partner. The facility is managed by Hospet Steels Limited. The alliance confers Kalyani Steels Limited (KSL) and Mukand Limited (ML) with rights to assets, obligations for liabilities, sharing of expenses / profit / loss in the proportion of product sharing ratio (viz. 41.38% by KSL and 58.62% by ML). Thus, KSL and ML have right to the assets and obligations for the liabilities of this arrangement. The strategic alliance is a joint arrangement in the nature of joint operation and accordingly, the Company has recognized its share of revenue and expenses and assets and liabilities from joint operation in its separate financial statements.</p> <p>Due to the nature and complexities involved in accounting of strategic alliance arrangement as joint operation, this is a key audit matter.</p>	<p>As part of our audit procedure –</p> <ul style="list-style-type: none"> - we have obtained the said strategic alliance arrangement and read the terms and conditions mentioned therein. - assessed the management’s judgement of concluding the arrangement as joint operation as per the principles laid down under Ind AS 111. - further we have tested the controls and procedures established by the management relating to accounting of joint venture. <p>The accounting for joint operation requires the Company to recognize only its share of expenses from the joint operation, therefore we have checked the amount charged to ML (joint venture partner) are as per the terms and conditions of strategic alliance arrangement and have been offset against the respective expense line items. Similarly, the expenses incurred by the ML (joint venture partner) and charged to the Company have been reclassified to the respective expense line items based on the nature of such expenses.</p>



Key Audit Matters	Principle Audit Procedures
<p>Valuation of inventory</p> <p>As on March 31, 2021, the Holding Company is having inventory of ₹ 1,189.45 Million and disclosed in Note 10. The inventory is valued at cost or net realizable value whichever is lower. Costs includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but does not include borrowing costs. Cost of work-in-progress and finished goods are determined on a weighted average basis. (refer Note (k) of Significant Accounting Policies).</p> <p>The Holding Company's composite steel manufacturing involves processes such as Mini Blast Furnace (MBF), Steel Melting Shop (SMS) and Rolling Mill Shop (RMS). The production is carried out continuously, by way of the simultaneous, standardized and sequential process. The output of a process is the input of another. The production from the last process is transferred to finished stock. Both direct and indirect costs are charged to the processes. The production results in joint and by-products. Losses, both normal and abnormal loss occur at different stages of production which are also taken into consideration while calculating the unit cost.</p> <p>Considering the calculation of process cost at each stage, accounting of joint product and by-product, normal / abnormal losses and allocation of overheads, the valuation of inventory is regarded as a key audit matter.</p>	<p>As a part of our audit procedures over valuation of inventory we have performed the following procedures -</p> <ul style="list-style-type: none"> - assessed the design and performed tests of the design and operating effectiveness of the key controls over inventory valuation. - obtained understanding of production process at each stage. - obtained and tested on sample basis the process cost of each production process. - verified the calculations and accounting of joint and by-product and allocation basis of overhead as per costing principles. - tested the assumptions such as allocation percentages of fixed and variable overheads and yield rate at each production stages with source data. - further we have tested on sample basis, net realisable value of finished goods based on subsequent sale value. - we have also checked the aging report for identification of non-moving / slow moving finished goods on a sample basis.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis, Board of Directors' Report along with its Annexures and Corporate Governance Report included in the Annual Report but does not include the Consolidated Financial Statements and our Auditor's Report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), the consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the companies included in the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the companies included in the Group or to cease operations or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also :

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the companies included in the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Financial Statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and other companies included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- i. We did not audit the financial statements of a Joint Operation, included in the Standalone Financial Statements on proportionate basis as per Ind AS 111 "Joint Operations"; whose financial statements reflect total revenue of ₹ Nil, total comprehensive income / loss of ₹ Nil for the year ended March 31, 2021. The joint operation has total assets of ₹ 235.46 Million as on March 31, 2021 and net cash (outflow) of ₹ (13.86) Million for the year ended March 31, 2021.

These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the Standalone financial statements insofar as it relates to the amounts and disclosures included in respect of this Joint Operation is based solely on the report of the other auditor.



- ii. We did not audit the financial statements of the subsidiary included in the Consolidated Financial Statements, whose financial statements reflect total assets of ₹ 1.02 Million as at March 31, 2021, revenues of ₹ 3.09 Million, total comprehensive income (loss) after tax of ₹ (13.26) Million and net cash (outflows) of ₹ (0.01) Million for the year ended on March 31, 2021 as considered in the Consolidated Financial Statements. The financial statements of the subsidiary have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, insofar as it relates to the amounts and disclosures included in respect of the subsidiary and our report in terms of sub-section(3) of Section 143 of the Act, is based solely on the reports of the other auditors.
- iii. The Holding Company has recognized loss to the extent of its investment in its Associate, Kalyani Mukand Limited and discontinued recognizing its share of further losses in accordance with Ind AS 28 - Investments in Associates and Joint Ventures.

Our audit opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements and the other financial statements, information/financial statements prepared by the management, as noted in the Other Matters paragraph, we report, to the extent applicable, that :
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
 - In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
 - In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - On the basis of the written representations received from the Directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of companies included in the Group and its Joint Operation, none of the Directors of the companies included in the Group, is disqualified as on March 31, 2021 from being appointed as a Director in terms of Section 164(2) of the Act.
 - For our opinion on the internal financial controls with reference to Consolidated Financial Statements of the Group and its Joint Operation and the operating effectiveness of such controls, refer to our separate Report in Annexure I.
 - As required by Section 197 (16) of the Act, in our opinion and according to the information and explanations given to us and on the consideration of reports of the other auditors on separate financial statements, the remuneration paid during the current year to its Directors by the Companies to whom Section 197 applies, included in the Group is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any Director is not in excess of the limit laid down under Section 197 of the Act. As per the report of the auditor of the Joint Operation no remuneration is provided / paid to the Directors of the Joint Operation.
 - 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 and on the consideration of reports of the other auditors on separate financial statements :
 - The Consolidated Financial Statements disclose the impact of pending litigations as at March 31, 2021 on the consolidated financial position of the Group and its Joint Operation - Refer Note 37 to the Consolidated Financial Statements.
 - The Group and its Joint Operation did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There are no amounts, required to be transferred, to the Investor Education and Protection Fund by the Companies in the Group and its Joint Operation during the year ended March 31, 2021.

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.101118W/W100682

Abhijeet Bhagwat
Partner
Membership No.136835
UDIN : 21136835AAAABH8566

Pune
May 18, 2021

Annexure I to the Independent Auditor's Report

Referred to in paragraph 2 (f) under the heading, "Report on Other legal and Regulatory Requirements" of our report on even date

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

We have audited the internal financial controls with reference to the Consolidated Financial Statements of Kalyani Steels Limited as of March 31, 2021 in conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended on that date which includes internal financial controls over financial reporting of one of the Group's Joint Operation which is a company incorporated in India.

Management's Responsibility for Internal Financial Controls

The respective management of the companies included in the Group and Joint Operation is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Group internal financial controls with reference to the Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal financial controls over financial reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Financial Statements included obtaining an understanding of internal financial controls with reference to Consolidated Financial Statements, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and audit evidence obtained by other auditors of companies included in the Group in terms of their reports referred to in 'Other Matter' paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Financial Statements.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.



KALYANI

Consolidated Financial Statements 2020-2021

Opinion

In our opinion and based on the audit reports of other auditors, the Group and its Joint Operation have, in all material respects, adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Financial Statements insofar as it relates to the Subsidiary company and Joint Operation, is based on the corresponding reports of the auditors of such Companies. Our opinion is not modified in respect of this matter.

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.101118W/W100682

Pune
May 18, 2021

Abhijeet Bhagwat
Partner
Membership No.136835
UDIN : 21136835AAAABH8566

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021

(₹ in Million)

	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	3,816.37	4,172.71
(b) Capital work-in-progress	3	106.72	52.19
(c) Intangible assets	4	7.99	12.20
(d) Investments accounted using Equity Method	5.a	—	—
(e) Financial assets			
(i) Investments	5.b	1,442.15	1,446.89
(ii) Loans	6.a	793.79	67.95
(iii) Other financial assets	7.a	16.04	15.15
(f) Income Tax assets (net)	8	4.58	9.31
(g) Other non-current assets	9.a	33.22	10.32
	Total	6,220.86	5,786.72
Current assets			
(a) Inventories	10	1,189.45	1,259.68
(b) Financial assets			
(i) Investments	5.c	—	327.73
(ii) Trade receivables	11	2,490.96	2,355.10
(iii) Cash and cash equivalents	12	113.38	147.03
(iv) Bank balances other than (iii) above	13	6,147.20	3,459.29
(v) Loans	6.b	—	0.19
(vi) Other financial assets	7.b	151.23	149.61
(c) Other current assets	9.b	191.48	159.73
	Total	10,283.70	7,858.36
Total Assets		16,504.56	13,645.08
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	14	218.64	218.64
(b) Other equity	15		
(i) Reserves and surplus		11,250.33	9,341.34
(ii) Other reserves		64.24	70.60
Equity attributable to owners of Parent		11,533.21	9,630.58
Non-controlling interest		(39.10)	(36.10)
Total equity		11,494.11	9,594.48
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	232.71	45.75
(b) Provisions	18.a	42.10	39.11
(c) Deferred tax liabilities (net)	19	270.36	305.43
(d) Other non-current liabilities	20	73.94	108.70
	Total	619.11	498.99
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	1,500.00	—
(ii) Trade payables	22		
- total outstanding dues of micro enterprises and small enterprises		30.55	22.34
- total outstanding dues of creditors other than micro enterprises and small enterprises		2,324.43	3,127.62
(iii) Other financial liabilities	17	279.19	261.56
(b) Provisions	18.b	16.31	19.39
(c) Other current liabilities	23	209.46	116.79
(d) Current tax liabilities (net)	24	31.40	3.91
	Total	4,391.34	3,551.61
Total liabilities		5,010.45	4,050.60
Total Equity and Liabilities		16,504.56	13,645.08

Significant Accounting Policies

Significant accounting judgements, estimates and assumptions

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

As per our attached Report of even date

For P G BHAGWAT LLP

Chartered Accountants

Firm Registration No.101118W/W100682

On behalf of the Board of Directors

Abhijeet Bhagwat
Partner
Membership No.136835

Mrs.D.R.Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K.Goyal
Managing
Director

B.N.Kalyani
Chairman

Pune
Date : May 18, 2021

Pune
Date : May 18, 2021



Consolidated Financial Statements 2020-2021

KALYANI

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Million)

		Year ended March 31, 2021	Year ended March 31, 2020
	Notes		
Revenue from operations	25	11,880.40	11,989.28
Other Income	26	427.98	232.68
Total Income		12,308.38	12,221.96
Expenses			
Cost of raw materials consumed	27	5,457.33	5,854.32
Purchase of traded goods	28	414.64	510.88
Manufacturing Expenses	33.a	2,031.27	2,322.09
Changes in inventories of finished goods, work-in-progress and stock-in-trade	29	246.67	(120.53)
Employee benefits expense	30	573.44	577.34
Finance costs	31	70.91	96.08
Depreciation and amortization expense	32	441.51	426.97
Other expenses	33.b	525.43	906.16
Total expenses		9,761.20	10,573.31
Profit before exceptional items and tax		2,547.18	1,648.65
Exceptional items		—	—
Profit before tax		2,547.18	1,648.65
Tax expense			
Current tax		684.50	477.50
Deferred tax		(37.15)	(165.04)
Taxation in respect of earlier years		—	(4.61)
Total tax expense	35	647.35	307.85
Profit for the year		1,899.83	1,340.80
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent period (net of tax)			
(a) Re-measurement of post employment benefit plans		8.26	(7.03)
Tax on above		(2.08)	1.77
		6.18	(5.26)
(b) Changes in fair value of equity instruments (compulsorily convertible debentures)		(6.36)	(106.01)
Total other comprehensive income for the year (net)		(0.18)	(111.27)
Total comprehensive income for the year		1,899.65	1,229.53
Profit attributable to :			
Equity holders of parent		1,902.81	1,366.11
Non-controlling interest		(2.98)	(25.31)
Other comprehensive income attributable to :			
Equity holders of parent		(0.18)	(111.27)
Non-controlling interest		—	—
Total comprehensive income attributable to :			
Equity holders of parent		1,902.63	1,254.84
Non-controlling interest		(2.98)	(25.31)
Earnings per share (of ₹ 5/- each)	36		
Basic and Diluted		43.59	31.29
Significant Accounting Policies	1		
Significant accounting judgements, estimates and assumptions	2		

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

As per our attached Report of even date

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.101118W/W100682

On behalf of the Board of Directors

Abhijeet Bhagwat
Partner
Membership No.136835

Mrs.D.R.Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N.Kalyani
Chairman

Pune
Date : May 18, 2021

Pune
Date : May 18, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

A. Equity Share Capital

(₹ in Million)

Particulars	Notes	No. of shares	Amount
As at March 31, 2019		43,653,060	218.64
Changes in equity share capital	14	—	—
As at March 31, 2020		43,653,060	218.64
Changes in equity share capital	14	—	—
As at March 31, 2021		43,653,060	218.64

B. Other Equity

(₹ in Million)

Particulars	Notes	Reserves and Surplus		Other reserve FVTOCI Equity	Non Controlling Interest	Other Equity
		Retained Earnings	General Reserve			
As at April 1, 2019		8,087.50	419.27	176.61	(55.06)	8,628.32
Profit for the year		1,366.11	—	—	(25.31)	1,340.80
Other Comprehensive Income :						
Remeasurements of post-employment benefit plans (net of tax)		(5.26)	—	—	—	(5.26)
Changes in fair value of equity instruments (compulsorily convertible debentures)		—	—	(106.01)	—	(106.01)
Total Comprehensive Income for the year		1,360.85	—	(106.01)	(25.31)	1,229.53
Equity component of Compound Financial Instrument		—	—	—	44.25	44.25
Final Dividend for the year ended March 31, 2019	15	(218.27)	—	—	—	(218.27)
Tax on final dividend for the year ended March 31, 2019	15	(44.87)	—	—	—	(44.87)
Interim equity dividend of current year	15	(218.27)	—	—	—	(218.27)
Tax on interim equity dividend of current year	15	(44.87)	—	—	—	(44.87)
As at March 31, 2020		8,922.07	419.27	70.60	(36.12)	9,375.82
As at April 1, 2020		8,922.07	419.27	70.60	(36.12)	9,375.82
Profit for the year		1,902.81	—	—	(2.98)	1,899.83
Other Comprehensive Income :						
Remeasurements of post-employment benefit plans (net of tax)		6.18	—	—	—	6.18
Changes in fair value of equity instruments (compulsorily convertible debentures)		—	—	(6.36)	—	(6.36)
Total Comprehensive Income for the year		1,908.99	—	(6.36)	(2.98)	1,899.65
As at March 31, 2021		10,831.06	419.27	64.24	(39.10)	11,275.47

Significant accounting policies 1

Significant accounting judgements, estimates and assumptions 2

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

As per our attached Report of even date

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.101118W/W100682

On behalf of the Board of Directors

Abhijeet Bhagwat
Partner
Membership No.136835

Mrs.D.R.Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N.Kalyani
Chairman

Pune
Date : May 18, 2021

Pune
Date : May 18, 2021



KALYANI

Consolidated Financial Statements 2020-2021

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021

	Year ended March 31, 2021	(₹ in Million) Year ended March 31, 2020
A. Cash Flows from Operating Activities :		
Profit before income tax	2,547.18	1,648.65
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortization	441.51	426.97
Unrealized foreign exchange loss / (gain) / MTM etc., net	(10.83)	83.52
Interest expense	70.91	96.08
Dividend income	(0.13)	(37.84)
Profit on sale of property, plant and equipment	(0.11)	(0.03)
Profit on sale of Investment	(29.58)	(22.49)
Interest from deposits and loans	(308.36)	(167.03)
Provision written back	(82.20)	(87.99)
Fair value loss on investments measured at FVTPL	(1.62)	9.94
Receivables provided for / written off (net)	5.54	114.04
Adjustments for changes in working capital		
(Increase) / Decrease in inventories	70.23	284.62
(Increase) / Decrease in trade receivables	(134.45)	708.26
(Increase) / Decrease in other assets / other financial assets	(29.03)	55.87
(Increase) / Decrease in loans	(725.65)	1.26
Increase / (Decrease) in provisions	8.17	(9.46)
Increase / (Decrease) in trade payables	(702.31)	(151.93)
Increase / (Decrease) in other financial liabilities	29.04	60.01
Increase / (Decrease) in other current liabilities	92.67	(46.01)
Increase / (Decrease) in other non-current liabilities	(34.76)	108.70
Cash generated from Operations	1,206.22	3,075.14
Income taxes paid (net of refunds)	(652.29)	(506.40)
Net Cash Flow from Operating Activities	553.93	2,568.74
B. Cash Flows from Investing Activities :		
Purchase of property, plant and equipment	(160.19)	(341.31)
(Purchase) / Sale of investments	(2,332.59)	(1,561.63)
Dividend received	0.13	37.84
Interest received	301.43	31.03
Sale of assets property, plant and equipment	0.15	0.09
Net Cash Flows from Investing Activities	(2,191.07)	(1,833.98)

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2021

(₹ in Million)

	Year ended March 31, 2021	Year ended March 31, 2020
C. Cash Flows from Financing Activities		
Proceeds from borrowings	1,685.87	(178.81)
Interest paid	(82.38)	(92.15)
Dividend paid	—	(526.26)
Net Cash Flows from Financing Activities	1,603.49	(797.22)
Net increase / (decrease) in cash and cash equivalents	(33.65)	(62.46)
Cash and cash equivalents at the beginning of the year (Note 12)	147.03	209.49
Cash and cash equivalents at the end of the year (Note 12)	113.38	147.03
Significant accounting policies	1	
Significant accounting judgements, estimates and assumptions	2	

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

As per our attached Report of even date

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.101118W/W100682

On behalf of the Board of Directors

Abhijeet Bhagwat
Partner
Membership No.136835

Mrs.D.R.Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N. Kalyani
Chairman

Pune
Date : May 18, 2021

Pune
Date : May 18, 2021

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**

(All amounts are in Rupees Million, except per share data and unless stated otherwise)

Background

Kalyani Steels Limited ("the Company") is a public limited company domiciled in India and incorporated in February, 1973 under the provisions of Companies Act, 1956. The Company and its subsidiary, associate and joint operation are together referred to as ("the Group"). The equity shares of the Company are listed on two recognized stock exchanges in India i.e. BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The Company is primarily engaged in the business of manufacture and sale of Iron and Steel Products. The Company is an integrated manufacturer of diverse range of steel products with its manufacturing facility located at Hospet Works in Karnataka. The Registered Office of the Company is located at Mundhwa, Pune - 411036. The CIN of the Company is L27104MH1973PLC016350.

The financial statements for the year ended March 31, 2021 were approved by the Board of Directors and authorized for issue on May 18, 2021.

1A. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation**(i) Compliance with Ind AS**

These consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time. In addition, guidance notes / announcements issued by ICAI and guidelines issued by SEBI are also applied.

(ii) Principles of consolidation and equity accounting**(a) Subsidiary**

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group. The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement changes in equity and balance sheet respectively.

(b) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognized at cost.

(c) Joint arrangements**Joint operation**

The Group recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the consolidated financial statements under the appropriate headings.

(iii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following :

- Certain financial assets and liabilities (including derivative instruments) that are measured at fair value.
- Defined benefit plans - plan assets measured at fair value.

(iv) Current versus non-current classification

The Group presents assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is treated as current when it is :

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

(b) Estimation of uncertainties relating to the global health pandemic from COVID 19

The Group has considered the possible effects that may result from the pandemic relating to COVID 19 on the carrying amounts of receivables, inventory, Investments, prices of principal inputs and outputs and possible supply chain disruptions. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Group as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Group expects the carrying amount of these assets will be recovered.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :
(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions for the Group. Refer Note 45 for segment information presented.

(d) Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Indian Rupee (INR), which is Kalyani Steels Limited's functional and presentation currency.

Initial Recognition

Foreign currency transactions are recorded in Indian currency, by applying the exchange rate between the Indian currency and the foreign currency at the date of transaction.

Conversion

Monetary items, designated in foreign currencies are revalued at the rate prevailing on the date of Balance Sheet.

Exchange Differences

Exchange differences arising on the settlement and conversion of foreign currency transactions are recognized as income or as expenses in the year in which they arise, except in cases where they relate to the acquisition of qualifying assets, in which cases they were adjusted in the cost of the corresponding asset. On transition to Ind AS, the Group has elected to continue the accounting policy adopted in its previous GAAP with respect to foreign exchange differences arising on long-term foreign currency monetary items related to a depreciable asset, existing as on March 31, 2017. Such exchange differences are adjusted to the cost of depreciable asset and depreciated over the balance life of the asset.

(e) Revenue recognition

Sale of goods

The Group manufactures and sells a range of steel and iron product in the market. Sales are recognized when control of the products has transferred at a point of time, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Export Incentives

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

Interest Income

Interest income from debt instruments is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a timely basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividends

Dividends are recognized in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(f) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

(g) Taxes

Current Income Tax

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961. The management periodically evaluates positions taken in returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Current income tax relating to items recognized in other comprehensive income is recognized in other comprehensive income and not in statement of Profit and Loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the balance sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except :

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized, except :

- When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :**

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognized in the statement of profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Indirect taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognized net of the amount of indirect taxes paid, except :

When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of tax included, the net amount of tax recoverable from or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

(h) Leases

The determination of whether a contract is (or contains) a lease is based on the substance of the contract at the inception of the lease. The contract is or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability. A lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The Group uses the practical expedient to apply the requirements of Ind AS 116 to a portfolio of leases with similar characteristics if the effects on the financial statements of applying to the portfolio does not differ materially from applying the requirement to the individual leases within that portfolio.

However, when the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty the Group considers that lease to be no longer enforceable. Also according to Ind AS 116, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, the lessee is not required to recognize right-of-use asset and a lease liability. The Group applies both recognition exemptions.

Right of use asset

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, the Group also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments.

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

Lease liability

Lease liabilities, which are assigned to financing liabilities, are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Lease modification

For a lease modification that is not accounted for as a separate lease, the Group accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

Group as Lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Where the Group is a lessor under an operating lease, the asset is capitalised within property, plant and equipment and depreciated over its useful economic life. However, if there is no reasonable certainty that the Group will obtain possession of the asset upon end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease unless the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases or another systematic basis is available. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Effective April 1, 2019, The Group adopted Ind AS 116 "Leases" for the first time, using the modified retrospective transition method, applied to lease contracts that are ongoing as at April 1, 2019.

(i) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts and cash credit facilities as they are considered an integral part of the Group's cash management.

(j) Trade receivables

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :
(k) Inventories

Cost of inventories include all costs of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Raw materials and components, stores and spares are valued at cost or net realizable value whichever is lower. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Costs are determined on weighted average basis.

Work-in-progress and finished goods are valued at cost or net realizable value whichever is lower. Costs includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but does not include borrowing costs. Cost of work-in-progress and finished goods are determined on a weighted average basis.

Materials-in-transit and materials in bonded warehouse are valued at actual cost incurred up to the date of balance sheet.

Scrap is valued at net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(l) Fair value measurement

The Group measures financial instruments at fair value on initial recognition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either :

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level inputs that is significant to the fair value measurement as a whole :

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets and liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is un-observable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as unquoted financial assets. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

(m) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(n) Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories :

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)

Financial assets at amortized cost :

A financial asset is measured at amortized cost if both following conditions are met :

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :**

Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following criteria are met :

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets, until they are de-recognized or reclassified, are subsequently measured at fair value and recognized in other comprehensive income except for interest income, gain / loss on impairment, gain / loss on foreign exchange which is recognized in the statement of profit and loss.

Financial assets at fair value through profit or loss

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

In addition, the Group may elect to classify a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any financial asset as at fair value through profit or loss.

After initial measurement, such financial assets are subsequently measured at fair value in the statement of profit and loss.

Equity Instrument

Investment in equity instrument issued by other than subsidiaries are classified as at FVTPL, unless the related instruments are not held for trading and the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income.

De-recognition of financial assets

A financial asset is de-recognized when :

- The contractual rights to receive cash flows from the financial asset have expired or
- The Group has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either :
 - (a) The Group has transferred substantially all the risks and rewards of the asset or
 - (b) The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure :

- Financial assets that are debt instruments and are measured at amortized cost e.g. loans, debt-securities, deposits, trade receivables and bank balance.
- Financial assets that are debt instruments and are measured as at FVTOCI.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12 month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider :

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Group is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income / expense in the statement of profit and loss. This amount is reflected under the head "Other Expenses" in the statement of profit and loss.

The Balance sheet presentation for various financial instruments is described below :

- Financial assets measured as at amortized cost.

ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-offs criteria, the Group does not de-recognize impairment allowance from the gross carrying amount.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e. financial assets which are credit impaired on purchase/ origination.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below :

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Consolidated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

De-recognition of financial liabilities

A financial liability (or a part of a financial liability) is de-recognized from its balance sheet when and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

(o) Loans and Borrowings at amortized Cost

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other gains / (losses).

(p) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. Other borrowing costs are expensed in the period in which they are incurred

(q) Derivatives

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other income / other expenses.

(r) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

(s) Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or construction net of accumulated depreciation and impairment loss (if any). All significant costs relating to the acquisition and installation of property, plant and equipment are capitalized. Such cost includes the cost of replacing part of the property, plant and equipment and borrowings costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection / relining is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in statement of profit and loss during the reporting period in which they are incurred.

Subsequent costs are included in the asset's carrying amount as recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for a separate asset is de-recognized when replaced.

The identified components are depreciated over their useful lives, the remaining asset is depreciated over the life of the principal asset.

Depreciation on additions is provided from the beginning of the month in which the asset is put to use.

Depreciation on assets sold, discarded or demolished during the year is being provided at their respective rates on pro-rata basis up to the end of the month prior to the month in which such assets are sold, discarded or demolished.

The useful lives has been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act, 2013, in order to reflect the actual usage of the assets. The residual values are not more than 5% of the original cost of the asset.

Depreciation is charged on the basis of useful life of assets on straight line method.

Useful life of following asset category is considered as per prescribed under Schedule II of Companies Act, 2013 except MBF Relining.

For MBF Relining, useful life is considered based on past history of usage, supported by Technical Evaluation.

Asset Category	Life in Years
Factory Buildings	30
Office Building	60
Plant and Equipment – continuous process	20
Plant and Equipment – other than continuous process	13
MBF Relining	4
Electrical Installations	10
Computers	3
Servers	6
Furniture and Fixtures	10
Office Equipment	5
Vehicles	8

Freehold land is carried at historical cost.

An item of property, plant and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit and loss when the asset is de-recognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets of computer software is amortized over the useful economic life of six years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the net carrying amount of the asset and are recognized in the statement of profit and loss when the asset is de-recognized.

Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognized as at April 1, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the intangible assets.

(t) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses including impairment on inventories are recognized in the statement of profit and loss.

Previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of asset does not exceed its recoverable amount. Such reversal is recognized in statement of profit and loss.

(u) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are unsecured and are presented as current liabilities unless payment is not due within operating cycle determined by the Group after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

(v) Provisions and contingent liabilities

Provisions are recognized when the Group has a present, legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on the best estimate required to settle the obligation at the Balance Sheet date. Provisions are reviewed at each Balance Sheet date and adjusted to reflect current best estimates.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the financial statements. A disclosure for a contingent liability is made where there is a possible obligation arising out of past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation arising out of a past event where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(w) Employee Benefits**(i) Short-term Employee Benefits**

The distinction between short term and long term employee benefits is based on expected timing of settlement rather than the employee's entitlement benefits. All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and are recognized in the period in which the employee renders the related service.

(ii) Post-Employment benefits**1. Defined Contribution plan**

The Group makes payment to approved superannuation schemes, state government provident fund scheme and employee state insurance scheme which are defined contribution plans. The contribution paid / payable under the schemes is recognized in the statement of profit and loss during the period in which the employee renders the related service. The Group has no further obligations under these schemes beyond its periodic contributions.

2. Defined Benefit plan

The employees' gratuity fund scheme is Group's defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plan, to recognize the obligation on a net basis.

(iii) Long term Employment benefits

The employee's long term compensated absences are Group's other long term benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognize the obligation on a net basis.

In regard to other long term employment benefits, the Group recognizes the net total of service costs, net interest on the net defined benefit asset / liability and re-measurements of the net defined benefit asset / liability in the statement of profit and loss.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Gratuity

The Group provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the Statement of Profit and Loss.

Re-measurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

Provident Fund

The Group operates two plans for its employees to provide employee benefits in the nature of provident fund.

The Group pays provident fund contributions to publicly administered provident funds as per local regulations. The group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due.

Eligible employees receive benefits from a provident fund, which is a defined benefit plan. Both the employee and the Group make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary.

Superannuation

Retirement benefit in the form of superannuation plan is a defined contribution plan. Defined contributions to insurance Company for employees covered under Superannuation scheme are accounted at the rate of 15% of such employees' basic salary, restricted to ₹ 150,000/- per annum. The Group recognizes expense toward the contribution paid / payable to the defined contribution plan as and when an employee renders the relevant service. The Group has no obligation, other than the contribution payable to the superannuation fund.

iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates : (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(x) Paid up equity

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(y) Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non cash nature and deferral or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Group are segregated.

(z) Dividends

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

(aa) Earnings per share**(i) Basic Earnings per Share**

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year. Earnings considered in ascertaining the Group's earnings per share is the net profit for the period after deducting any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

(ii) Diluted Earnings per Share

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(bb) Rounding of amounts

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

1B. Standards issued but not effective

Following exposure drafts have been issued by the Institute of Chartered Accountants of India :

1. Amendment to Ind AS 116, "Leases" - COVID 19 related Rent Concessions beyond June 30, 2021

On July 24, 2020, the MCA issued the Companies (Indian Accounting Standard) Amendment Rules, 2020, which amended Ind AS 116 to provide relief for lessees in accounting for eligible rent concessions upto July 31, 2021 that are a direct consequence of COVID 19. The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to extend the relief for lessees in accounting for eligible rent concessions upto July 31, 2022.

2. Amendment to Ind AS 116, "Leases" - Interest Rate Benchmark Reform : Phase 2

The exposure draft on amendments to Ind AS 116 issued by the Institute of Chartered Accountants of India proposes amendments to include a practical expedient in respect of all lease modifications that change the basis for determining future lease payments as a result of interest rate benchmark reform.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

3. Amendments to Ind AS 37, "Provisions, Contingent Liabilities and Contingent Assets" - Onerous Contracts

The exposure draft on amendments to Ind AS 37 issued by the Institute of Chartered Accountants of India proposes amendments regarding costs a Company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

4. Amendments to Ind AS 16, "Property, Plant and Equipment" - Proceeds before Intended Use

The exposure draft on amendments to Ind AS 16 issued by the Institute of Chartered Accountants of India proposes amendments regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.

5. Amendments to Ind AS 103, "Business Combinations" - Reference to the Conceptual Framework

The exposure draft on amendments to Ind AS 103 issued by the Institute of Chartered Accountants of India proposes amendments to change out updated reference to "Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards" and update it with reference to "Conceptual Framework for Financial Reporting under Indian Accounting Standards". It also proposes certain consequential amendments.

6. Amendments to Ind AS 101, "First-time Adoption of Indian Accounting Standards" - Subsidiary as a First-time Adopter

The exposure draft on amendments to Ind AS 101 issued by the Institute of Chartered Accountants of India proposes amendments to simplify the application of Ind AS 101 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

7. Amendments to Ind AS 41, "Agriculture" - Taxation in Fair Value Measurements

The exposure draft on amendments to Ind AS 41 issued by the Institute of Chartered Accountants of India proposes amendments to remove a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in Ind AS 41 with those in other Ind AS's.

8. Amendments to Ind AS 109, "Financial Instruments" - Fees in the '10 per cent' Test for De-recognition of Financial Liabilities

The exposure draft on amendments to Ind AS 109 issued by the Institute of Chartered Accountants of India proposes amendments to clarify the fees a Company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

9. Amendments to Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments : Disclosures" - Interest Rate Benchmark Reform : Phase 2

The exposure draft on amendments to Ind AS 109 and Ind AS 107 issued by the Institute of Chartered Accountants of India proposes amendments to assist entities in providing useful information about the effects of the transition to alternative benchmark rates and support preparers in applying the requirements of Ind AS's when changes are made to contractual cash flows or hedging relationships as a result of the transition to an alternative benchmark interest rate.

10. New Indian Accounting Standard (Ind AS) 117, "Insurance Contracts"

The exposure draft of Ind AS 117 is issued by the Institute of Chartered Accountants of India as replacement for Ind AS 104 Insurance Contracts.

11. Amendments to Ind AS 40, "Investment Property"

The exposure draft on amendments to Ind AS 40 issued by the Institute of Chartered Accountants of India proposes to reinstate the fair value option thereby providing the entities an accounting policy choice to subsequently measure investment properties using either the cost model or the fair value model.

The above exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from April 1, 2021 as at the date of approval of these financial statements. On issue of the amendment by MCA, the Group would evaluate the impact of the change in the consolidated financial statements.

2. Significant accounting judgements, estimates and assumptions :

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the accompanying disclosures and the disclosure of contingent liabilities. This note provides an overview of the areas that involve a higher degree of judgments or complexities and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these judgments, estimates and assumptions is mentioned below.

Judgments, estimates and assumptions are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements :

1. Legal Contingencies

The Group has received various orders and notices from tax authorities in respect of direct and indirect taxes. The outcome of these matters may have a material effect on the financial position, results of operations or cash flows. Management regularly analyzes current information about these matters and makes judgments for providing provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Group or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

2. Segment Reporting

Ind AS 108 Operating Segments requires Management to determine the reportable segments for the purpose of disclosure in financial statements based on the internal reporting reviewed by Chief Operating Decision Maker (CODM) to assess performance and allocate resources. The standard also requires Management to make judgments with respect to aggregation of certain operating segments into one or more reportable segment.

The Group has determined that the Chief Operating Decision Maker (CODM) is the Board of Directors (BoD), based on its internal reporting structure and functions of the BoD. Operating segments used to present segment information are identified based on the internal reports used and reviewed by the BoD to assess performance and allocate resources.

3. Joint operation

The Group's composite Steel manufacturing facility at Ginigera is under a strategic alliance arrangement with a joint venture partner. The facility is managed by Hospet Steels Limited. The alliance confers Kalyani Steels Limited (KSL) and Mukand Limited (ML) with rights to assets, obligations for liabilities, sharing of expenses / profit / loss in the proportion of product sharing ratio (viz. 41.38% by KSL and 58.62% by ML). Thus, KSL and ML have right to the assets and obligations for the liabilities of this arrangement. Thus, the strategic alliance is a joint arrangement in the nature of joint operation.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :**4. Investment in convertible debentures**

The Group has invested in fully convertible debentures (FCDs) of DGM Realities Private Limited of face value of ₹ 1,319.60 Million. These FCDs shall be compulsorily converted into equity shares of DGM Realities in various tranches starting from March 29, 2024. The existing rights associated with these FCDs do not give the Group the current ability to direct control over relevant activities of DGM Realities. Hence, these investments are considered as investment in equity instruments and classified as fair value through OCI. Refer Note 5(b) for further disclosures.

5. Control over subsidiary

The management has assessed that the Group had control over the subsidiary - Lord Ganesha Minerals Private Limited based on the facts and circumstances existing on its date of incorporation. The Group had control over its subsidiary through majority shareholding.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

1. Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on Indian Assured Lives Mortality (2012-14) Ultimate. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and benefit increases are based on expected future inflation rates. Further details about employee benefit obligations are given in Note 38.

2. Fair value measurement of unquoted financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments and estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 41 for further disclosures.

3. Impairment of Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and estimates the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4. Deferred Tax

At each balance sheet date, the Group assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the use of significant estimates with respect to assessment of future taxable income. The recorded amount of total deferred tax asset could change if estimates of projected future taxable income or if changes in current tax regulations are enacted.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 3 : Property, plant and equipment

(₹ in Million)

Particulars	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total	Capital work in progress
Gross Block as at March 31, 2019	999.37	1,012.05	6,829.21	97.04	30.74	38.84	9,007.25	74.18
Additions	36.06	30.33	314.22	2.31	0.24	3.20	386.36	52.19
Disposals / Adjustments	—	—	(177.72)	(0.42)	—	(0.77)	(178.91)	(74.18)
Gross Block as at March 31, 2020	1,035.43	1,042.38	6,965.71	98.93	30.98	41.27	9,214.70	52.19
Additions	0.23	—	29.69	37.82	0.18	8.20	76.12	105.66
Disposals / Adjustments	—	—	—	(0.09)	—	(0.86)	(0.95)	(51.13)
Gross Block as at March 31, 2021	1,035.66	1,042.38	6,995.40	136.66	31.16	48.61	9,289.87	106.72

(₹ in Million)

Particulars	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total
Accumulated Depreciation :							
As at March 31, 2019	—	330.34	4,348.32	83.83	17.24	23.59	4,803.32
For the year	—	35.53	368.01	7.62	2.34	4.03	417.53
Disposals / Adjustments	—	—	(177.72)	(0.42)	—	(0.72)	(178.86)
As at March 31, 2020	—	365.87	4,538.61	91.03	19.58	26.90	5,041.99
For the year	—	39.57	379.39	6.04	2.33	5.09	432.42
Disposals / Adjustments	—	—	—	(0.05)	—	(0.86)	(0.91)
As at March 31, 2021	—	405.44	4,918.00	97.02	21.91	31.13	5,473.50

(₹ in Million)

Particulars	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total
Net Block							
As at March 31, 2020	1,035.43	676.51	2,427.10	7.90	11.40	14.37	4,172.71
As at March 31, 2021	1,035.66	636.94	2,077.40	39.64	9.25	17.48	3,816.37

- i) For Depreciation and amortisation refer accounting policy (refer Note 1A).
- ii) The Group had adopted deemed cost exemption under Ind AS 101, on transition date April 1, 2015. The information of Gross Block and accumulated depreciation as on April 1, 2015, is carried forward for disclosures.
- iii) Contractual obligations - Refer Note 37-B for disclosure of contractual commitments for the acquisition of Property, plant and equipment.
- iv) Capital work-in-progress as on March 31, 2021 mainly comprises construction of Coke Oven.
- v) Property, plant and equipment pledged as security, refer Note 47.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 4 : Intangible assets

(₹ in Million)

Particulars	Computer software
Gross block as at March 31, 2019	56.65
Additions	—
Disposals / Adjustments	—
Gross block as at March 31, 2020	56.65
Additions	4.88
Disposals / Adjustments	—
Gross block as at March 31, 2021	61.53

(₹ in Million)

Particulars	Computer software
Accumulated Amortisation :	
As at March 31, 2019	35.01
For the year	9.44
Disposals / Adjustments	—
As at March 31, 2020	44.45
For the year	9.09
Disposals / Adjustments	—
As at March 31, 2021	53.54

(₹ in Million)

Particulars	
Net Block	
As at March 31, 2020	12.20
As at March 31, 2021	7.99

- i) Intangible Assets are amortised on Straight Line method.
- ii) For Depreciation and amortisation refer accounting policy (Note 1A).
- iii) The remaining amortisation period is 2-4 years.
- iv) The Group had adopted deemed cost exemption under Ind AS 101, on transition date April 1, 2015. The information of Gross Block and accumulated depreciation as on April 1, 2015 is carried forward for disclosures.

Note 5 (a) : Investments accounted using Equity Method

(₹ in Million)

Particulars unit in ₹	Face value per	Number of shares		Amount	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Equity Shares in Associate (Unquoted)					
Kalyani Mukand Limited	10	1,000,000	1,000,000	—	—
Total				—	—

The Group has applied equity accounting for its investment in associate - Kalyani Mukand Limited. The share of losses are restricted to the amount of investment in the associate.

Note 5 (b) : Non-current investments

(₹ in Million)

Particulars	Face value per unit in ₹	Number of shares / debentures / Certificates		Amount	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Investments in Preference shares (Unquoted) :					
Investments at fair value through profit or loss					
10% Non-Cumulative Redeemable in Baramati Speciality Steels Limited	10	5,926,000	5,926,000	17.90	16.28
10% Non-Cumulative Redeemable in Kalyani Natural Resources Private Limited	100	132,000	132,000	13.20	13.20
Less : Provision for impairment in value of investments				(13.20)	(13.20)
8% Non-Cumulative Redeemable in Kalyani Mining Ventures Private Limited	10	1,310,000	1,310,000	13.10	13.10
Less : Provision for impairment in value of investments				(13.10)	(13.10)
Total				17.90	16.28
Investment in Debentures (Unquoted) (fully paid up) :					
Investment at fair value through other comprehensive income					
0% Fully Convertible Debentures in DGM Realities Private Limited	100	13,196,000	13,196,000	1,424.24	1,430.60
Total				1,424.24	1,430.60
Investment in National Savings Certificate (at amortised cost)	5,000	1	1	0.01	0.01
Total Non-current investments				1,442.15	1,446.89
Aggregate amount of quoted investments				—	—
Aggregate amount of unquoted investments				1,468.45	1,473.19
Aggregate amount of impairment in the value of investments				26.30	26.30



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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 5 (c) : Current investments

(₹ in Million)

Particulars	Face value per unit in ₹	Number of units		Amount	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
I. Investments in Mutual Funds (Quoted) :					
Investments at fair value through profit and loss					
HDFC Liquid Fund - Growth	1,000	—	39,311	—	152.67
DSP Saving Fund	1,000	—	3,358,856	—	71.35
Total-I				—	224.02
Aggregate amount of quoted investments				—	224.02
Aggregate amount of unquoted investments				—	—
Aggregate amount of impairment in the value of investments				—	—

(₹ in Million)

Particulars	Face value per unit in ₹	Number of shares		Amount	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
II. Investments in Equity Shares (Quoted) :					
Investments at fair value through profit and loss					
ACC Limited	10	—	2,300	—	2.23
Axis Bank Limited	2	—	14,500	—	5.50
Bajaj Auto Limited	10	—	1,500	—	3.04
Bajaj Finance Limited	2	—	7,200	—	15.96
Container Corporation of India Limited	5	—	3,300	—	1.09
Crisil Limited	1	—	1,400	—	1.76
DLF Limited	2	—	5,000	—	0.69
Finolex Industries Limited	10	—	4,000	—	1.56
Godrej Industries Limited	5	—	1,000	—	0.60
HDFC Bank Limited	1	—	27,000	—	23.27
ICICI Bank Limited	2	—	17,500	—	5.68
Kajaria Ceramics Limited	1	—	1,000	—	0.38
Kotak Mahindra Bank Limited	5	—	21,900	—	28.39
Maruti Suzuki India Limited	5	—	1,900	—	8.15
State Bank of India	1	—	27,500	—	5.41
Total - II				—	103.71
Aggregate amount of quoted investments				—	103.71
Aggregate amount of unquoted investments				—	—
Aggregate amount of impairment in the value of investments				—	—

Total Current Investments	Total - I+II			—	327.73
Aggregate amount of quoted investments				—	327.73
Aggregate amount of unquoted investments				—	—
Aggregate amount of impairment in the value of investments				—	—

Note 6 : Loans

a. Non-current

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Loans to related party		
Unsecured, considered good (refer Note 40)	700.00	—
Security deposits		
Unsecured, considered good	93.79	67.95
Unsecured, considered doubtful	2.13	2.09
Less : Allowance for credit losses	(2.13)	(2.09)
Total	793.79	67.95

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

b. Current

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Unsecured, considered good		
Loans to employees	—	0.19
Total	—	0.19

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

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 7 : Other financial assets

a. Non-current

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Bank deposits with maturity more than twelve months under lien against Bank Guarantee	16.04	15.15
Total	16.04	15.15

b. Current

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Interest accrued on fixed deposits	145.90	135.93
Income Receivable	5.33	13.68
Total	151.23	149.61

Note 8 : Non Current Income tax assets (net)

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Tax paid in advance (net of provisions)	4.58	9.31
Total	4.58	9.31

Note 9 : Other assets

a. Non-current

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Capital advances		
Unsecured, considered good	29.45	4.73
Unsecured, considered doubtful	20.29	20.29
Less : Allowance for credit losses	(20.29)	(20.29)
Balances with government authorities		
Unsecured, considered good	2.90	3.93
Unsecured, considered doubtful	3.90	10.60
Less : Allowance for credit losses	(3.90)	(10.60)
Prepaid expenses	0.87	1.66
Total	33.22	10.32

b. Current

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Prepaid expenses	22.57	16.55
Advance to suppliers		
Unsecured, considered good	145.52	109.16
Unsecured, considered doubtful	2.52	2.52
Less : Allowance for credit losses	(2.52)	—
Balances with government authorities		
Unsecured, considered good	22.40	30.97
Unsecured, considered doubtful	—	—
Less : Allowance for credit losses	—	—
Others	0.99	0.53
Total	191.48	159.73

Note 10 : Inventories

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
(at lower of cost or net realisable value)		
Raw materials	595.95	408.93
Work-in-progress	112.12	158.33
Finished goods	387.96	553.64
Finished goods - Traded	—	36.04
Scrap at estimated realisable value	2.51	1.25
Stores, spares etc.	90.91	101.49
Total	1,189.45	1,259.68

1. The value of inventories above is stated after amount recognized of ₹ 7.04 Million (March 31, 2020 : ₹ 31.56 Million) for write-downs to net realisable value and provision for slow moving and obsolete items.

a) Details of raw material inventory

(₹ in Million)

As at March 31, 2021	MTs	Amount
Coke / Coal / Coke Fines	16,676	275.95
Iron Ore / Iron Ore Fines / Mill Scale	29,221	185.36
Ferro Alloys		111.62
Others		23.02
Total		595.95

(₹ in Million)

As at March 31, 2020	MTs	Amount
Coke / Coal / Coke Fines	11,363	233.83
Iron Ore / Iron Ore Fines / Mill Scale	16,802	68.15
Ferro Alloys		51.67
Others		55.28
Total		408.93



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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

b) Details of work in progress

(₹ in Million)		
As at March 31, 2021	MTs	Amount
Blooms & Rounds	2,603	103.19
Others		8.93
Total		112.12

(₹ in Million)		
As at March 31, 2020	MTs	Amount
Blooms & Rounds	4,130	140.67
Others		17.66
Total		158.33

c) Details of finished goods

(₹ in Million)		
As at March 31, 2021	MTs	Amount
Rolled Products	8,647	387.96
Others		2.51
Total		390.47

(₹ in Million)		
As at March 31, 2020	MTs	Amount
Rolled Products	13,626	553.64
Traded Goods	635	36.04
Others		1.25
Total		590.93

Note 11 : Trade receivables

(₹ in Million)		
Particulars	March 31, 2021	March 31, 2020
Trade Receivable	1,279.97	1,141.29
Receivables from related parties (refer Note 40)	1,239.48	1,255.13
Less : Allowance for doubtful debts	(28.49)	(41.32)
	2,490.96	2,355.10
Break up of security details		
Secured, considered good	—	—
Unsecured, considered good	2,490.96	2,355.10
Doubtful	28.49	41.32
Total	2,519.45	2,396.42
Allowance for doubtful debts	(28.49)	(41.32)
Total	2,490.96	2,355.10

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

- Trade receivables are measured at amortised cost.
- Trade receivable are non-interest bearing and are generally on terms of 30-90 days upon delivery.
- The amount of receivables from related parties is disclosed net of advance of ₹ 470 Million (March 31, 2020 : ₹ 470 Million) as the Group has a legally enforceable right to set off the said advance against the receivable and the Group intends to do so.
- For details of debts due from companies in which any director is a partner, a director or a member, refer Note 40 of related party transactions.
- Movement of impairment Allowance (allowance for bad and doubtful debts) :

(₹ in Million)	
Particulars	
As at April 1, 2019	31.44
Allowance made / (reversed) during the year	(17.24)
Provision for Doubtful Debts	27.12
As at March 31, 2020	41.32
Allowance made / (reversed) during the period	(15.83)
Provision for Doubtful Debts	3.00
As at March 31, 2021	28.49

Note 12 : Cash and cash equivalents

(₹ in Million)		
Particulars	March 31, 2021	March 31, 2020
Cash on hand	—	0.51
Balances with Banks		
In current accounts	113.38	146.52
Total	113.38	147.03

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 13 : Bank balances other than cash and cash equivalents

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Earmarked balances (on unclaimed dividend accounts)	8.41	9.49
Deposits with original maturity of more than three months but less than twelve months	6,138.79	3,449.80
Total	6,147.20	3,459.29

Note 14 : Share capital

(a) Authorised share capital

Particulars	Equity shares	Cumulative redeemable preference shares	Unclassified shares
As at March 31, 2020 :			
Number of shares	95,000,000	3,010,000	2,400,000
Face value per share	₹ 5/-	₹ 100/-	₹ 10/-
Amount (₹ in Million)	475.00	301.00	24.00
As at March 31, 2021 :			
Number of shares	95,000,000	3,010,000	2,400,000
Face value per share	₹ 5/-	₹ 100/-	₹ 10/-
Amount (₹ in Million)	475.00	301.00	24.00

(b) Terms / rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹ 5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Issued and subscribed equity share capital

(₹ in Million)

Particulars	Number of shares	Amount
As at March 31, 2019	43,759,380	218.80
Changes in equity share capital	—	—
As at March 31, 2020	43,759,380	218.80
Changes in equity share capital	—	—
As at March 31, 2021	43,759,380	218.80

(d) Subscribed and fully paid up equity share capital

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Equity Shares of ₹ 5/- each fully paid	218.27	218.27
Add : Forfeited Equity Shares (amount paid up)	0.37	0.37
Subscribed and paid up equity share capital	218.64	218.64
Number of equity shares of ₹ 5/- each fully paid	43,653,060	43,653,060
Add : Forfeited Equity Shares	106,320	106,320
Number of shares	43,759,380	43,759,380

(e) Details of shareholders holding more than 5% shares in the Company

Particulars	Ajinkya Investment & Trading Company	Sundaram Trading & Investment Private Limited	BF Investment Limited
As at March 31, 2020			
% of holding	7.47%	17.79%	39.06%
Number of shares	3,261,822	7,766,758	17,052,421
As at March 31, 2021			
% of holding	7.47%	17.79%	39.06%
Number of shares	3,261,822	7,766,758	17,052,421



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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 15 : Other equity

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
A) Reserves and Surplus		
i) Retained earnings		
Balance at the beginning of the year	8,922.07	8,087.50
Add : Profit for the year	1,902.81	1,366.11
Add : Other Comprehensive Income being remeasurements of post-employment benefit plans (net of tax)	6.18	(5.26)
Total	1,908.99	1,360.85
Less : Final equity dividend of previous year	—	(218.27)
Tax on final equity dividend of previous year	—	(44.87)
Interim equity dividend of current year	—	(218.27)
Tax on interim equity dividend of current year	—	(44.87)
Total	—	(526.28)
Balance at the end of the year	10,831.06	8,922.07
ii) General reserve		
Balance at the beginning and end of the year	419.27	419.27
B) Other reserve :		
FVTOCI Equity investment reserve		
Balance at the beginning of the year	70.60	176.61
Fair value changes for the year	(6.36)	(106.01)
Balance at the end of the year	64.24	70.60
Total	11,314.57	9,411.94

Nature and purpose of reserves :

i General reserve

Under the erstwhile Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn. There is no movement in general reserve during the current and previous year.

ii FVTOCI Equity investment reserve

The Group has elected to recognise changes in the fair value of investment in compulsorily convertible debentures in other comprehensive income. These changes are accumulated within the FVTOCI investment reserve within equity. The Group will transfer amounts from the said reserve to retained earnings when the relevant debentures are de-recognized.

iii Dividend distribution made and proposed :

(₹ in Million)

Particulars	2020-21	2019-20
Cash Dividend on Equity shares declared and paid		
Final Dividend		
For the year ended March 31, 2020 : ₹ Nil/- per equity share (March 31, 2019 : ₹ 5/- per equity share)	—	218.27
Dividend distribution tax on final dividend	—	44.87
Interim Dividend		
For the year ended March 31, 2021 : ₹ Nil/- per equity share (March 31, 2020 : ₹ 5/- per equity share)	—	218.27
Dividend distribution tax on final dividend	—	44.87
Proposed dividends on Equity Shares		
Final Dividend		
For the year ended March 31, 2021 : ₹ 7.50/- per equity share (March 31, 2020 : ₹ Nil/- per equity share)	327.40	—

Proposed dividend on equity shares is subject to approval of the shareholders of the Company at the ensuing annual general meeting and is not recognized as a liability as at year end.

As per the Finance Act, 2020, dividend distribution tax under both the Sections 115-O & 115BBDA of the Income Tax Act, 1961 has been abolished.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 16 : Non- current borrowings

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Secured :		
Foreign currency term loans from banks :		
MUFG Bank, Ltd., Singapore (refer Note (i) below)	183.80	—
Unsecured :		
1% Non-cumulative convertible preference shares (refer Note (ii) below) "	48.95	45.75
Total non-current borrowings	232.75	45.75
Less : Interest accrued	0.04	—
Total non-current borrowings	232.71	45.75

Foreign currency term loans :

i) From MUFG Bank, Ltd., Singapore

External Commercial Borrowing (ECB) Term Loan balance outstanding, USD 2,500,000/-, repayable in ten equal quarterly instalments, repayment commencing from December 29, 2023, carrying interest at three months USD LIBOR plus 90 bps p.a. payable quarterly.

Details of security

Above Foreign Currency Term Loan is secured by First pari-passu Charge on the Movable Fixed Assets of the Group i.e. hypothecation of the entire Plant and Machineries, machinery spares, tools and accessories and other movable accessories 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.

ii) 1% Non-cumulative convertible preference shares (NCCPS)

The Group has NCCPS having at par value of ₹ 10/- per share. These Shares entitled to fixed preferential dividend of 1% p.a. out of profits of the Group. If such dividend is not declared by the Board, the right to receive dividend shall lapse. Each holder of NCCPS is entitled to one vote per share only on resolutions placed before the Group directly affecting the rights attached to NCCPS. The holders of these NCCPS have option to convert the entire amount outstanding on NCCPS into Equity Shares of the Group at par by giving one month's notice to the Group. The NCCPS which are not converted shall be redeemed on the expiry of 20 years from the date of allotment i.e. redeemable on March 31, 2030. In the event of liquidation of the Group before conversion / redemption of NCCPS, the holders of NCCPS will have priority over Equity Shares in payment of dividend and repayment of capital.

Note 17 : Other current financial liabilities

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Interest accrued but not due	9.67	21.14
Unclaimed dividend payable	8.41	9.49
Creditors for capital goods	174.81	174.75
Employee benefits payable	86.30	56.18
Total	279.19	261.56

Note 18 : Provisions

a. Non-current

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Provision for employee benefits (refer Note 38)		
Provision for compensated absences	42.10	39.11
Total	42.10	39.11

b. Current

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Provision for employee benefits (refer Note 38)		
Provision for gratuity	8.33	11.74
Provision for compensated absences	7.98	7.65
Total	16.31	19.39



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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 19 : Deferred tax liabilities (net)

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Deferred tax liabilities		
Depreciation and amortisation	292.10	337.01
Fair valuation of derivatives	—	—
Total deferred tax liabilities	292.10	337.01
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act	9.23	9.73
Provision for doubtful debts	1.46	5.44
Other Comprehensive Income	0.64	2.72
Fair valuation of investment	10.41	13.69
Total deferred tax assets	21.74	31.58
Total	270.36	305.43

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

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Deferred tax liabilities		
Depreciation and amortisation	(44.92)	(171.60)
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act	0.50	5.75
Provision for doubtful debts	3.98	(0.09)
Fair valuation of investment	3.29	0.90
Total	(37.15)	(165.04)

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

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Remeasurements of post-employment benefit plans	2.08	(1.77)
Total	2.08	(1.77)

Note 20 : Other non-current liabilities

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Advance received as a part of strategic alliance	73.94	108.70
Total	73.94	108.70

Note 21 : Current borrowings

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Unsecured borrowing from bank HDFC Bank Limited*	1,500.00	—
Total	1,500.00	—

* Borrowing carries interest at rate of 4.18% p.a.

Note 22 : Trade payables

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	30.55	22.34
Total outstanding dues of creditors other than micro enterprises and small enterprises		
i) Acceptances (see note (i) below)	883.03	1,820.68
ii) Related Parties (refer Note 40)	121.05	54.58
iii) Others	1,320.35	1,252.36
Total	2,354.98	3,149.96

i) Acceptances include credit availed by the Group from banks for payment to suppliers for raw materials purchased by the Group. The arrangements are interest-bearing and are payable within one year.

ii) Trade payables are non interest bearing and generally settled within 90 days.

iii) The Group has compiled this information based on the current information in its possession as at March 31, 2021.

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

(₹ in Million)

Dues to Micro, Small and Medium Enterprises (MSMEs)	March 31, 2021	March 31, 2020
Total amount dues to MSMEs as on Balance Sheet date		
- Principal amount due to MSMEs	30.55	22.34
- Interest on principal amount due to MSMEs	0.11	0.11
Total delayed payments to MSMEs during the year		
- Principal amount	—	1.24
- Interest on Principal amount	—	0.11
Total amount of interest paid to MSMEs during the year	—	—
Total interest accrued and remaining unpaid at the end of the year under MSMED Act	0.11	0.11
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23	0.11	0.11

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 23 : Other current liabilities

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Statutory dues payable	150.27	52.80
Advances from customers	9.04	13.84
Advance received as a part of strategic alliance	50.15	50.15
Total	209.46	116.79

Note 24 : Current tax liabilities (net)

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Provision for income tax (net of advance tax)	31.40	3.91
Total	31.40	3.91

Note 25 : Revenue from operations

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from contracts with customers		
Sale of Products		
Finished Goods	11,202.15	11,169.85
Traded Goods	462.25	584.65
Other Operating Revenue		
Scrap Sales	128.03	134.19
Export incentives received	5.77	12.60
Provisions written back	82.20	87.99
Total	11,880.40	11,989.28

a) Details of finished goods sold

(₹ in Million)

Year ended March 31, 2021	Quantity in MTs	Amount
Pig Iron	3,455	97.71
Blooms and Rounds	12,540	572.46
Rolled Products	185,416	10,531.98
Total		11,202.15

(₹ in Million)

Year ended March 31, 2020	Quantity in MTs	Amount
Pig Iron	1,938	48.31
Blooms and Rounds	14,334	658.39
Rolled Products	184,106	10,463.15
Total		11,169.85

b) Details of traded goods sold

(₹ in Million)

Year ended March 31, 2021	Quantity in MTs	Amount
Rolled Products	8,721	462.25
Total		462.25

(₹ in Million)

Year ended March 31, 2020	Quantity in MTs	Amount
Rolled Products	10,510	584.65
Total		584.65

Note 26 : Other income

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Dividend income from investment in mutual funds - measured at FVTPL	—	37.84
Dividend income from investment in equity shares - measured at FVTPL	0.13	—
Interest from deposits and loans, being financial assets carried at amortised cost	308.36	167.03
Gain on foreign exchange, net	64.72	—
Profit on sale of Investments	29.58	22.49
Gain on sale of property, plant and equipment	0.11	0.03
Net gain / (loss) on investments measured at FVTPL	1.62	2.37
Miscellaneous receipts	23.46	2.92
Total	427.98	232.68



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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 27 : Cost of raw materials consumed

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Raw material at the beginning of the year	408.93	815.10
Add : Purchases	5,648.70	5,448.15
Less : Sale of Raw Material	4.35	—
Less : Raw material at the end of the year	595.95	408.93
Total	5,457.33	5,854.32

a) Details of raw materials consumed

(₹ in Million)

Year ended March 31, 2021	Quantity in MTs	Amount
Coke / Coal / Coke Fines	126,997	2,606.66
Iron Ore / Iron Ore Fines / Mill Scale	310,959	1,551.99
Ferro Alloys		919.57
Others		379.11
Total		5,457.33

(₹ in Million)

Year ended March 31, 2020	Quantity in MTs	Amount
Coke / Coal / Coke Fines	135,510	3,122.78
Iron Ore / Iron Ore Fines / Mill Scale	324,881	1,302.29
Ferro Alloys		1,064.31
Others		364.94
Total		5,854.32

Note 28 : Purchases of traded goods

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Rolled Products	414.64	510.88
Total	414.64	510.88

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

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Inventories at the end of the year		
Work in Progress	112.12	158.33
Finished Goods	387.96	553.64
Finished Goods - Traded	—	36.04
Scrap at estimated realisable value	2.51	1.25
	502.59	749.26
Inventories at the beginning of the year		
Work in Progress	158.33	127.17
Finished Goods	553.64	496.62
Finished Goods - Traded	36.04	3.73
Scrap at estimated realisable value	1.25	1.21
	749.26	628.73
Total	246.67	(120.53)

Note 30 : Employee benefits expense

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salaries, wages and bonus	505.00	480.00
Gratuity (refer Note 38)	11.77	10.99
Contribution to provident fund and other funds	36.60	62.11
Workmen and staff welfare expenses	20.07	24.24
Total	573.44	577.34

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 31 : Finance costs

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest expenses	37.94	19.70
Other borrowing costs*	32.97	76.38
Total	70.91	96.08

* Other borrowing costs includes L/C charges, Bank processing charges etc.

Note 32 : Depreciation and amortization expense

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Depreciation on tangible assets (refer Note 3)	432.42	417.53
Amortisation of intangible assets (refer Note 4)	9.09	9.44
Total	441.51	426.97

Note 33 : Other expenses

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
(a) Manufacturing expenses :		
Stores and spares consumed	767.41	945.99
Job work and manufacturing charges	476.42	486.44
Power and fuel	677.74	753.95
Building and road repairs	10.61	16.13
Machinery repairs	41.01	60.79
Facility charges under strategic alliance	58.08	58.79
Total (a)	2,031.27	2,322.09
(b) Other expenses :		
Rent (short term or low value)	0.89	1.16
Rates and taxes	0.06	0.65
Insurance	16.87	14.34
Legal and Professional charges	12.23	28.84
Travelling and conveyance	9.80	22.57
CSR expenditure (refer Note 44)	7.67	90.42
Donations	0.40	10.00
Freight outward	342.08	328.64
Brokerage and commission	6.64	1.92
Payment to auditor (refer Note 34)	5.33	5.46
Directors' fees and travelling expenses	0.31	1.04
Directors' commission	25.00	17.75
Loss on Foreign Exchange Fluctuation	—	146.90
Receivables provided for / written off (net)	3.00	114.04
Provision for Doubtful Advances	2.53	—
Fair value loss arising from financial instruments designated as FVTPL	—	12.31
Miscellaneous expenses*	92.62	110.12
Total (b)	525.43	906.16
Total	2,556.70	3,228.25

* Miscellaneous expenses includes branding fees, security services, printing, stationery, postage, telephone etc.

Note 34 : Payment to auditors

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
As statutory auditors	3.71	3.71
In other capacity :		
Tax audit fees	0.73	0.73
Limited review	0.45	0.45
Certification	0.43	0.56
Out of pocket expenses reimbursed	0.01	0.01
Total	5.33	5.46

Note 35 : Income tax expense

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Current tax expense	684.50	477.50
Deferred tax expense	(37.15)	(165.04)
Taxation in respect of earlier years	—	(4.61)
Total	647.35	307.85



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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

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

(₹ in Million)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Profit before tax	2,547.18	1,648.65
Applicable tax rate	25.168%	25.168%
Computed tax expense	641.07	414.93
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
CSR Expenses	1.93	10.17
Investment written off	—	18.37
Advances written off	0.64	—
Impact of Income Tax rate decrease on Deferred Tax	—	(133.31)
Dividend received	0.03	(9.52)
Donation	0.10	(5.05)
Others	3.58	16.87
Taxation in respect of earlier years	—	(4.61)
Income Tax expense	647.35	307.85

Note 36 : Earnings per Share

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Net profit after tax (₹ in Million)	1,902.81	1,366.11
Weighted average number of equity shares	43,653,060	43,653,060
Basic and diluted earning per share of nominal value of ₹ 5/- each	43.59	31.29

Note 37 : Contingencies and commitments

A Contingent liabilities

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
i Claims against the Company not acknowledged as debts	1.98	1.98
ii Customs duty, excise duty and service tax - matter under appeal	32.57	32.57
iii Income tax matters under appeal	15.78	9.50
iv Iron ore supplier - rate difference claim - disputed	255.20	255.20
v Reimbursement for Forest Development Tax on Iron Ore claimed by supplier	33.49	33.49
vi Forest Development Fees*	386.67	255.54
vii Others	1.53	1.53
Total	727.22	589.81

* In response to a petition filed by the iron ore mine owners and purchasers (including the Group) contesting the levy of Forest Development Tax (FDT) on iron ore on the ground that the State does not have jurisdiction to legislate in the field of major minerals which is a central subject. The Honourable High Court of Karnataka vide its judgement dated 3rd December, 2015 directed refund of the entire amount of FDT collected by Karnataka State Government on sale of iron ore by private lease operators and National Mineral Development Corporation Limited (NMDC). The Karnataka State Government has filed an appeal before the Supreme Court of India ("SCI"). SCI has not granted stay on the judgement but stayed refund of FDT. The matter is yet to be heard by SCI. Based on merits of the case and supported by a legal opinion, the Group has not recognized provision for FDT of ₹ 386.67 Million as at March 31, 2021 (₹ 255.54 Million as at March 31, 2020) and treated it as a contingent liability.

B Capital and other commitments

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
1 Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances)	473.74	1.97
2 Other Commitments on account of :		
a) Purchase of Raw Material through E-Auction	24.52	—
b) Supply of Gases - Minimum Take over Price	377.49	435.57
Total	875.75	437.54

Note 38 : Provision for Employee benefits

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Compensated absences (refer Note A)		
Non-current	42.10	39.11
Current	7.98	7.65
Gratuity (refer Note B)		
Current	8.33	11.74

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

A) Compensated absences

The compensated absences cover the Group's liability for privilege leave.

I Significant assumptions

The significant actuarial assumptions were as follows :

Kalyani Steels Limited

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.30%	6.50%
Salary escalation rate	7.00%	7.00%
Retirement age	VP and above - 60 years Wholetime Director - 65 years Others - 55 years	VP and above - 60 years Wholetime Director - 65 years Others - 55 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Attrition rate	7.00%	7.00%

Hospet Steels Limited (Joint Operation)

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.80%	6.90%
Salary escalation rate	8.00%	7.00%
Retirement age	Staff - 58 years Workers - 60 years	Staff - 58 years Workers - 60 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Attrition rate	1.00-3.00%	1.00-3.00%

B) Gratuity

The Company has formed "Kalyani Steels Limited Employees Group Gratuity cum Life Assurance Scheme" to manage the gratuity obligations. The joint operation at Hospet Steels Limited has formed "Hospet Steels Employees Gratuity Trust" to manage its gratuity obligations. The money contributed by the Group to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to an insurance company - Life Insurance Corporation of India. Every permanent employee is entitled to a benefit equivalent to 15/30 days (as applicable) of the last drawn salary for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Group or retirement, whichever is earlier. The benefits vest after five years of continuous service. There is no compulsion on the part of the Group to fully pre-fund the liability of the Plan. The Group's philosophy is to fund the benefits based on its own liquidity as well as level of under funding of the plan.

I) The amounts recognized in balance sheet and movements in the net benefit obligation over the year are as follows :

(₹ in Million)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2019	111.00	(96.20)	14.80
Current service cost	10.67	—	10.67
Interest expense / (income)	7.95	(7.63)	0.32
Total amount recognized in Profit or Loss	18.62	(7.63)	10.99
Experience gain / loss	11.64	(0.03)	11.61
(Gain) / loss from change in financial assumptions	(4.77)	0.19	(4.58)
Total amount recognized in Other Comprehensive Income	6.87	0.16	7.03
Benefits paid	(10.23)	9.98	(0.25)
Contribution	—	(21.36)	(21.36)
Mortality	—	0.53	0.53
March 31, 2020	126.26	(114.52)	11.74

(₹ in Million)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2020	126.26	(114.52)	11.74
Current service cost	11.18	—	11.18
Interest expense / (income)	8.32	(7.73)	0.59
Total amount recognized in Profit or Loss	19.50	(7.73)	11.77
Experience gain / loss	(8.65)	(0.95)	(9.60)
(Gain) / loss from change in financial assumptions	0.90	0.44	1.34
Total amount recognized in Other Comprehensive Income	(7.75)	(0.51)	(8.26)
Benefits paid	(3.74)	3.38	(0.36)
Contribution	—	(6.94)	(6.94)
Mortality	—	0.38	0.38
March 31, 2021	134.27	(125.94)	8.33



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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

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

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Present value of funded obligation	134.27	126.26
Fair value of plan assets	(125.94)	(114.52)
Deficit of funded plan	8.33	11.74

III) Significant estimates :

The significant actuarial assumptions were as follows :

Kalyani Steels Limited

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.50%	6.50%
Salary growth rate	7.00%	7.00%
Attrition rate	7.00%	7.00%
Retirement age	M1 category - 60 years	M1 category - 60 years
	Wholetime Director - 65 years	Wholetime Director - 65 years
	Others - 55 years	Others - 55 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

Hospet Steels Limited (Joint operation)

Particulars	March 31, 2021	March 31, 2020
Discount rate	6.80%	6.90%
Salary growth rate	8.00%	7.00%
Attrition rate	1 - 3%	1 - 3%
Retirement age	Staff - 58 years	Staff - 58 years
	Workers - 60 years	Workers - 60 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

IV) Sensitivity analysis :

The sensitivity of defined obligation to changes in the weighted principal assumptions is :

(₹ in Million)

Assumption	Impact on defined benefit obligation	
	March 31, 2021	March 31, 2020
Discount rate		
1% decrease	10.15	10.17
1% increase	(8.86)	(8.87)
Future salary increase		
1% decrease	(7.74)	(7.85)
1% increase	8.66	8.80
Attrition rate		
1% decrease	0.74	0.78
1% increase	(0.67)	(0.71)

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognized in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The following payments are expected future benefit payments :

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Less than a year	13.47	11.65
Between 1 - 2 years	30.46	7.73
Between 2 - 5 years	46.96	63.31
Over 5 years	75.05	77.05
Total	165.94	159.74

The weighted duration of the defined obligation is 8.09 years (March 31, 2020 - 7.55 years)

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

Particulars	March 31, 2021	March 31, 2020
Unquoted - Insurer managed funds*	100.00%	100.00%

* The Group maintains gratuity fund, which is being administered by LIC. Fund value confirmed by LIC as at March 31, 2021 is considered to be the fair value.

VI) The Group expects to contribute ₹ 8.33 Million to the gratuity fund in the next year.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

C) Superannuation plan

The Group has formed “Kalyani Steels Limited Officers Superannuation Scheme” and “Hospet Steels Limited Employees Superannuation Trust” to manage its superannuation scheme through Life Insurance Corporation of India. Contributions are made at 15% of basic salary for employees covered under the superannuation scheme. The obligation of the Group is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognized during the period towards defined contribution plan is ₹ 6.26 Million (March 31, 2020 : ₹ 9.43 Million).

D) Risk Exposure

Through its defined benefit plan, the Group is exposed to a number of risks, the most significant of which are detailed below :

Asset Volatility : All plan assets for gratuity and superannuation are maintained in a trust managed by a public sector insurer viz. LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Group has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

Asset volatility risk for provident fund : The plan liabilities are calculated using a discount rate set with reference to bond yields, if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income fund manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The Group has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The Group intends to maintain the above investment mix in the continuing years.

Changes in bond yields : A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of plans' bond holdings

Life expectancy : This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

Future salary increase and inflation risk : Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

Asset-Liability mismatch risk : Risk arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group is successfully able to neutralize valuation swings caused by interest rate movements. The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans.

Note 39 : Interest in other entities

A) Subsidiary

Particulars	Ownership interest held by the Company	
	March 31, 2021	March 31, 2020
Lord Ganesha Minerals Private Limited	77.50%	77.50%

The principal place of business of the subsidiary is India. The principal business is mining. The ownership interest held by non-controlling interest is to the extent of 22.5% for all periods.

B) Associate

Particulars	Ownership interest held by the Company	
	March 31, 2021	March 31, 2020
Kalyani Mukand Limited	50%	50%

The principal place of business of the associate is India. Currently, the Company does not carry any business.

C) Joint operation

Particulars	Ownership interest held by the Company	
	March 31, 2021	March 31, 2020
Hospet Steels Limited	41.38%	41.38%

The principal place of business of the joint operation is India. The voting rights in the joint operation are 49.99% (March 31, 2020 : 49.99%). The principal business is to act as a management company for strategic alliance arrangement between Kalyani Steels Limited and Mukand Limited.

D) Structured Entities :

	Particulars	Place of business	Principal activities
i)	Kalyani Steels Limited Non Bargainable Staff Provident Fund	India	Employee benefit trust
ii)	Kalyani Steels Limited Officers Superannuation Scheme	India	Employee benefit trust
iii)	Kalyani Steels Limited Employees Group Gratuity cum Life Assurance Scheme	India	Employee benefit trust
iv)	Hospet Steels Employees Gratuity Trust	India	Employee benefit trust
v)	Hospet Steels Limited Employees Superannuation Trust	India	Employee benefit trust

E) Individually Immaterial Associate

The group has interest in Kalyani Mukand Limited (individually immaterial associate) that is accounted using equity method.

Particulars	March 31, 2021	March 31, 2020
Aggregate carrying amount of individually immaterial associate	—	—
Aggregate amount of group's share* of :		
Loss of associate	—	—
Other comprehensive income of associate	—	—

*Loss restricted to the extent of amount of investment in associate



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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

F) Non-controlling interest

Set out below is the summarized financial information for subsidiary - Lord Ganesha Minerals Private Limited that has non-controlling interest material to the Group. The amounts disclosed are before inter-company eliminations.

Summarized Balance Sheet

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Non-current assets	0.04	0.05
Current assets	0.97	0.94
Total Assets	1.01	0.99
Current liabilities	0.05	0.04
Non-current liabilities	159.77	146.49
Total Liabilities	159.82	146.53
Equity	(158.81)	(145.54)
Equity component of convertible preference shares	(457.45)	(457.45)
Net Equity	(616.26)	(602.99)
Equity component of convertible preference shares attributable to NCI	99.55	99.55
Attributable to Non-controlling interest	(39.10)	(36.10)

Summarized statement of Profit and Loss

(₹ in Million)

Particulars	2020-21	2019-20
Total revenue	3.09	0.05
Total expense	16.35	112.56
Profit / (loss) before tax	(13.26)	(112.51)
Tax expense	—	—
Profit / (loss) after tax	(13.26)	(112.51)
Other comprehensive income net of tax	—	—
Total comprehensive income net of tax	(13.26)	(112.51)
Attributable to non-controlling interests	(2.98)	(25.31)

Summarized Cash flow

(₹ in Million)

Particulars	2020-21	2019-20
Net cash flows from operating activities	13.31	1.46
Net cash flows from investing activities	(0.04)	22.43
Net cash flows from financing activities	(13.28)	(24.78)

Note 40 : Related Party Transactions

A) Name of the related parties and nature of relationship

(i) Where control exists :

Refer Note 39 for interest in subsidiary, associate, joint operation and structured entities.

B) Other related parties with whom transactions have taken place during the year :

Entities under common control :

- Bharat Forge Limited
- Kalyani Technoforge Limited
- Kalyani Transmission Technologies Private Limited
- Saarloha Advanced Materials Private Limited
- Baramati Speciality Steels Limited (w.e.f. FY 2020-21)
- Kalyani Investment Company Limited

C) Promoter / Promoter Group having 10% or more shareholding

- Sundaram Trading & Investment Private Limited
- BF Investment Limited

D) Enterprise where in the Company is an Associate :

- BF Investment Limited

Key Management Personnel

- Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director
- Mrs.Sunita B. Kalyani, Non-Executive Director
- Mr.Amit B. Kalyani, Non-Executive Director
- Mr.S.M. Kheny, Non-Executive Director
- Mr.B.B. Hattarki, Independent Director
- Mr.M.U. Takale, Independent Director
- Mr.Arun P. Pawar, Independent Director
- Mr.Sachin K. Mandlik, Independent Director
- Mr.S.K. Adivarekar, Independent Director
- Mrs.Shruti A. Shah, Independent Director
- Amb.Ahmad Javed, Independent Director (w.e.f. June 26, 2020)
- Mr.R.K. Goyal, Managing Director, Executive Director

Entities in which KMPs have significant influence

- Kalyani Technologies Limited

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

I	Key management personnel compensation	March 31, 2021	March 31, 2020
i)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	7.04	5.54
ii)	Mrs.Sunita B. Kalyani, Non-Executive Director	6.01	4.01
iii)	Mr.Amit B. Kalyani, Non-Executive Director	6.01	4.01
iv)	Mr.S.M. Kheny, Non-Executive Director	0.72	0.66
v)	Mr.B.B. Hattarki, Independent Director	1.01	0.96
vi)	Mr.M.U. Takale, Independent Director	0.72	0.73
vii)	Mr.Arun P. Pawar, Independent Director	0.61	0.51
viii)	Mr.Sachin K. Mandlik, Independent Director	0.76	0.76
ix)	Mr.S.K. Adivarekar, Independent Director	0.92	0.77
x)	Mrs.Shruti A. Shah, Independent Director	0.71	—
xi)	Amb.Ahmad Javed, Independent Director	0.71	—
xii)	Mr.R.K. Goyal, Managing Director, Executive Director	97.67	80.05
	Total	122.89	98.00

(₹ in Million)

II	Dividend Paid	March 31, 2021	March 31, 2020
i)	Sundaram Trading & Investment Private Limited	—	77.67
ii)	BF Investment Limited	—	170.52
iii)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	—	0.01
iv)	Mrs.Sunita B. Kalyani, Non-Executive Director	—	0.55
v)	Mr.Amit B. Kalyani, Non-Executive Director	—	0.32
vi)	Mr.M.U. Takale, Independent Director	—	0.03
	Total	—	249.10

(₹ in Million)

III	Transactions with related parties	March 31, 2021	March 31, 2020
A	Sale of goods		
i)	Bharat Forge Limited	3,554.81	4,109.69
ii)	Kalyani Technoforge Limited	2,111.41	2,243.09
iii)	Kalyani Transmission Technologies Private Limited	300.28	122.78
iv)	Saarloha Advanced Materials Private Limited	197.12	136.07
v)	Baramati Speciality Steels Limited	348.97	—
B	Purchase of goods		
i)	Bharat Forge Limited	7.34	10.46
ii)	Saarloha Advanced Materials Private Limited	460.10	563.94
iii)	Baramati Speciality Steels Limited	2.58	—
C	Reimbursement of expenses received		
i)	Kalyani Investment Company Limited	11.51	11.35
ii)	Saarloha Advanced Materials Private Limited	7.08	9.28
D	Conversion charges paid		
i)	Saarloha Advanced Materials Private Limited	97.14	91.73
ii)	Baramati Speciality Steels Limited	165.87	—
E	Reimbursement of expenses paid		
i)	Bharat Forge Limited	0.05	—
ii)	Saarloha Advanced Materials Private Limited	0.83	2.14
iii)	Kalyani Mukand Limited	0.30	—
F	Finance provided - Loan		
i)	Kalyani Transmission Technologies Private Limited	700.00	—
G	Interest income		
i)	Kalyani Transmission Technologies Private Limited	37.23	—
H	Branding Fees paid		
i)	Kalyani Technologies Limited	27.60	27.70
I	Computer hardware purchase		
i)	Kalyani Technologies Limited	0.50	10.68
J	Employee benefit expense		
i)	Kalyani Steels Limited Non Bargainable Staff Provident Fund	—	24.74
ii)	Kalyani Steels Limited Officers' Superannuation Scheme	2.61	2.96
iii)	Kalyani Steels Limited Employees' Group Gratuity cum Life Assurance Scheme	5.45	9.88
iv)	Hospet Steels Employees Gratuity Trust	1.49	11.61
v)	Hospet Steels Limited Employees Superannuation Trust	5.99	6.46



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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

IV	Outstanding balances from sale / purchases of goods	March 31, 2021	March 31, 2020
A	Trade Payables		
i)	Bharat Forge Limited	0.40	1.93
ii)	Saarloha Advanced Materials Private Limited	99.52	34.51
iii)	Baramati Speciality Steels Limited	11.81	—
iv)	Kalyani Technologies Limited	9.32	18.14
	Total trade payables from related parties (refer Note 22)	121.05	54.58
B	Trade Receivables		
i)	Bharat Forge Limited	135.61	414.48
ii)	Kalyani Technoforge Limited	862.72	763.17
iii)	Kalyani Transmission Technologies Private Limited	164.20	62.88
iv)	Saarloha Advanced Materials Private Limited	20.83	12.51
v)	Baramati Speciality Steels Limited	54.88	—
vi)	Kalyani Investment Company Limited	1.24	2.09
	Total trade receivables from related parties (refer Note 11)	1,239.48	1,255.13
C	Loan given		
i)	Kalyani Transmission Technologies Private Limited	700.000	—
D	Key management personnel compensation		
i)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	7.00	5.50
ii)	Mrs.Sunita B. Kalyani, Non-Executive Director	6.00	4.00
iii)	Mr.Amit B. Kalyani, Non-Executive Director	6.00	4.00
iv)	Mr.S.M. Kheny, Non-Executive Director	0.70	0.65
v)	Mr.B.B. Hattarki, Independent Director	0.95	0.90
vi)	Mr.M.U. Takale, Independent Director	0.70	0.70
vii)	Mr.Arun P. Pawar, Independent Director	0.60	0.50
viii)	Mr.Sachin K. Mandlik, Independent Director	0.75	0.75
ix)	Mr.S.K. Adivarekar, Independent Director	0.90	0.75
x)	Mrs.Shruti A. Shah, Independent Director	0.70	—
xi)	Amb.Ahmad Javed, Independent Director	0.70	—
xii)	Mr.R.K. Goyal, Managing Director, Executive Director	41.07	22.93
	Total Key Management Personnel Compensation	66.07	40.68

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

(₹ in Million)

V	Compensation to key management personnel	March 31, 2021	March 31, 2020
	Nature of transaction		
	Short-term employee benefits	97.67	77.77
	Post-employment benefits	—	2.28
	Other-long term benefits	—	—
	Termination benefits	—	—
	Share base payment	—	—

As the future liability for gratuity is provided on an actuarial basis for the Company as whole, the amount pertaining to individual is not ascertainable and therefore not included above.

VI Terms and conditions for outstanding balances

Transactions relating to dividends were on the same terms and conditions that applied to other shareholders. The sale and purchase transactions were on the normal commercial terms and at market rates. The outstanding balances as on year end are unsecured and will be settled in monetary terms.

Note 41 : Fair value measurements

Financial assets and liabilities at amortised cost

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Financial assets		
Loan to employees	—	0.19
Loan to related party	700.00	—
Security deposits	93.79	67.95
Trade receivables	2,490.96	2,355.10
Cash and cash equivalents	113.38	147.03
Other Bank Balances	6,147.20	3,459.29
Income Receivable	151.23	149.61
Bank deposits with maturity more than twelve months	16.04	15.15
Total financial assets	9,712.60	6,194.32
Financial liabilities		
Borrowings	1,732.71	45.75
Trade payables	2,354.98	3,149.96
Other financial liabilities	279.19	261.56
Total financial liabilities	4,366.88	3,457.27

Financial assets and liabilities classified as FVTPL

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Investment in Preference shares	17.90	16.28
Investments in Mutual Funds	—	224.02
Investments in Equity Shares	—	103.71

Financial assets and liabilities classified as FVTOCI

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Investment in Debentures	1,424.24	1,430.60

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ in Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3
Investment in Preference shares			
March 31, 2021	—	—	17.90
March 31, 2020	—	—	16.28
Investments in Mutual Funds			
March 31, 2021	—	—	—
March 31, 2020	224.02	—	—
Investments in Equity Shares			
March 31, 2021	—	—	—
March 31, 2020	—	103.71	—
Investment in Debentures			
March 31, 2021	—	—	1,424.24
March 31, 2020	—	—	1,430.60

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include :

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value for preference shares is determined using discounted cash flow analysis (Baramati Speciality Steels Limited).
- The fair value for compulsorily convertible debentures is determined using asset approach (replacement value method).

iii) Valuation process

The finance department of the Company includes a team that performs the valuations of assets and liabilities required for financial reporting purposes. This team appoints external valuation experts whenever the need arises for Level 3 fair valuation. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every year, in line with the Group's annual reporting period.

iv) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of such financial assets and liabilities are a reasonable approximation of their fair values.

v) Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in Level 3 items :

(₹ in Million)

Particulars	Preference shares	Debentures	Total
As at April 1, 2020	16.28	1,430.60	1,446.88
Gains / (losses) recognized in profit or loss	1.62	—	1.62
Gains / (losses) recognized in other comprehensive income	—	(6.36)	(6.36)
As at March 31, 2021	17.90	1,424.24	1,442.14

vi) Valuation inputs and relationships to fair value

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

Particulars	Significant unobservable inputs	
	March 31, 2021	March 31, 2020
1) Preference shares		
i) Discount rate	10.00%	10.00%
2) Compulsory convertible debentures		
i) Discount rate	6.07%	6.04%
ii) Inflation rate	6.07%	6.92%

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



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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 42 : Financial risk management

The Group is exposed to risks such as changes in foreign currency exchange rates and interest rates. A variety of practices are employed to manage these risks, including use of derivative instruments.

Derivative instruments are used only for risk management purposes and not for speculation. All foreign currency derivative instruments are entered into with major financial institutions. The Group's credit exposure under these arrangements is limited to agreements with a positive fair value at the reporting date. Credit risk with respect to the counterparty is actively monitored.

Presented below is a description of the risks (market risk, credit risk and liquidity risk) together with a sensitivity analysis, performed annually, of each of these risks based on selected changes in market rates and prices. These analyses reflect management's view of changes which are reasonably possible to occur over a one-year period.

I Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Group is exposed in the ordinary course of business to risks related to changes in foreign currency exchange rates, commodity prices and interest rates.

A) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is engaged in international trade and thereby exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

i) Foreign currency risk exposure

The Group's exposure to foreign currency risk (in USD) at the end of reporting period in INR (Million), is as follows :

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Financial assets		
Trade receivables	77.60	31.80
Net exposure to foreign currency risk (assets)	77.60	31.80
Financial liabilities		
Borrowings	183.76	—
Trade payables	905.57	1,838.60
Interest	0.01	—
Net exposure to foreign currency risk (liabilities)	1,089.34	1,838.60

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

Particulars	Impact on pre tax profit or loss and pre tax equity	
	March 31, 2021	March 31, 2020
USD		
Increase by 1%*	(10.12)	(18.43)
Decrease by 1%*	10.12	18.43

*Holding all other variables constant

ii) Commodity Price risk :

The Company's revenue is exposed to the market risk of price fluctuations related to the sale of its steel products. Market forces generally determine prices for the steel products sold by the Group. These prices may be influenced by factors such as supply and demand, production costs (including the cost of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the Group earns from the sale of its steel products.

The Group is also subject to fluctuations in prices for the purchase of iron ore, metallurgical coke, Ferro alloys, scrap and other raw material inputs.

Commodity Price Sensitivity :

The Group has a back to back pass through arrangements for volatility in raw material prices for most of the customers. The selling prices of steel and the prices of input raw material moves in the same direction. However in few cases there may be a lag effect in case of such pass through arrangements and might have some effect on the Group's profit and equity.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

B) Interest risk

The Group has borrowings at variable interest rate. Profit or loss and equity are sensitive to higher / lower interest expense from borrowings as a result of change in the interest rates. The following sensitivity analysis has been performed for non-current and current borrowings.

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Total borrowings at variable interest rate	183.76	—
Interest rate swaps	—	—
Net exposure to interest rate risk	—	—

Particulars	Impact on pre tax profit or loss and pre tax equity	
	March 31, 2021	March 31, 2020
Increase by 0.5%*	(0.05)	—
Decrease by 0.5%*	0.05	—

*Holding all other variables constant

II Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these debt financing plans.

i) Maturities of financial liabilities

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

(₹ in Million)

March 31, 2021	Less than 1 year	More than 1 year
Non - derivative Borrowings	1,500.00	232.71
Trade payables	2,354.98	—
Other financial liabilities	279.19	—

(₹ in Million)

March 31, 2020	Less than 1 year	More than 1 year
Non - derivative Borrowings	—	45.75
Trade payables	3,149.96	—
Other financial liabilities	261.56	—

III Credit risk

The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

The balances with banks, loans given to employees and associated company, security deposits are subject to low credit risk since the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil. Hence, no provision has been created for expected credit loss for credit risk arising from these financial assets.

A) Trade receivables

Senior management is responsible for managing and analysing the credit risk for each of their new clients before standard payment, delivery terms and conditions are offered. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment. The utilisation of credit limits is regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for all customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11.

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

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Gross carrying amount	2,519.45	2,396.42
Expected loss rate	1.13%	1.72%
Expected credit losses (loss allowance provision)	28.49	41.32
Carrying amount of trade receivables (net of impairment)	2,490.96	2,355.10

ii) Reconciliation of loss allowance provision - trade receivables

(₹ in Million)

Loss allowance as on March 31, 2019	31.44
Changes in loss allowance	9.88
Loss allowance as on March 31, 2020	41.32
Changes in loss allowance	(12.83)
Loss allowance as on March 31, 2021	28.49



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 43 : Capital management

The Group's objectives when managing capital is to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and
- maintain an optimal capital structure to reduce the cost of capital.

The Group determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long term and short term borrowings. The Group's policy is aimed at combination of short-term and long-term borrowings. The Group monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total debt includes all long and short-term debts as disclosed in Note 16 and Note 21 to the financial statements.

The capital structure of the Group is as follows :

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Borrowings	1,732.71	45.75
Less : Cash and cash equivalents	113.38	147.03
Net debt	1,619.33	(101.28)
Equity attributable to owners	11,533.21	9,630.58
Debt equity ratio	0.14	(0.01)

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Note 44 : Corporate social responsibility (CSR)

(₹ in Million)

Sr. No.	Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a)	Gross amount required to be spent by the Company during the year	34.80	40.43
	Total	34.80	40.43

b) Amount spent (set off availed) during the year

Sr. No.	Particulars	2020-21
a)	Set off availed against excess amount spent in FY 2019-20 towards contribution to PM Care Fund (COVID 19)	34.80
	Total	34.80

c) Amount spent during the year

(₹ in Million)

Sr. No.	Particulars	2020-21	2019-20
1	Promotion of Education Donation	6.56	40.15
2	PM CARES Fund - (COVID 19)	—	50.00
3	On purposes other than (1) above	1.11	0.27
	Total	7.67	90.42

d) Amount carried forwarded to FY 2021-22

(₹ in Million)

Sr. No.	Particulars	Amount
1	Gross amount required to be spent by the Company during FY 2019-20	40.43
2	Actual amount spent during FY 2019-20	(90.42)
3	Excess amount spent carried forward for FY 2020-21	(49.99)
4	Gross amount required to be spent by the Company during FY 2020-21	34.80
5	Actual amount spent during FY 2020-21	(7.67)
6	Excess amount spent carried forward for FY 2021-22	(22.86)

Note 45 : Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors has been identified as the chief operating decision maker.

The Group has organized its operating segments based on product groupings. These operating segments have been aggregated into one reportable business segment: 'Forging and Engineering quality carbon and alloy steels'.

Following are major customers, which contribute more than 10% to the Revenues of the Group. The details are as under :

(₹ in Million)

Name of Customer	2020-21	2019-20
Bharat Forge Limited	3,554.81	4,109.69
Kalyani Technoforge Limited and its subsidiary	2,411.69	2,365.87

Total revenues from sales to customers outside India for the year ended March 31, 2021 and March 31, 2020 was ₹ 355.07 Million and ₹ 336.33 Million respectively.

All assets are in India.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 46 : (Net debt) / Surplus reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year ended March 31, 2021.

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
Cash and cash equivalents	113.38	147.03
Current borrowings	(1,500.00)	—
Non-current borrowings	(232.75)	(45.75)
(Net Debt) / Surplus	(1,619.37)	101.28

(₹ in Million)

Particulars	Cash and cash equivalents	Current borrowings	Non-current borrowings	Total
(Net debt) / Surplus as on April 1, 2020	147.03	—	(45.75)	101.28
Cash flows	(33.65)	(1,500.00)	(183.75)	(1,717.40)
Interest paid	—	24.30	—	24.30
Interest expense	—	(24.30)	(3.25)	(27.55)
(Net debt) / Surplus as on March 31, 2021	113.38	(1,500.00)	(232.75)	(1,619.37)

Note 47 : Assets hypothecated as security

(₹ in Million)

Particulars	March 31, 2021	March 31, 2020
First charge		
Property, plant and equipment	2,077.40	—

Note 48 : Disclosures required under Section 186(4) of the Companies Act, 2013

(₹ in Million)

Name of the Loanee	Purpose	Rate of Interest p.a.	Term of Repayment	As at March 31, 2021	As at March 31, 2020
Kalyani Transmission Technologies Private Limited	Business Operations	8%	Within 36 months	700.00	—

Note 49 : Disclosure in terms of Schedule III of the Companies Act, 2013

(₹ in Million)

Particulars	Net Assets (i.e Total Assets minus total liabilities)		Share in profit / (loss)		Share in other comprehensive income		Share in Total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit / (loss)	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
FY 2020-21								
1. Parent								
Kalyani Steels Limited	100.08%	11,542.15	100.01%	1,903.02	100.00%	(0.18)	100.01%	1,902.84
2. Subsidiary (Domestic)								
Lord Ganesha Minerals Private Limited	(1.38%)	(158.80)	(0.70%)	(13.26)	—	—	(0.70%)	(13.26)
Add / (Less) : Minority Interest	0.34%	39.10	0.16%	2.98	—	—	0.16%	2.98
Add / (Less) : Inter Company eliminations	0.96%	110.77	0.53%	10.06	—	—	0.53%	10.06
Total	100.00%	11,533.22	100.00%	1,902.80	100.00%	(0.18)	100.00%	1,902.62

(₹ in Million)

Particulars	Net Assets (i.e Total Assets minus total liabilities)		Share in profit / (loss)		Share in other comprehensive income		Share in Total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit / (loss)	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
FY 2019-20								
1. Parent								
Kalyani Steels Limited	100.10%	9,639.31	100.38%	1,371.18	100.00%	(111.27)	100.40%	1,259.91
2. Subsidiary (Domestic)								
Lord Ganesha Minerals Private Limited	(1.89%)	(181.61)	(7.64%)	(104.33)	—	—	(8.31%)	(104.33)
Add / (Less) : Minority Interest	0.37%	36.10	1.85%	25.31	—	—	2.02%	25.31
Add / (Less) : Inter Company eliminations	1.42%	136.78	5.41%	73.95	—	—	5.89%	73.95
Total	100.00%	9,630.58	100.00%	1,366.11	100.00%	(111.27)	100.00%	1,254.84



KALYANI

Consolidated Financial Statements 2020-2021

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 50 : The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment received Indian Parliament approval and Presidential assent in September, 2020. The Code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders suggestions. However, the date on which the Code will come into effect has not notified. The group will assess the impact of the Code when it comes into effect and will record any related impact in the period of the Code becomes effective.

Note 51 : The Group has considered the possible effects that may result from COVID 19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of COVID 19, the Group has, at the date of approval of the financial statements, used internal and external sources of information and expects that the carrying amounts of the assets will be recovered and currently does not anticipate any material impact.

Note 52 : Previous year figures have been regrouped / reclassified wherever necessary to conform with current year's classification / disclosure.

As per our attached Report of even date

For P G BHAGWAT LLP
Chartered Accountants
Firm Registration No.101118W/W100682

On behalf of the Board of Directors

Abhijeet Bhagwat
Partner
Membership No.136835

Mrs.D.R. Puranik
Company
Secretary

B.M. Maheshwari
Chief Financial
Officer

R.K. Goyal
Managing
Director

B.N. Kalyani
Chairman

Pune
Date : May 18, 2021

Pune
Date : May 18, 2021



KALYANI

DRIVING INNOVATION

KALYANI STEELS LIMITED

MUNDHWA, PUNE - 411 036
MAHARASHTRA, INDIA.