

KALYANI INVESTMENT

KICL:SEC:

August 28, 2020

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Fort, Mumbai – 400 001
Scrip Code : 533302

National Stock Exchange of India Limited

Exchange Plaza,
Bandra Kurla Complex, Bandra (E)
Mumbai – 400 051
Scrip Symbol : KICL

Dear Sir,

Sub. : Notice of 11th Annual General Meeting scheduled to be held on Friday, September 25, 2020 and Annual Report for the financial year ended March 31, 2020

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 11th Annual General Meeting scheduled to be held on Friday, September 25, 2020 at 2.00 p.m. (I.S.T.) through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without presence of members at a common venue.
- 2) Annual Report for the financial year ended March 31, 2020

Kindly take the aforesaid documents on record.

Thanking you,

Yours faithfully,
For KALYANI INVESTMENT COMPANY LIMITED


AKSHAY CHIKODIKAR
COMPANY SECRETARY & COMPLIANCE OFFICER
E-mail : kicl@kalyanisteels.com



Encl. : As above



KALYANI
GROUP COMPANY

KALYANI INVESTMENT COMPANY LIMITED

CIN : L65993PN2009PLC134196

Registered Office : Mundhwa, Pune 411 036

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

Website : www.kalyani-investment.com, E-mail : investor@kalyani-investment.com



KALYANI

NOTICE

NOTICE is hereby given that the ELEVENTH Annual General Meeting of the Members of Kalyani Investment Company Limited will be held on Friday, September 25, 2020, at 2.00 p.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, 2020 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, 2020 and the Report of the Auditors thereon.
- 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

3. Appointment of Mrs.Shruti A.Shah as an Independent Director

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV to the Act and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mrs.Shruti A. Shah (DIN 08337714 and IDDB Registration No. IDDB-DI-202001-005722), who has submitted a declaration that she meets the criteria for independence as prescribed in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (Five) consecutive years with effect from February 7, 2020 to February 6, 2025."

By Order of the Board of Directors
For Kalyani Investment Company Limited

Pune
June 26, 2020

Akshay Chikodikar
Company Secretary

NOTES :

- In view of the massive 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 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020 respectively, issued by Ministry of Corporate Affairs (collectively referred to as "MCA Circulars") and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by Securities and Exchange Board of India ("SEBI Circular") and in compliance with the provisions of the Companies Act, 2013 ("Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Eleventh 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.
- 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. However, in pursuance of Section 112 and Section 113 of the Act, representatives of the Members may be appointed for the purpose of voting through remote e-Voting, for participation in the AGM through VC / OAVM Facility and e-Voting during the AGM. Such members are requested to send a certified copy of the Board Resolution / Authorization Letter etc. together with attested specimen signature(s) of the duly authorized representative(s) who are authorized to vote, to the Scrutinizer at e-mail ID deulkarcs@gmail.com with a copy marked to evoting@kalyani-investment.com. In case of remote e-voting, the said documents should reach the Scrutinizer on/ before Thursday, September 24, 2020 at 5.00 p.m.
- In line with the MCA Circulars and SEBI Circular, the Notice of the AGM will be available on the website of the Company at www.kalyani-investment.com, on the websites of Stock Exchanges i.e. BSE Limited at www.bseindia.com, National Stock Exchange of India Limited at www.nseindia.com and also on the website of NSDL at www.evoting.nsdl.com
- 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 1:15 p.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 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. In compliance with the aforesaid MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.kalyani-investment.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
9. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Business under Item No.3 of the Notice to be transacted at the Annual General Meeting is annexed hereto. The Board of Directors of the Company at its meeting held on June 26, 2020 considered that the Special Business under Item No.3 being considered unavoidable, be transacted at the AGM of the Company.
10. Members holding shares in dematerialized form are requested to intimate any change in their postal address, e-mail 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.
11. 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.
12. The SEBI has mandated that transfer of shares of the Company in physical form has been prohibited from April 1, 2019. Members holding shares in physical form are requested to get them converted into dematerialized form.
13. 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.
14. 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.
15. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, including change, if any, are requested to register their e-mail addresses, in respect of dematerialized holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to fill-up the Email Updation Form available at Company's web-site www.kalyani-investment.com and submit the same to the Registrar and Transfer Agent of the Company, at their address given below.
16. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
17. 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 and DPID Client ID / Folio No. in all your communications.
18. 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 inspection of the Members during the AGM, on the Company's website viz. www.kalyani-investment.com

**19. The Instructions for Members for remote e-Voting are as under :**

The remote e-voting period begins on Tuesday, September 22, 2020 at 9.00 a.m. and ends on Thursday, September 24, 2020 at 5.00 p.m. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on cut-off date of September 18, 2020, may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote is cast by the member, the member shall not be allowed to change it subsequently.

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

Step:-1 Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2: Cast your vote electronically on NSDL e-Voting system

Details on Step 1 is mentioned below :

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

- i) 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.
- ii) Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
- iii) A new screen will open. You will have to enter your User ID, your Password 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.

iv) Your User ID details are given below :

Manner of holding Shares i.e. Demat (NSDL / CDSL) or Physical	Your User ID is :
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*****)
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*****
For Members holding Shares in Physical mode	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***

v) Your Password details 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 your 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

1. If your e-mail ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your e-mail ID. Trace the e-mail sent to you from NSDL from your mailbox. Open the e-mail 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'.

2. If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

vi) 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 / 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.

d) Members can also use OTP (One Time Password) based Login for casting the votes on the e-Voting system of NSDL.

vii) After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

viii) Now you will have to click on Login button.

ix) After you click on Login button, home page of e-Voting will open.

Details on Step 2 is given below :

Step 2: Cast your vote electronically on NSDL e-Voting system

- x) After successful Login at Step 1, you will be able to see the home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- xi) After click on Active Voting Cycles, you will be able to see all the companies "EVEN", in which you are holding Shares and whose voting cycle is in active status.
- xii) Select "EVEN" of company for which you wish to cast your vote.
- xiii) Now you are ready for e-Voting as the voting page opens.
- xiv) 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.
- xv) Upon confirmation, the message "Vote cast successfully" will be displayed.
- xvi) You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
- xvii) Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders :

- a) 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
- b) 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.
- c) 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.: 1800-222-990 or send a request to Ms. Pallavi Mhatre, Manager, NSDL at evoting@nsdl.co.in

20. Process for those shareholders whose email ids are not registered with the depositories for procuring User ID and Password and registration of e-mail IDs for e-Voting for the resolutions set out in this notice :

- a) 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 a copy marked to evoting@kalyani-investment.com
- b) In case shares are held in demat mode, please provide DPID CLID (16 digit DPID + CLID 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 a copy marked to evoting@kalyani-investment.com

21. **The instructions for members for e-voting on the day of the AGM are as under :**

- a) The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- b) 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.
- c) 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.
- d) 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.

22. **Instructions for members for attending the AGM through VC/OAVM are as under :**

- a) Member will be provided with a facility to attend the AGM through VC / OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders / members login by using the remote e-voting credentials. The link for VC / OAVM will be available in shareholder / members 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. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

- b) Members are encouraged to join the Meeting through Laptops for better experience.
- c) Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- d) 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.
- e) Shareholders, holding shares as on the cut-off date i.e. September 18, 2020, who would like to express their views / have questions may send their questions in advance mentioning their name demat account number / folio number, e-mail id, mobile number at investor@kalyani-investment.com. The same will be replied by the company suitably.
- f) Shareholders holding shares as on the cut-off date i.e. September 18, 2020, **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, e-mail id, mobile number at investor@kalyani-investment.com between September 21, 2020 (9.00 a.m.) to September 23,

2020 (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 Mudaliar and / or Mrs.Meenakshi Deshmukh, Partners of SVD & Associates, Company Secretaries has been appointed as the Scrutinizers 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 authorised by him in writing who shall countersign the same. The Chairman or the person authorised 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.kalyani-investment.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 Item as stated in the accompanying Notice dated June 26, 2020

ITEM NO.3

Pursuant to the provisions of Sections 149, 152 and any other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with Schedule IV to the Act and

the Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), the Board of Directors at their meeting held on February 7, 2020, had appointed Mrs.Shruti. A. Shah as an Additional Director of the Company categorized as an Independent Director to hold office for a term of 5 (Five) consecutive years with effect from February 7, 2020 to February 6, 2025, subject to the approval of the members.

The Company has received a declaration in writing from Mrs.Shah that she meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In the opinion of the Board, Mrs. Shah fulfills the conditions specified in the Companies Act, 2013 and rules made thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for her appointment as an Independent Director of the Company. The Board also considers that her association would be of immense benefit to the Company and it is desirable to avail her services as an Independent Director on the Board of the Company.

The Company has received notice in writing from member as per Section 160 of the Companies Act, 2013 proposing the candidature of Mrs.Shah as an Independent Director of the Company.

Accordingly, the Board recommends the resolution set out at Item No.3 of the Notice, for the approval of the members of the Company.

Brief Profile of Mrs.Shah is provided in the report on Corporate Governance forming part of the Annual Report.

Except Mrs.Shah, being appointee, none of the Directors or Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested in the resolutions set out at Item No.3 of the Notice.

By Order of the Board of Directors
For Kalyani Investment Company Limited

Pune
June 26, 2020

Akshay Chikodikar
Company Secretary

KALYANI INVESTMENT COMPANY LIMITED



KALYANI
DRIVING INNOVATION

BOARD OF DIRECTORS

Mr. Amit B. Kalyani

Chairman

Mrs. Deeksha A. Kalyani

Mr. B.B. Hattarki

Mr. R.K. Goyal

Mr. S.K. Adivarekar

Mr. Sanjeev G. Joglekar

Mrs. Shruti A. Shah (w.e.f. February 7, 2020)

CORPORATE IDENTITY NUMBER (CIN)

L65993PN2009PLC134196

REGISTERED OFFICE

Mundhwa, Pune - 411 036

Phone : +91-020-26715000 / 66215000

Fax : +91-020-26821124

Website : www.kalyani-investment.com

E-mail : investor@kalyani-investment.com

CHIEF EXECUTIVE OFFICER &

CHIEF FINANCIAL OFFICER

Mr. Sanjay Yewale

COMPANY SECRETARY

Mr. Akshay Chikodikar

AUDITORS

M/s. P. G. Bhagwat

Chartered Accountants

Suite No. 2, "Orchard",

Dr. Pai Marg, Baner

Pune - 411 045

BANKERS

Canara Bank

HDFC Bank 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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11TH ANNUAL GENERAL MEETING

Day	: Friday
Date	: September 25, 2020
Time	: 2.00 p.m. (I.S.T.)
Mode of Meeting	: Through Video Conferencing (VC) / Other Audio Visual Means (OAVM)

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

Kalyani Investment has been practicing the principles of good Corporate Governance and lays strong emphasis on transparency and proper disclosures. The Company believes that timely disclosures, transparent accounting policies and strong Board go a long way in protecting shareholders trust while maximizing long term corporate value.

The Company is in compliance with the requirements stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to Corporate Governance, applicable for the Financial Year 2019-20.

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, 2020, the Board of Directors of Kalyani Investment comprised Seven Directors. The Board consists of Non-Executive Chairman, who is a relative of Promoter and Six Non-Executive Directors, of which five are Independent. Details are given in Table 1.

NUMBER OF BOARD MEETINGS

During the year 2019-20, the Board of the Company met four times on May 18, 2019, August 7, 2019, November 4, 2019 and February 7, 2020. All the meetings were held in such manner that the gap between two consecutive meetings was not more than one hundred and twenty days.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS

Table 1 : The composition of the Board, the category of Directors, their attendance at the meetings of the Board of Directors held during the year 2019-20 and at the last Annual General Meeting held on August 27, 2019 :

Name of the Director	Category	Particulars of Attendance		
		Number of Board Meetings		Last AGM
		Held	Attended	
Mr.Amit B. Kalyani	Relative of Promoter, Non-Executive	4	3	No
Mrs.Deeksha A. Kalyani	Relative of Promoter, Non-Executive	4	3	No
Mr.B.B. Hattarki	Independent	4	4	Yes
Mr.R.K. Goyal	Independent	4	4	Yes
Mr.S.K. Adivarekar	Independent	4	4	Yes
Mr.S.G. Joglekar	Independent	4	3	Yes
Mrs.Shruti A. Shah*	Independent	N.A.	N.A.	N.A.

* Appointed with effect from February 7, 2020, subject to the approval of the members.

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, 2020 and details of Directorships held in other Listed Companies :

Name of the Director	In Indian Public Limited Companies, whether listed or not, including Kalyani Investment Company Limited			Directorships held in other Listed Companies	
	Directorships	*Committee Memberships	*Committee Chairmanships	Name of the Company	Type of Directorship
Mr.Amit B. Kalyani	9	1	—	Bharat Forge Limited Hikal Limited BF Utilities Limited Kalyani Steels Limited BF Investment Limited Schaeffler India Limited	Executive Non-Executive Non-Executive Non-Executive Non-Executive Independent
Mrs.Deeksha A. Kalyani	1	1	—	—	—
Mr.B.B. Hattarki	8	4	5	Automotive Axles Limited BF Utilities Limited Kalyani Steels Limited BF Investment Limited	Independent Independent Independent Independent
Mr.R.K. Goyal	4	3	—	Kalyani Steels Limited	Executive
Mr.S.K. Adivarekar	4	2	2	Kalyani Steels Limited BF Utilities Limited	Independent Independent
Mr.S.G. Joglekar	4	1	—	BF Investment Limited	Independent
Mrs.Shruti A. Shah	3	2	—	Balkrishna Industries Limited Kalyani Steels 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 (MCA) or any such Statutory Authority is enclosed as Annexure "A".

INDEPENDENT DIRECTORS

In the opinion of the Board 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 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.kalyani-investment.com/financial/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.
- 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.
- Details of any Joint Venture / Collaboration Agreement.
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Sale of investments, 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, Auditor's 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.

CEO AND CFO CERTIFICATION

The Chief Executive Officer and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Chief Executive Officer and the Chief Financial Officer also give quarterly certification on financial results, while placing the financial results before the Board in terms of Regulation 33(2)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**CODE OF CONDUCT**

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

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

COMMITTEES OF THE BOARD

As on March 31, 2020, the Company has Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility 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 roles 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, 2020, the Audit Committee of Kalyani Investment comprised three members, of which all are Independent Directors. All the members have accounting and finance management expertise.

The Annual General Meeting of the Company held on August 27, 2019 was attended by the Chairman of the Audit Committee, Mr.B.B. Hattarki, 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 2019-20 Audit Committee met on May 18, 2019, August 7, 2019, November 4, 2019 and February 7, 2020 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.B.B. Hattarki, Chairman	Independent	4	4
Mr.R.K. Goyal	Independent	4	4
Mr.S.K. Adivarekar	Independent	4	4

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

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to :
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of any related party transactions.
 - Modified opinion(s) in the draft audit report, 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 auditor.

STAKEHOLDERS RELATIONSHIP COMMITTEE

As on March 31, 2020, Stakeholders Relationship Committee comprised of three Directors viz. Mr.B.B. Hattarki, Chairman, Mrs.Deeksha A. Kalyani and Mr.R.K. Goyal. During the year 2019-20, the Stakeholders' Relationship Committee met on May 18, 2019, August 7, 2019, November 4, 2019 and February 7, 2020.

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.B.B. Hattarki, Chairman	Independent	4	4
Mrs.Deeksha A. Kalyani	Non-Executive	4	3
Mr.R.K. Goyal	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

Mr.Akshay Chikodikar, Company Secretary is the Compliance Officer for complying with requirements of Securities Laws and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

STATUS OF INVESTORS' COMPLAINTS

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

DESIGNATED EXCLUSIVE EMAIL-ID

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

NOMINATION AND REMUNERATION COMMITTEE

As on March 31, 2020, Nomination and Remuneration Committee comprised of three Directors viz. Mr.B.B. Hattarki, Chairman, Mr.Amit B. Kalyani and Mr.R.K. Goyal. During the year 2019-20, the Nomination and Remuneration Committee met on May 18, 2019, August 7, 2019 and February 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.B.B. Hattarki, Chairman	Independent	3	3
Mr.Amit B. Kalyani	Non-Executive	3	2
Mr.R.K. Goyal	Independent	3	3

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 2019-20.

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.kalyani-investment.com/financials/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.

In terms of the said Policies, a director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona-fide manner in the interest of the Company; devote sufficient time and attention to his professional obligations for informed and balanced decision making and assist the Company in implementing the best corporate governance practices.

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 :

Name of the Director	Industry Knowledge / experience	Strategy & Planning	Financial Skills	Legal and Regulatory knowledge	Governance Corporate and Risk Management
Mr.Amit B. Kalyani, Chairman	√	√	√	√	√
Mrs.Deeksha A. Kalyani	√	√	√	√	√
Mr.B.B. Hattarki	√	√	√	√	√
Mr.S.K. Adivarekar	√	√	√	√	√
Mr.R.K. Goyal	√	√	√	√	√
Mr.S.G. Joglekar	√	√	√	√	√
Mrs.Shruti A. Shah	√	√	√	√	√

Remuneration to Non-Executive Directors

The Non-Executive Directors draw remuneration in the form of commission, upto an aggregate amount not exceeding 3% 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 Key Managerial Personnel and other Employees

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 2019-20, their shareholding in the Company and relationship with other directors, if any :

(₹ in Million)

Name of the Director	Relationship with other directors	Commission [#]	No. of Shares held
Mr.Amit B. Kalyani	*	4.80	3,169
Mrs.Deeksha A. Kalyani	**	3.00	—
Mr.B.B. Hattarki	None	0.60	—
Mr.S.K. Adivarekar	None	1.20	—
Mr.R.K. Goyal	None	—	—
Mr.S.G. Joglekar	None	—	—
Mrs.Shruti A. Shah ^{\$}	None	N.A.	—

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

* Husband of Mrs.Deeksha A. Kalyani

** Wife of Mr.Amit B. Kalyani

^{\$} Appointed as Director with effect from February 7, 2020

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

**CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

As on 31st March, 2020, Corporate Social Responsibility (CSR) Committee comprised of three Directors viz. Mr.B.B. Hattarki, Chairman, Mr.S.K. Adivarekar and Mr.R.K. Goyal. During the year 2019-20, the Corporate Social Responsibility Committee met on May 18, 2019 and August 7, 2019.

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 activities referred in CSR Policy.
- Monitor CSR Policy of the Company from time to time.

The Committee's core responsibility is to assist the Board in discharging its social responsibility by formulating and monitoring implementation of the framework of the CSR Policy. The CSR Policy of the Company is available on the Company's website. (Web-link : <http://www.kalyani-investment.com/financial/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.R.K. Goyal	Independent	2	2
Mr.S.K. Adivarekar	Independent	2	2

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.B. Hattarki and Mr.R.K. Goyal, Directors of the Company. During the year 2019-20, the Share Transfer Committee met ten times and 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.B. Hattarki	Independent	10	10
Mr.R.K. Goyal	Independent	10	10

INDEPENDENT DIRECTORS MEETING

During the year under review, the Independent Directors met on February 7, 2020, inter alia to discuss :

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

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

2. MANAGEMENT**MANAGEMENT DISCUSSION AND ANALYSIS****STRUCTURE OF THE COMPANY AND THRUST OF THE BUSINESS**

Kalyani Investment is a Core Investment Company holding more than 90% of its assets in the form of investments in shares of or debts in Group Companies, out of which more than 60% are in the form of the investment in Equity Shares. The thrust of business is to hold and continue to hold securities in Kalyani Group Companies.

RISKS AND CONCERNS

Kalyani Investment's income is mainly from the dividends that may be receivable on investments held by it / may be held in future. Any adverse impact on the industries of which securities are held by Kalyani Investment, also have a bearing on the performance of Kalyani Investment. Any slowdown in the growth of Indian economy or future volatility in global financial market, could also adversely affect the business.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adequate internal control systems to ensure operational efficiency and accuracy in financial reporting and compliance of applicable laws and regulations.

The internal control is supplemented by review of internal auditors. Observations of the internal auditors are subject to periodic review and compliance monitoring. The Audit Committee of Directors reviews the Internal Audit process and the adequacy and effectiveness of internal audit and controls periodically.

Key Financial Ratios

The Key Financial Ratios for FY 2019-20 and FY 2018-19, along with explanation for significant changes (change of 25% or more) are as follows :

Particulars	2019-20	2018-19	Change (%)
Current Ratio	34.86	18.90	*84.40
Operating Profit Margin (%)	91.78	90.76	1.12
Net Profit Margin (%)	88.18	90.38	(2.44)
Net Worth (₹ in Million)	19,009.40	36,487.86	** (47.90)
Return on Net Worth (%)	2.24	0.90	***147.79
Investment / Total assets	96.15	98.70	(2.58)

* Dividend invested in bank fixed deposits.

** Reduction in market value of quoted shares.

*** Increase in Profit and reduction in net worth.

Cautionary Statement

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

DISCLOSURES**RELATED PARTY TRANSACTIONS**

The Board has approved a policy for related party transactions which has been uploaded on the Company's website at the link : <http://www.kalyani-investment.com/financial/policies/>). The Company has not entered into any 'Related Party Transactions' pursuant to Section 188(1) of the Companies Act, 2013, during the financial year 2019-20.

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 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 for direct access to the Chairperson of the Audit Committee and appropriate protection to the genuine Whistle Blower, who avails of the mechanism. The details of establishment of Whistle Blower Policy / Vigil Mechanism have been disclosed on the website of the Company. (Web-link : <http://www.kalyani-investment.com/financial/policies/>)

POLICY ON DETERMINING MATERIAL SUBSIDIARY

The Board has approved Policy on Material Subsidiary and the same is available on the Company's website. (Web-link : <http://www.kalyani-investment.com/financial/policies/>) The Policy is intended to identify Material Subsidiaries and to establish a governance framework for such subsidiaries. The Company does not have any subsidiary company.

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, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant regulations and his affirmation is taken with respect to the same.

Further, with a view to familiarize Director with the Company's operations, the Chairman 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.kalyani-investment.com/financial/policies/>)

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

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

Mrs.Shruti A. Shah, who was co-opted on the Board on February 7, 2020, as an Additional Director categorized as Independent Director, for a term of 5 (Five) years with effect from February 7, 2020 to February 6, 2025, subject to the approval of the members, is seeking an appointment as an Independent Director.

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

- 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 a Deputy Managing Director of Bharat Forge Limited. He also takes care of the overall group and is responsible for the expansion of steel business and driving the infrastructure foray of the group.

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

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

Mr.Amit B. Kalyani holds 3,169 Equity Shares of the Company as on March 31, 2020.

- Mrs.Shruti A. Shah was co-opted on the Board on February 7, 2020, as an Additional Director categorized as an Independent Director, for the period of 5 (Five) years with effect from February 7, 2020 to February 6, 2025, is seeking an appointment as Independent Director, pursuant to notice received from the member of the Company, signifying his intention to propose Mrs.Shah, as candidate for the office of Independent Director. Mrs.Shah, being eligible, offers herself for appointment. In the opinion of the Board, Mrs.Shah fulfills the criteria of independence as prescribed under the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for her appointment as an Independent Director of the Company.

Mrs.Shah born on June 5, 1980, is a qualified Chartered Accountant, in practice for the last 15 years. She is graduated in Commerce from Mumbai University and also holds a degree in Law. She is Partner of Pravin P. Shah & Company since November, 2007 and engaged in Income Tax Advisory for HNIs and Corporates, Estate Planning in the form of Wills, Trusts etc.

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. Balkrishna Industries Limited 2. Kalyani Steels Limited	1. Balkrishna Industries Limited Audit Committee - Member Stakeholders Relationship Committee - Member CSR Committee - Member Nomination & Remuneration Committee - Member

Mrs.Shruti A. Shah does not hold any Equity Shares of the Company as on March 31, 2020.

COMMUNICATION TO SHAREHOLDERS

Kalyani Investment 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.kalyani-investment.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 Financial Express (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 SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, is provided on the Company's website : www.kalyani-investment.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's On-line Portal – BSE Corporate Compliance & Listing Centre (Listing Centre) and NSE's On-line Portal – NSE Electronic Application Processing System (NEAPS).

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 same is also displayed on the Company's website.

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

FEES PAID TO STATUTORY AUDITORS

The Company has paid the fees of ₹ 0.33 Million to M/s P.G. Bhagwat, Chartered Accounts, Pune (Firm Registration No.101118W) during the year 2019-20.

DETAILS OF NON-COMPLIANCE

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

GENERAL BODY MEETINGS

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

Date	Time	Venue	Special Resolutions Passed
August 1, 2017	2.00 p.m.	Registered Office of the Company at Mundhwa, Pune - 411 036	—
August 21, 2018	2.00 p.m.	Registered Office of the Company at Mundhwa, Pune - 411 036	Reappointment of Mr.B.B. Hattarki, as an Independent Director
August 27, 2019	2.00 p.m.	Registered Office of the Company at Mundhwa, Pune - 411 036	Re-appointment of Mr.R.K. Goyal, as an Independent Director

POSTAL BALLOT

No resolution was put through postal ballot during the Financial Year 2019-20.

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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has adopted the following non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 L65993PN2009PLC134196.

ANNUAL GENERAL MEETING

Day, Date and Time : Friday, September 25, 2020 at 2.00 p.m.

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

FINANCIAL CALENDAR

1st April to 31st March

**LISTING**

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

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

STOCK CODES

NSE : KICL

BSE : 533302

ISIN in NSDL and CDSL : INE029L01018

STOCK DATA

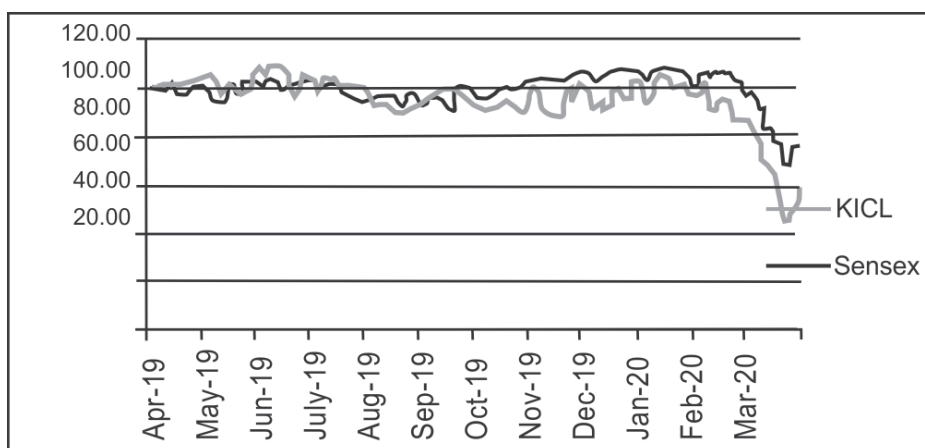
Table below gives the monthly high and low prices and volumes of trading of Equity Shares of the Company at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for the year 2019-20 :

Month & Year	NSE			BSE		
	High (₹)	Low (₹)	Volume (No. of Shares Traded)	High (₹)	Low (₹)	Volume (No. of Shares Traded)
April, 2019	1,845.00	1,604.85	30,456	1,830.05	1,598.00	2,394
May, 2019	1,875.00	1,673.60	18,331	1,876.95	1,588.00	1,403
June, 2019	1,935.00	1,701.00	31,359	1,899.00	1,685.55	20,848
July, 2019	1,815.00	1,685.05	29,673	1,808.00	1,680.00	17,327
August, 2019	1,729.10	1,559.95	11,913	1,723.10	1,558.10	1,148
September, 2019	1,800.00	1,605.15	13,300	1,753.60	1,644.00	1,526
October, 2019	1,749.00	1,535.60	9,820	1,744.00	1,556.05	1,295
November, 2019	1,799.95	1,529.60	14,873	1,790.00	1,531.00	1,546
December, 2019	1,849.00	1,563.00	13,572	1,845.00	1,581.05	1,445
January, 2020	1,881.50	1,662.00	9,886	1,872.95	1,668.95	1,532
February, 2020	1,790.05	1,470.00	9,015	1,777.00	1,477.10	1,258
March, 2020	1,589.00	761.25	112,004	1,615.00	686.05	4,897

STOCK PERFORMANCE

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

Chart 'A' : Kalyani Investment's Share Performance Vs. BSE Sensex



Note : Share prices of Kalyani Investment and BSE Sensex have been indexed to 100 as on first working day of Financial Year 2019-20 i.e. 1st April, 2019

REGISTRAR AND TRANSFER AGENTS AND SHARE TRANSFER SYSTEM

M/s. Link Intime India Private Limited, having Registered Office address 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, 2020

Category of the Shareholder	No. of Equity Shares held	Shareholding %
Promoters	3,213,035	73.60
Mutual Funds	12,875	0.29
Financial Institutions / Banks	795	0.02
Foreign Portfolio Investors	22,402	0.51
Bodies Corporate	239,840	5.49
NRIs	15,472	0.35
Indian Public	860,887	19.74
TOTAL	4,365,306	100.00

PATTERN OF SHAREHOLDING BY SHARE CLASS AS ON MARCH 31, 2020

Category (Shares)	No. of Shareholders	No. of Equity Shares held	Shareholding %
Up to 5000	17,375	702,830	16.10
5,001 to 10,000	14	101,169	2.32
10,001 to 20,000	6	85,656	1.96
20,001 to 30,000	1	23,648	0.54
30,001 to 40,000	—	—	—
40,001 to 50,000	2	89,597	2.05
50,001 to 100,000	2	166,150	3.81
100,001 and above	2	3,196,256	73.22
TOTAL	17,402	4,365,306	100.00

DEMATERIALIZATION

The Company's Equity Shares are under compulsory Demat Trading. As on March 31, 2020, dematerialized shares accounted for 98.39% of the total Equity.

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 Investment Company Limited

Secretarial Department

Mundhwa, Pune - 411 036

Phone No. : 020 - 26715000 / 66215000

Fax No. : 020 - 26821124

E-mail : investor@kalyani-investment.com

**KALYANI**

11th Annual Report 2019-2020

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I, Amit B. Kalyani, Chairman of the Company do hereby declare that all the Board Members and Senior Management Personnel have affirmed for the year ended March 31, 2020, compliance with the Code of Conduct of the Company laid down for them.

Place : Pune
Date : June 26, 2020

Amit B. Kalyani
Chairman

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 Investment Company Limited
Mundhwa
Pune - 411 036

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kalyani Investment Company Limited (hereinafter referred to as 'the Company'), having CIN - L65993PN2009PLC134196 and having Registered Office at Mundhwa, Pune - 411 036, produced before us by the Company on the e-mail 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 ending on March 31, 2020 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.Amit Babasaheb Kalyani	00089430	16/09/2009
2.	Mrs.Deeksha Amit Kalyani	00129026	30/03/2015
3.	Mr.Bhalachandra Basappa Hattarki	00145710	25/06/2009
4.	Mr.Ravindra Kumar Goyal	03050193	12/08/2011
5.	Mr.Shrikrishna Kiran Adivarekar	06928271	18/05/2018
6.	Mr.Sanjeev Gajanan Joglekar	00073826	26/03/2019
7.	Mrs.Shruti Anup Shah	08337714	07/02/2020

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

Place : Pune
Date : June 26, 2020

S.V. Deulkar
Partner
FCS No : 1321
CP No : 965
UDIN : F001321B000367016

**CERTIFICATE FROM PRACTISING COMPANY SECRETARY ON
CORPORATE GOVERNANCE**

To,
The Members of
Kalyani Investment Company Limited

We have examined the compliance of conditions of Corporate Governance by Kalyani Investment Company Limited (hereinafter referred "the Company"), for the year ended on March 31, 2020 as stipulated in relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosures 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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

For SVD & Associates
Company Secretaries

S.V. Deulkar
Partner

FCS No. : 1321

CP No. : 965

UDIN : F001321B000391370

Place : Pune
Date : June 26, 2020



DIRECTORS' REPORT

To

The Members,

The Directors have pleasure in presenting the Eleventh Annual Report on the business and operations of the Company together with Audited Financial Statements for the Financial Year ended March 31, 2020.

1. Financial Highlights (on stand-alone basis)

(₹ in Million)

		2019-20	2018-19
Revenue from Operations	:	469.48	365.20
Other Income	:	13.84	0.07
Total Revenue	:	483.32	365.27
Total Expenditure	:	53.43	34.77
Profit before Tax	:	429.89	330.50
Tax Expenses	:	3.72	0.37
Profit after Tax	:	426.17	330.13

2. Dividend & Reserves

The Directors have decided to consolidate Company's finances during the current year. As a result, the Directors do not recommend any Dividend on Equity Shares for the financial year ended March 31, 2020.

During the year under review, it is proposed to transfer ₹ 85.23 Million to Reserve Fund (Under Section 45-IC(1) of the Reserve Bank of India Act, 1934). An amount of ₹ 970.77 Million is proposed to be retained as Retained Earnings.

3. Management Discussion and Analysis (MD&A)

Management Discussion and Analysis (MD&A) for the year under review, as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is presented as a part of the Corporate Governance Report.

4. Corporate Governance

The Company has 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.

5. Deposits

During the year under review, the Company has not accepted any deposits from the public.

6. Directors

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

The Board of Directors at its meeting held on February 7, 2020 had co-opted Mrs. Shruti A. Shah, as an Additional Director, categorized as an Independent Director, for the term of 5 (Five) consecutive years with effect from February 7, 2020 to February 6, 2025, subject to approval of the members at the ensuing Annual General Meeting.

These appointments / 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.

6.1 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 / non-executive directors.

6.2 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 and Remuneration Policy is available on the website of the Company. (Web-link : <http://www.kalyani-investment.com/financial/policies/>)

6.3 Meetings of the Board

During the Financial Year 2019-20, 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 Report on Corporate Governance that forms part of this Annual Report.

7. 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, 2020, 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, 2020 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, 2020, 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 were adequate and operating effectively.

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

Your Directors have nothing to report on the aforesaid matters as your Company is not engaged in manufacturing, has no foreign collaboration and has not exported or imported any goods or services.

9. Corporate Social Responsibility

As a part of its initiatives under Corporate Social Responsibility (CSR), the Company has undertaken various activities in the areas of education. These activities are carried out in terms of Section 135 read with Schedule VII of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014.

The details of CSR Activities undertaken by the Company are annexed herewith as Annexure "A". The CSR Policy is available on Company's website. (Web-link : <http://www.kalyani-investment.com/financial/policies/>)

10. Related Party Transactions

During the year under review, the Company has not entered into any related party transactions with related parties, in terms of sub-section (1) of Section 188 of the Companies Act, 2013. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website. (Web-link : <http://www.kalyani-investment.com/financial/policies/>)

**11. 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.

12. Audit Committee

As on March 31, 2020, the Audit Committee comprises of Mr.B.B. Hattarki, Chairman of the Committee and Independent Director, Mr.S.K. Adivarekar and Mr.R.K. Goyal, Independent Directors.

All the recommendations made by the Audit Committee were deliberated and accepted by the Board during the Financial Year 2019-20.

13. Auditor and Auditor's Report

M/s P.G. Bhagwat, Chartered accountants, Pune (Firm Registration No.101118W), are the Statutory Auditors of the Company and they hold the office till the conclusion of the Thirteenth 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.

14. 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 2019-20. The Secretarial Audit Report for the Financial Year ended March 31, 2020 is annexed herewith as Annexure "B". 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 Council of the Institute of Company Secretaries of India and approved by Central Government under Section 118(10) of the Companies Act, 2013.

15. 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 "C".

16. Extract of the Annual Return

An extract of the Annual Return of the Company, pursuant to the Section 92(3) of the Companies Act, 2013, in Form MGT-9 is annexed hereto as Annexure "D".

17. 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.kalyani-investment.com/financial/policies/>)

18. 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.

19. Internal Financial Controls

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

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

There are no adverse material changes or commitments occurring after March 31, 2020, which may affect the financial position of the Company or may require disclosure.

21. 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.

22. Familiarization Programme

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. Periodic presentations are made at Board Meetings, Board Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved.

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

23. Subsidiaries, Joint Ventures or Associate Companies

The Company does not have any Subsidiary / Joint Venture.

As on March 31, 2020, the Company has two associates. A statement containing the salient features of the financial statement of the Associate Companies, in the prescribed format AOC-1, is annexed hereto as Annexure "E".

24. 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 "F".

25. Consolidated Financial Statements

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

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

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 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.

27. Acknowledgement

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

For and on behalf of the Board of Directors

Place : Pune

Date : June 26, 2020

Amit B. Kalyani

Chairman



ANNEXURE - A 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]

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

Corporate Social Responsibility (CSR) Policy of the Company emphasize initiatives in specific areas of social development that would include primary, secondary education, skills development, vocational training, health 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.kalyani-investment.com/financial/policies/>)

2. The composition of the CSR Committee :

As on March 31, 2020, CSR Committee consisted of three Directors viz. Mr.B.B. Hattarki, as the Chairman and Mr.S.K. Adivarekar and Mr.R.K. Goyal, as members.

3. Average Net Profit of the Company for last three financial years : ₹ 118.139 Million
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) : ₹ 2.370 Million
5. Details of CSR spent during the Financial Year :
 - a) Total amount spent for the financial year : ₹ 2.370 Million
 - b) Amount unspent, if any : Not Applicable
 - c) Manner in which the amount spent during the financial year is detailed below :

(₹ in Million)

No.	CSR Project or Activity identified	Sector in which the project is covered	Location District (State)	Amount outlay (budget) Project or Programme wise	Amount spent on the Project or Programme	Cumulative Expenditure upto reporting period	Amount spent : Direct or through implementing agency
1	Kalyani School	Education	Pune (Maharashtra)	2.370	2.370	2.370	Through implementing agency

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 : June 26, 2020

Sanjay Yewale

Chief Executive Officer

& Chief Financial Officer

B.B. Hattarki

Chairman, CSR Committee

ANNEXURE - B TO DIRECTORS' REPORT**Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020**

[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 Investment Company 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 Investment Company Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and 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, 2020 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, 2020 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 (not applicable to the Company during the Audit Period);
- (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) The specific laws applicable to the Company :
 - (a) The Reserve Bank of India, Act 1934 (Applicable to the extent being a Core Investment 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 sent at least seven days in advance and a system exists for seeking and obtaining further Information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

For SVD & Associates
Company Secretaries

S.V. Deulkar
Partner

FCS No : 1321

CP No : 965

UDIN : F001321B000367038

Place : Pune

Date : June 26, 2020

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 Investment Company 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 on email to us, 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.

For SVD & Associates
Company Secretaries

S.V. Deulkar
Partner

FCS No : 1321

CP No : 965

UDIN : F001321B000367038

Place : Pune

Date : June 26, 2020

ANNEXURE - C 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.Amit B. Kalyani	0.81
2	Mrs.Deeksha A. Kalyani	0.51
3	Mr.B.B. Hattarki	0.10
4	Mr.R.K. Goyal	N.A.
5	Mr.S.K. Adivarekar	0.20
6	Mr.S.G Joglekar	N.A.
7	Mrs.Shruti A. Shah	N.A.

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

Sr. No.	Name of Director	Remuneration		% increase / (decrease)
		2019-20	2018-19	
1	Mr.Amit B. Kalyani	4.80	4.00	20.00
2	Mrs.Deeksha A. Kalyani	3.00	2.60	15.38
3	Mr.B.B. Hattarki	0.60	0.50	20.00
4	Mr.R.K. Goyal	N.A.	N.A.	N.A.
5	Mr.S.K. Adivarekar	1.20	1.00	20.00
6	Mr.S.G Joglekar	N.A.	N.A.	N.A.
7	Mrs.Shruti A. Shah	N.A.	N.A.	N.A.

Percentage increase in remuneration of Mr.Sanjay Yewale, Chief Executive Officer & Chief Financial Officer is 9.68%.

- c) The percentage increase in the median remuneration of employee(s) in the financial year : 9.68%
- d) The number of permanent employees on the role of the Company as on March 31, 2020 : 2 Employees
- 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 :

Average percentile increase for Salaries of Non-Managerial Personnel – Not Applicable

Percentage increment for Salaries of Managerial Personnel is 9.68%

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

- f) The remuneration paid to Directors is as per the Remuneration Policy of the Company.
- g) Statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee of the Company, who - (i) if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore two lakh rupees; (ii) if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh fifty thousand rupees per month; (iii) if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company :

Sr. 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.Sanjay Yewale, CEO & CFO	11.35*	On deputation from Kalyani Steels Limited	B.Com, MBA	31	30-03-2015	55	Kalyani Steels Limited	—	N.A.
2	Mr.Akshay Chikodkar	0.49	Permanent Employee	B.Com, LL.B., ACS	4	29-10-2018	29	Fabtech Projects and Engineers Limited	—	N.A.

* Remuneration is net of GST.

For and on behalf of the Board of Directors

Place : Pune
Date : June 26, 2020

Amit B. Kalyani
Chairman



KALYANI

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ANNEXURE - D TO DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2020

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

I. REGISTRATION AND OTHER DETAILS :

- i) CIN : L65993PN2009PLC134196
- ii) Registration Date : June 25, 2009
- iii) Name of the Company : Kalyani Investment Company Limited
- iv) Category / Sub-Category of the Company : Public Company / Limited by Shares
- v) Address of the Registered Office and Contact details : Mundhwa, Pune - 411 036
Contact Nos : Phone : 020 - 26715000 / 66215000
Fax : 020 - 26821124
E-mail : investor@kalyani-investment.com
- vi) Whether Listed Company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Link Intime India Private Limited
Block No.202, Akshay Complex
2nd Floor, Off Dhole Patil Road
Near Ganesh Mandir, Pune - 411 001
Phone : 020 - 26161629 / 26160084
Telefax : 020 - 26163503
E-mail : pune@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

All the business activity contributing 10% or more of the total turnover of the Company stated below :

No.	Name and Description of main products / services	NIC Code of the Product / Service	% to Total Turnover of the Company
1	Investments and Loans	—	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	Sundaram Trading and Investment Private Limited, Industry House, S.No.49, Mundhwa, Pune - 411 036	U67110MH1976PTC018904	Holding	60.94	2(46)
2	Hikal Limited 717/718, Maker Chamber V, Nariman Point, Mumbai - 400 021	L24200MH1988PTC048028	Associate	31.36	2(6)
3	Lord Ganesha Minerals Private Limited Industry House, S.No.49, Mundhwa, Pune - 411 036	U14213PN2007PTC129573	Associate	22.50	2(6)
4	Dandakaranya Investment & Trading Private Limited* 1st Floor, Shangrila Garden, Opp Bund Garden, Pune - 411 001	U65993MH1983PTC029066	Associate	23.92	2(6)
5	Hastinapur Investment & Trading Private Limited* 1st Floor, Shangrila Garden, Opp Bund Garden, Pune - 411 001	U65993MH1983PTC029067	Associate	23.92	2(6)
6	Dronacharya Investment & Trading Private Limited* 1st Floor, Shangrila Garden, Opp Bund Garden, Pune - 411 001	U67190MH1983PTC029065	Associate	23.92	2(6)
7	Campanula Investment & Finance Private Limited* 1st Floor, Shangrila Garden, Opp Bund Garden, Pune - 411 001	U65993PN1987PTC045150	Associate	23.91	2(6)
8	Cornflower Investment & Finance Private Limited* 1st Floor, Shangrila Garden, Opp Bund Garden, Pune - 411 001	U65993MH1987PTC045152	Associate	23.91	2(6)

*Refer Note 34 forming part of the Standalone Financial Statements

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

i) Category-wise Share Holding

No.	Category of Shareholders	No. of Shares held at the beginning of the year (01-04-2019)				No. of Shares held at the end of the year (31-03-2020)				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters										
1) Indian										
a) Individuals / HUF		9,473	—	9,473	0.22	9,523	—	9,523	0.22	—
b) Central Govt.		—	—	—	—	—	—	—	—	—
c) State Govt.(s)		—	—	—	—	—	—	—	—	—
d) Bodies Corporates		3,203,512	—	3,203,512	73.38	3,203,512	—	3,203,512	73.38	—
e) Banks / FI's		—	—	—	—	—	—	—	—	—
f) Any other (specify)		—	—	—	—	—	—	—	—	—
Sub-total (A)(1)		3,212,985	—	3,212,985	73.60	3,213,035	—	3,213,035	73.60	—
2) Foreign										
a) NRI- Individual		—	—	—	—	—	—	—	—	—
b) Other Individual		—	—	—	—	—	—	—	—	—
c) Bodies Corporates		—	—	—	—	—	—	—	—	—
d) Banks / FI's		—	—	—	—	—	—	—	—	—
e) Any other (Specify)		—	—	—	—	—	—	—	—	—
Sub-total (A)(2)		—	—	—	—	—	—	—	—	—
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)		3,212,985	—	3,212,985	73.60	3,213,035	—	3,213,035	73.60	—
B. Public Shareholding										
1. Institutions										
a) Mutual Funds		12,805	70	12,875	0.29	12,805	70	12,875	0.29	—
b) Banks / FI's		78	710	788	0.02	85	710	795	0.02	—
c) Central Govt.		—	—	—	—	—	—	—	—	—
d) State Govt.(s)		—	—	—	—	—	—	—	—	—
e) Venture Capital Funds		—	—	—	—	—	—	—	—	—
f) Insurance Companies		—	—	—	—	—	—	—	—	—
g) FI's		—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds		—	—	—	—	—	—	—	—	—
i) Any Other (specify)		—	—	—	—	—	—	—	—	—
(i) Foreign Portfolio Investors		65,572	—	65,572	1.50	22,402	—	22,402	0.51	(0.99)
Sub-total (B)(1)		78,455	780	79,235	1.81	35,292	780	36,072	0.82	(0.99)
2. Non-Institutions										
a) Bodies Corporates										
i) Indian		234,981	900	235,881	5.41	239,468	372	239,840	5.49	0.08
ii) Overseas		—	—	—	—	—	—	—	—	—
b) Individuals										
i) Individual Shareholders holding nominal share capital up to ₹ 1 lakh		611,214	71,309	682,523	15.64	577,135	68,008	645,143	14.79	(0.85)
ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh		88,636	—	88,636	2.04	88,754	—	88,754	2.04	—
c) Any other (specify)										
i) NRI's		16,795	1,161	17,956	0.41	14,311	1,161	15,472	0.35	(0.06)
ii) Foreign Companies/OCB's		—	66	66	—	—	66	66	—	—
iii) Clearing Member		7,091	—	7,091	0.16	93,417	—	93,417	2.15	1.99
iv) HUF		36,357	32	36,389	0.83	28,933	30	28,963	0.66	(0.17)
v) Trust		4,536	8	4,544	0.10	4,536	8	4,544	0.10	—
Sub-total (B)(2)		999,610	73,476	1,073,086	24.59	1,046,554	69,645	1,116,199	25.58	0.99
Total Public Shareholding (B) = (B)(1) + (B)(2)		1,078,065	74,256	1,152,321	26.40	1,081,846	70,425	1,152,271	26.40	—
C. Shares held by Custodian for GDR's & ADR's										
Grand Total (A+B+C)		4,291,050	74,256	4,365,306	100.00	4,294,881	70,425	4,365,306	100.00	—



ii) Shareholding of Promoters

No.	Shareholder's Name	Shareholding at the beginning of the year (01-04-2019)			Shareholding at the end of the year (31-03-2020)			% change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Ajinkya Investment and Trading Company	536,182	12.28	—	536,182	12.28	—	—
2	Sundaram Trading & Investment Private Limited	2,660,074	60.94	—	2,660,074	60.94	—	—
3	Ajinkyatara Trading Company Limited	256	0.01	—	256	0.01	—	—
4	Lohagaon Trading Company Private Limited	7,000	0.16	—	7,000	0.16	—	—
5	Mr.B.N. Kalyani	111	—	—	111	—	—	—
6	Mr.Amit B. Kalyani	3,169	0.07	—	3,169	0.07	—	—
7	Mrs.Sugandha J. Hiremath	678	0.02	—	678	0.02	—	—
8	Mrs.Sunita B. Kalyani	5,414	0.12	—	5,464	0.12	—	—
9	Mrs.Sugandha Hiremath & Mr.Jai Hiremath	101	—	—	101	—	—	—
	Total	3,212,985	73.60	—	3,213,035	73.60	—	—

iii) Change in Promoter's Shareholding

No.	Promoter's Shareholding	Shareholding at the beginning of the year (01-04-2019)		Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the Year	3,212,985	73.60	3,212,985	73.60
	Mrs.Sunita B. Kalyani :				
	Off Market Purchase on 16-04-2019	50	—	3,213,035	73.60
	At the end of the Year	—	—	3,213,035	73.60

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

No.	Name of the Shareholder	Shareholding at the beginning of the year (01-04-2019)		Increase / (Decrease) in Shareholding		Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares	% of total shares of the Company	Date	No. of Shares	No. of Shares	% of total shares of the Company
1.	CITIBANK N.A.**	1,784	0.04	10-05-2019 17-05-2019 24-05-2019 29-06-2019 11-10-2019 31-03-2020	(1,382) 216 (607) 790 (648) 92,847	402 618 11 801 153 93,000	0.01 0.01 — 0.02 — 2.13
2.	Poonawalla Aviation Private Limited**	—	—	29-06-2019 05-07-2019 12-07-2019 09-08-2019	9,450 53,499 10,200 1	9,450 62,949 73,149 73,150	0.22 1.44 1.68 1.68
3.	Oleander Investment Private Limited	47,098	1.08	—	—	47,098	1.08
4.	Hitesh Satishchandra Doshi	42,499	0.97	—	—	42,499	0.97
5.	Bhavana Govindbhai Desai	27,500	0.63	—	—	27,500	0.63
6.	JM Financial Services Limited	17,129	0.39	05-04-2019 12-04-2019 19-04-2019 26-04-2019 03-05-2019 10-05-2019 17-05-2019 07-06-2019 14-06-2019 12-07-2019 09-08-2019 16-08-2019 23-08-2019 20-09-2019 18-10-2019 25-10-2019 08-11-2019 15-11-2019 22-11-2019 29-11-2019 06-12-2019 20-12-2019 27-12-2019 31-12-2019 03-01-2020 10-01-2020 17-01-2020 24-01-2020 13-03-2020	97 (182) 493 1,464 100 (100) 2,553 (21,354) (87) (111) 5,211 (2,839) (2,334) 2 5,550 (5,580) 118 (6) (112) 9 (9) 41 (41) 10,372 (125) 2,730 (2,718) 644 12,733	17,226 17,044 17,537 19,001 19,101 19,001 21,554 200 113 2 5,213 2,374 40 42 5,592 12 130 124 12 21 12 53 12 10,384 10,259 12,989 10,271 10,915 23,648	0.39 0.39 0.40 0.44 0.44 0.44 0.49 — — — 0.12 0.05 — — 0.13 — — — — — — — — 0.24 0.24 0.30 0.24 0.25 0.54



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

No.	Name of the Shareholder	Shareholding at the beginning of the year (01-04-2019)		Increase / (Decrease) in Shareholding		Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares	% of total shares of the Company	Date	No. of Shares	No. of Shares	% of total shares of the Company
7.	Ravi Ramesh Rohira	16,432	0.38	05-04-2019	(121)	16,311	0.37
				03-05-2019	527	16,838	0.39
				10-05-2019	(2)	16,836	0.39
				17-05-2019	(88)	16,748	0.38
				31-05-2019	(10)	16,738	0.38
				07-06-2019	(104)	16,634	0.38
				14-06-2019	(13)	16,621	0.38
				16-08-2019	(20)	16,601	0.38
				13-09-2019	(1)	16,600	0.38
				27-09-2019	(50)	16,550	0.38
				13-12-2019	1	16,551	0.38
				17-01-2020	(1)	16,550	0.38
8.	Premier Investment Fund Limited	14,106	0.32	—	—	14,106	0.32
9.	Anmol Sekhri	14,249	0.33	27-03-2020	(876)	13,373	0.31
10.	Franklin India Opportunities Fund	12,795	0.29	—	—	12,795	0.29
11.	Metrica Asia Event Driven Master Fund*	47,055	1.08	05-04-2019	1,117	48,172	1.10
				12-04-2019	2,481	50,653	1.16
				19-04-2019	622	51,275	1.17
				26-04-2019	2,044	53,319	1.22
				03-05-2019	1,285	54,604	1.25
				10-05-2019	1,711	56,315	1.29
				17-05-2019	323	56,638	1.30
				24-05-2019	628	57,266	1.31
				31-05-2019	1,215	58,481	1.34
				07-06-2019	2,162	60,643	1.39
				14-06-2019	1,442	62,085	1.42
				21-06-2019	1,856	63,941	1.46
				29-06-2019	(882)	63,059	1.44
				05-07-2019	261	63,320	1.45
				12-07-2019	1,177	64,497	1.48
				19-07-2019	667	65,164	1.49
				26-07-2019	1,946	67,110	1.54
				02-08-2019	2,616	69,726	1.60
				09-08-2019	1,525	71,251	1.63
				16-08-2019	51	71,302	1.63
				23-08-2019	764	72,066	1.65
				30-08-2019	2,039	74,105	1.70
				06-09-2019	3,187	77,292	1.77
				13-09-2019	1,082	78,374	1.80
				20-09-2019	1,751	80,125	1.84
				27-09-2019	(208)	79,917	1.83
				30-09-2019	82	79,999	1.83
				04-10-2019	1,332	81,331	1.86
				11-10-2019	(145)	81,186	1.86
				18-10-2019	550	81,736	1.87
				25-10-2019	253	81,989	1.88
				01-11-2019	304	82,293	1.89
				08-11-2019	(301)	81,992	1.88
				15-11-2019	(4)	81,988	1.88
				22-11-2019	392	82,380	1.89
				29-11-2019	54	82,434	1.89
				06-12-2019	389	82,823	1.90

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

No.	Name of the Shareholder	Shareholding at the beginning of the year (01-04-2019)		Increase / (Decrease) in Shareholding		Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares	% of total shares of the Company	Date	No. of Shares	No. of Shares	% of total shares of the Company
				20-12-2019	1,184	84,007	1.92
				27-12-2019	1,278	85,285	1.95
				31-12-2019	1,276	86,561	1.98
				03-01-2020	1,554	88,115	2.02
				17-01-2020	403	88,518	2.03
				24-01-2020	21	88,539	2.03
				31-01-2020	391	88,930	2.04
				07-02-2020	453	89,383	2.05
				14-02-2020	281	89,664	2.05
				28-02-2020	683	90,347	2.07
				06-03-2020	51	90,398	2.07
				13-03-2020	476	90,874	2.08
				20-03-2020	2,340	93,214	2.14
				27-03-2020	632	93,846	2.15
				31-03-2020	(93,000)	846	0.02
12.	Sadguru Investment And Trading Co.*	72,845	1.67	29-06-2019	(40,000)	32,845	0.75
				06-07-2019	(32,845)	—	—

* Ceased to be in the list of Top 10 shareholders as on 31-03-2020. The same has been reflected above since the shareholders were one of the Top 10 shareholders as on 01-04-2019.

** Not in the list of Top 10 shareholders as on 01-04-2019. The same has been reflected above since the shareholders were one of the Top 10 shareholders as on 31-03-2020.

v) Shareholding of Directors and Key Managerial Personnel

No.	Name of Director / Key Managerial Personnel	Shareholding at the beginning of the year (01-04-2019)		Increase / (Decrease) in Shareholding		Cumulative Shareholding during the year (01-04-2019 to 31-03-2020)	
		No. of Shares	% of total shares of the Company	Date	No. of Shares	No. of Shares	% of total shares of the Company
1	Mr.Amit B. Kalyani	3,169	0.07	—	—	3,169	0.07
2	Mr.Sanjay Yewale, CEO & CFO	20	—	—	—	20	—

Mr.Akshay Chikodikar, Company Secretary, does not hold any shares in the Company at the beginning of the year as well as at the end of the year. He has neither acquired, nor sold any shares during the period under review.



V. INDEBTEDNESS :

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

(₹ in Million)

	Secured Loans excluding Deposits	Unsecured Loans	Deposit	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	—	—	—	—
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i + ii + iii)	—	—	—	—
Change in Indebtedness during the financial year				
i) Addition	—	—	—	—
ii) Reduction	—	—	—	—
Net Change	—	—	—	—
Indebtedness at the end of the financial year				
i) Principal Amount	—	—	—	—
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i + ii + iii)	—	—	—	—

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL :

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

(₹ in Million)

No.	Particulars of Remuneration	Name of Directors	Total Amount
1.	Gross Salary		
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	—	—
b)	Value of Perquisites u/s 17(2) of the Income Tax Act, 1961	—	—
c)	Profits in lieu of Salary u/s 17(3) of the Income Tax Act, 1961	—	—
2.	Stock Option	—	—
3.	Sweat Equity	—	—
4.	Commission		
	- As % of profit	—	—
	- Others, specify	—	—
5.	Others, please specify	—	—
	Total (A)	—	—
	Ceiling as per the Act	—	—

B. Remuneration to other Directors

(₹ in Million)

No.	Particulars of Remuneration	Name of Directors		Total Amount
	Independent Directors	Mr.B.B. Hattarki	Mr.S.K. Adivarekar	
a)	Fee for attending Board / Committee meetings	—	—	—
b)	Commission	0.60	1.20	1.80
c)	Others, please specify	—	—	—
	Total (1)	0.60	1.20	1.80
	Other Non-Executive Directors	Mr.Amit B. Kalyani	Mrs.Deeksha A. Kalyani	
a)	Fee for attending Board / Committee meetings	—	—	—
b)	Commission	4.80	3.00	7.80
c)	Others, please specify	—	—	—
	Total (2)	4.80	3.00	7.80
	Total (B) = (1 + 2)			9.60
	Total Managerial Remuneration			9.60
	Overall Ceiling as per the Act			13.40

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

(₹ in Million)

		Key Managerial Personnel		
		Mr.Sanjay Yewale CEO & CFO*	Mr.Akshay Chikodikar Company Secretary	Total
1.	Gross Salary			
a)	Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	**11.35	0.49	11.84
b)	Value of Perquisites u/s 17(2) of the Income Tax Act, 1961	—	—	—
c)	Profits in lieu of Salary u/s 17(3) of the Income Tax Act, 1961	—	—	—
2.	Stock Option	—	—	—
3.	Sweat Equity	—	—	—
4.	Commission			
	- As % of profit	—	—	—
	- Others, specify	—	—	—
5.	Others, please specify	—	—	—
Total		11.35	0.49	11.84

* On deputation from Kalyani Steels Limited.

** Remuneration is net of GST.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCE :

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

For and on behalf of the Board of Directors

Place : Pune

Date : June 26, 2020

Amit B. Kalyani

Chairman



KALYANI

11th Annual Report 2019-2020

ANNEXURE - E 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

Not Applicable

Part "B" : Associates and Joint Ventures

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

	Name of Associate	Hikal Limited	Lord Ganesha Minerals Private Limited
1.	Latest Audited Balance Sheet Date	31-03-2020	31-03-2020
2.	Date on which the Associate or Joint Venture was associated or acquired	#October 1, 2009	September 26, 2011
3.	Shares of Associate held by the Company on the year end		
	No.	38,667,375	450,000
	Amount of Investment in Associates	₹ 65.61 Million	₹ 55.19 Million
	Extent of Holding %	31.36%	22.50%
4.	Description of how there is significant influence	Note - A	Note - A
5.	Reason why the associate is not consolidated	Consolidated	Consolidated
6.	*Networth attributable to Shareholding as per latest Audited Balance Sheet	₹ 2,560.54 Million	₹ (32.75) Million
7.	Profit / Loss for the year		
	Considered in Consolidation	₹ 264.36 Million	—
	Not Considered in Consolidation	—	₹ (25.31) Million

Acquired pursuant to Scheme of Arrangement between the Company, Kalyani Steels Limited, Chakrapani Investments & Trades Limited, Surajmukhi Investment & Finance Limited and Gladiolla Investments Limited.

* Networth is considered as per consolidated financial statement of the investee company wherever consolidated financial statements have been prepared.

Notes :

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

On behalf of the Board of Directors

Place : Pune
Date : June 26, 2020

Akshay Chikodikar
Company
Secretary

Sanjay Yewale
Chief Executive Officer &
Chief Financial Officer

Amit B. Kalyani
Chairman

R.K. Goyal
Director

**ANNEXURE – F 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	: L65993PN2009PLC134196
2. Name of the Company	: Kalyani Investment Company Limited
3. Registered address	: Mundhwa, Pune – 411 036
4. Website	: www.kalyani-investment.com
5. E-mail id	: investor@kalyani-investment.com
6. Financial Year reported	: 2019-20
7. Sector(s) that the Company is engaged in (industrial activity code-wise)	: Investment Activity
8. List three key products / services that the Company manufactures / provides (as in balance sheet)	: The Company is a Non Deposit taking Core Investment Company, as defined in the Core Investment Companies (Reserve Bank) Directions, 2011
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	: The Company operates from one location i.e. from its Registered Office situated at Mundhwa, Pune – 411 036
10. Markets served by the Company – Local / State / National / International	: Refer Point No.8 and 9 above
SECTION B : FINANCIAL DETAILS OF THE COMPANY	
1. Paid up Capital (INR)	: ₹ 43.65 Million
2. Total Turnover (INR)	: ₹ 469.48 Million
3. Total profit after taxes (INR)	: ₹ 426.17 Million
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	: 2% of the average net profits of the Company for the last three financial years was spent towards Corporate Social Responsibility during year 2019-20.
5. List of activities in which expenditure in 4 above has been incurred	: Promotion of education
SECTION C : OTHER DETAILS	
1. Does the Company have any Subsidiary Company / Companies?	: No.
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)	: Not Applicable
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%]	: No
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	: Director
b. Details of BR head :	
DIN	: 03050193
Name	: Mr.R.K. Goyal
Designation	: Director
Telephone No.	: 020-66215000
E-mail ID	: rkgoval@kalyanisteels.com



2. 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?

BR Report is published as a part of Annual Report 2019-20 for the first time.

SECTION E : PRINCIPLE-WISE PERFORMANCE**Preface**

As mandated by the Securities and Exchange Board of India (SEBI), India's top 1,000 listed entities based on market capitalization on the BSE Limited and National Stock Exchange of India Limited, are required to submit a 'Business Responsibility Report (BRR)' along with their Annual Report for 2019-20. This report is required to be in line with 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs)', as released by the Ministry of Corporate Affairs in July 2011.

Kalyani Investment Company Limited ('Company'), to whom the said requirement became applicable for the first time in 2019-20, presents its first BRR in line with the NVGs and the BRR requirement of SEBI. The business responsibility performance of the Company will be assessed annually by the Company's Board of Directors.

The Company is a Core Investment Company holding more than 90% of its assets in the form of investments in shares of or debts in Group Companies. The thrust of business is to hold and continue to hold securities in Kalyani Group Companies.

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

The Company practices its business with high standards of corporate governance, adhering to all applicable guidelines and gives transparent disclosures about the Company's performance. As the investment company of the Kalyani Group, the values of ethics, transparency and accountability are embedded into its daily operations.

The Company has a Code of Conduct for the Company's Directors and Senior Management. A declaration of compliance with the code of conduct by the directors and senior management, is communicated to all stakeholders by the Chairman in the Report on Corporate Governance.

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism for reporting illegal / unethical behaviour. The Company has vigil mechanism named 'Whistle Blower Policy', wherein the employees / directors can report the instances of unethical behaviour, actual or suspected fraud or any violation of the Code of Conduct and / or laws applicable to the Company and seek redressal.

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

The Company is a Core Investment Company and the thrust of business is to hold and continue to hold securities in Kalyani Group Companies. The Company is not engaged in any manufacturing activity or providing services under the purview of BRR.

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

As of March 31, 2020, the Company has two employees. There are no contractual employees and no employees with disabilities in the Company. There is no employees association.

Employees are encouraged to participate in various skill development programmes, as a part of their professional and skill development.

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

The Company has identified its internal and external stakeholders. There are no stakeholders who are disadvantaged, marginalized and vulnerable, to the extent information available with the Company.

The Company is an equal opportunity employer and ensures that its remuneration practices are based on merit, irrespective of the person's ethnic background or gender. In addition, the Company practices affirmative action and ensures there is no discrimination of any type against socially disadvantaged sections at the work place.

Principle 5 : Businesses should respect and promote human rights.

The Company respects the human rights of all its internal and external stakeholders and ensures compliance with applicable laws pertaining to human rights. The Company has not received any complaint relating to violation of human rights during the financial year under review.

Principle 6 : Business should respect, protect and make efforts to restore the environment.

The Company is dedicated to manage its business in a manner that preserves the environment. As a Core Investment Company with no direct customers / vendors etc. and small number of employees, the Company does not have any significant direct environmental impact.

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

The Company actively participates in putting forward its views on the setting of new industry benchmarks or regulatory developments pertaining to core investment companies.

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

Please refer to the Annual Report on CSR activities forming part of the Annual Report 2019-20.

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

Being a Core Investment Company, the Company does not have any direct customers or consumers under the scope of this BRR.

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Kalyani Investment Company Limited

Report on the Audit of the Standalone Indian Accounting Standards (Ind AS) Financial Statements

Opinion

We have audited the Standalone Ind AS Financial Statements of Kalyani Investment Company Limited ("the Company"), which comprise the balance sheet as at March 31, 2020 and the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, hereinafter referred to as 'the Standalone Ind AS Financial Statements'.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the standalone state of affairs of the Company as at March 31, 2020 and its standalone profit (including Other Comprehensive Income), standalone changes in equity and its standalone 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS 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 Ind AS Financial Statements under the provisions of the Companies Act, 2013 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 we have obtained 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 Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Key Audit Matter : The Company has investments of ₹ 18,689.33 Million as at March 31, 2020. Refer Note No. 6 in the Financial Statements. Since this is a NBFC & making investments is a usual activity, we have suggested that a written Policy should be made regarding criteria & methodology of making investments & determining the impairment, if any, of these investments. We draw the attention to Note 1(A), regarding the Company's Accounting Policy on Financial Instruments.

Response to Key Audit Matter : Audit procedures carried out by auditors : We have seen the Board approvals for the investments made during the year. We have obtained the verification of confirmation of these investments as at March 31, 2020. We have verified the investments physically and verified the valuation as at the balance sheet date.

The above mentioned factors have been appropriately considered by us and based on the work performed and the evidence obtained we consider the accounting treatment is appropriate.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report to the members & Annexures thereto and Report on Corporate Governance, but does not include the Standalone Ind AS Financial Statements and our Auditor's report thereon. Our opinion on the Standalone Ind AS 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 Ind AS 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 Ind AS 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 Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the standalone Ind AS financial position, standalone Ind AS financial performance, standalone Ind AS changes in equity and standalone Ind AS cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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 Ind AS 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 Ind AS Financial Statements, 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. The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Standalone Ind AS 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 Ind AS 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 Ind AS 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 Companies act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system with reference to financial statements 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 Ind AS 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Ind AS Financial Statements, including the disclosures and whether the Standalone Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit and significant audit findings, including significant deficiencies, if any, 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 Ind AS 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.

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 Companies Act, 2013, 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, we report that :
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income) and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Standalone Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 financial statements of the Company 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.
 - (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. As informed to us by the management, the Company did not have any pending litigations which would have impact on its financial position;
 - ii. As informed to us by the management, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Sanjay Athavale
Partner
Membership No.83374
UDIN : 20083374AAAACB5372

Place : Pune
Date : June 26, 2020

**ANNEXURE "A" TO THE AUDITOR'S REPORT**

Referred to in paragraph 1 of the Independent Auditor's Report of even date to the members of Kalyani Investment Company Limited on the Standalone Ind AS Financial Statements as of and for the year ended March 31, 2020

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the Management at reasonable intervals, during the financial year. According to the information and explanations given to us, no discrepancies were noticed on physical verification of the fixed assets.
- (c) The Company does not own any immovable properties.
- (ii) As explained to us, the Company did not hold any physical inventories during the financial year covered by this report. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans in contravention of Section 185 of the Companies Act, 2013. The Company has complied with the provisions of Section 186 of the Act, with respect to the loans and guarantees given, securities provided or investments made.
- (v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed, thereunder.
- (vi) Requirement to maintain cost records under sub-section (1) of Section 148 of the Companies Act, 2013, does not apply to the Company.
- (vii) (a) According to the records of the Company, the Company was found to be regular in depositing undisputed statutory dues applicable to it, including income tax, GST, service tax, cess and any other statutory dues to the appropriate authorities. As explained to us by the Management, the provisions of the Employees' State Insurance Act, 1948 and the Employees' Provident Fund and Miscellaneous Provisions Act, 1952, do not apply to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, service tax, GST and any other statutory dues were outstanding as at March 31, 2020, for a period of more than six months from the date those became payable.
- (b) According to the records of the Company, there are no dues of income tax or service tax or GST, which have not been deposited on account of any dispute.
- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) Based upon the audit procedures performed and the information and explanations given by the Management, we report that no fraud by the Company or no fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) Managerial remuneration for the year has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the records of the Company and according to the information and explanations given to us, transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 wherever applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) As informed to us, the Company is not required to obtain Certificate of Registration under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Sanjay Athavale
Partner
Membership No.83374
UDIN : 20083374AAAACB5372

Place : Pune
Date : June 26, 2020

**ANNEXURE “B” TO THE AUDITOR’S REPORT****Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls with reference to financial statements of Kalyani Investment Company Limited (“the Company”) as of March 31, 2020, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (‘ICAI’). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to 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, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were 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 financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A Company’s internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control with reference to 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 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 Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial control with reference to 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, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Sanjay Athavale
Partner

Membership No.83374
UDIN : 20083374AAAACB5372

Place : Pune

Date : June 26, 2020



KALYANI

11th Annual Report 2019-2020

BALANCE SHEET AS AT MARCH 31, 2020

		(₹ in Million)	
		As at	As at
		March 31, 2020	March 31, 2019
	Notes		
ASSETS			
Financial Assets			
(a) Cash and cash equivalents	3	1.71	0.98
(b) Bank balances other than (a) above	4	244.90	—
(c) Loans	5	—	—
(d) Investments	6	18,689.33	36,519.29
(e) Other financial assets	7(a)	100.00	0.50
	Total	<u>19,035.94</u>	<u>36,520.77</u>
Non-Financial Assets			
(a) Other current assets	7(b)	7.97	—
(b) Property, Plant and Equipment	8	5.27	6.26
(c) Assets for current tax (net)	9	2.32	0.11
	Total	<u>15.56</u>	<u>6.37</u>
Total Assets		<u>19,051.50</u>	<u>36,527.14</u>
LIABILITIES AND EQUITY			
Liabilities			
Financial Liabilities			
(a) Trade payables	10	—	—
Total outstanding dues of micro enterprises and small enterprises		—	—
Total outstanding dues of creditors other than micro enterprises and small enterprises		2.01	1.45
(b) Other financial liabilities	11	10.34	9.60
	Total	<u>12.35</u>	<u>11.05</u>
Non-Financial Liabilities			
(a) Provisions	12	0.02	0.01
(b) Deferred tax liabilities (Net)	13	29.28	26.79
(c) Other non-financial liabilities	14	0.45	1.43
	Total	<u>29.75</u>	<u>28.23</u>
Equity			
(a) Share capital	15	43.65	43.65
(b) Other equity			
(i) Reserves & Surplus	16	18,965.75	36,444.21
	Total	<u>19,009.40</u>	<u>36,487.86</u>
Total Liabilities and Equity		<u>19,051.50</u>	<u>36,527.14</u>
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 M/s. P. G. Bhagwat
Firm Registration No.101118W
Chartered Accountants

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Akshay Chikodikar
Company Secretary

Sanjay Yewale
Chief Executive Officer
& Chief Financial Officer

Amit B. Kalyani
Chairman
R. K. Goyal
Director

Place : Pune
Date : June 26, 2020

Place : Pune
Date : June 26, 2020

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Million)

		Year Ended March 31, 2020	Year Ended March 31, 2019
	Notes		
Revenue from Operations			
(i) Dividend income	17	456.02	363.59
(ii) Net gain on fair value changes	18	13.46	1.61
		<u>469.48</u>	<u>365.20</u>
Other Income	19	13.84	0.07
Total Income		<u>483.32</u>	<u>365.27</u>
Expenses			
(a) Employee benefits expense	20	13.90	12.73
(b) Depreciation	21	0.98	0.97
(c) Other expenses	22	38.55	21.07
Total expenses		<u>53.43</u>	<u>34.77</u>
Profit before exceptional items and tax		<u>429.89</u>	<u>330.50</u>
Exceptional items		—	—
Profit before tax		<u>429.89</u>	<u>330.50</u>
Tax expense	23		
Current tax		4.85	0.02
Deferred tax expense		3.65	0.35
Taxation in respect of earlier years		(4.78)	—
Total Tax expense		<u>3.72</u>	<u>0.37</u>
Profit for the year		<u>426.17</u>	<u>330.13</u>
Other comprehensive income, net of income tax			
A. Items that will not be reclassified to profit or loss			
- Changes in fair value of FVTOCI equity investment		(17,905.78)	(13,417.82)
- Tax on above		1.15	94.38
Total other comprehensive income for the year		<u>(17,904.63)</u>	<u>(13,323.44)</u>
Total comprehensive income for the year		<u>(17,478.46)</u>	<u>(12,993.31)</u>
Earnings per share (of ₹ 10/- each) :	24		
Basic & Diluted		97.63	75.62

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

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Akshay Chikodikar
Company Secretary

Sanjay Yewale
Chief Executive Officer
& Chief Financial Officer

Amit B. Kalyani
Chairman
R. K. Goyal
Director

Place : Pune
Date : June 26, 2020

Place : Pune
Date : June 26, 2020



KALYANI

11th Annual Report 2019-2020

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A. Equity Share Capital

(₹ in Million)

Particulars	Notes	No. of shares	Amount
As at April 1, 2018	15	4,365,306	43.65
Changes in equity share capital		—	—
As at April 1, 2019	15	4,365,306	43.65
Changes in equity share capital		—	—
As at March 31, 2020	15	4,365,306	43.65

B. Other Equity

(₹ in Million)

Particulars	Notes	Reserves and Surplus				Other reserve	Total
		Retained Earnings	General reserve	Statutory Reserve Fund	Capital Redemption reserve	FVTOCI equity investment reserve	
As at April 1, 2018	16	367.46	2,146.65	223.03	576.00	46,124.38	49,437.52
Profit for the year		330.13	—	—	—	—	330.13
Other Comprehensive Income (net of tax) :							
Changes in fair value of equity instruments		—	—	—	—	(13,323.44)	(13,323.44)
Total Comprehensive Income for the year		330.13	—	—	—	(13,323.44)	(12,993.31)
Transferred to Statutory reserve fund during the year	16	(67.76)	—	67.76	—	—	—
As at March 31, 2019		629.83	2,146.65	290.79	576.00	32,800.94	36,444.21

(₹ in Million)

Particulars	Notes	Reserves and Surplus				Other reserve	Total
		Retained Earnings	General reserve	Statutory Reserve Fund	Capital Redemption reserve	FVTOCI equity investment reserve	
As at April 1, 2019	16	629.83	2,146.65	290.79	576.00	32,800.94	36,444.21
Profit for the year		426.17	—	—	—	—	426.17
Other Comprehensive Income (net of tax) :							
Changes in fair value of equity instruments		—	—	—	—	(17,904.63)	(17,904.63)
Total Comprehensive Income for the year		426.17	—	—	—	(17,904.63)	(17,478.46)
Transferred to Statutory reserve fund during the year	16	(85.23)	—	85.23	—	—	—
As at March 31, 2020		970.77	2,146.65	376.02	576.00	14,896.31	18,965.75

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

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Akshay Chikodikar
Company Secretary

Sanjay Yewale
Chief Executive Officer
& Chief Financial Officer

Amit B. Kalyani R. K. Goyal
Chairman Director

Place : Pune
Date : June 26, 2020

Place : Pune
Date : June 26, 2020

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Million)

	Year ended March 31, 2020	Year ended March 31, 2019
A) Cash Flows from Operating Activities		
Profit before income tax	429.89	330.50
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation	0.98	0.97
Profit on sale of investments	(3.29)	(0.07)
Net gain on fair value changes	(13.46)	(1.61)
Impairment of investment	15.66	—
Provision no longer required	(1.70)	—
Cash Generated from Operations before working capital changes	428.08	329.79
Adjustments for changes in working capital		
Increase / (Decrease) in provisions	0.01	(0.01)
Increase / (Decrease) in trade payables	2.17	0.50
Increase / (Decrease) in other financial liabilities	0.74	9.17
Increase / (Decrease) in other current liabilities	(0.98)	1.12
(Increase) / Decrease in other financial assets	(344.40)	—
(Increase) / Decrease in other current assets	(7.97)	—
Cash generated from Operations	77.65	340.57
Income taxes paid (net of refunds)	(2.21)	(0.68)
Net Cash from Operating Activities	75.44	339.89
B) Cash Flows from Investing Activities		
(Purchase) / Sale of shares	(132.00)	(139.87)
(Purchase) / Sale of mutual funds	57.29	(218.00)
Net Cash Flows from Investing Activities	(74.71)	(357.87)
C) Cash Flows from Financing Activities		
Net Cash Flows from Financing Activities	—	—
Net increase / (decrease) in cash and cash equivalents	0.73	(17.98)
Cash and cash equivalents at the beginning of the year (refer Note 3)	0.98	18.96
Cash and cash equivalents at the end of the year (refer Note 3)	1.71	0.98

This statement has been prepared under the indirect method as set out in Ind AS 7 - Statement of Cash Flows.

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

On behalf of the Board of Directors

Sanjay Athavale
 Partner
 Membership No.83374

Akshay Chikodikar
 Company Secretary

Sanjay Yewale
 Chief Executive Officer
 & Chief Financial Officer

Amit B. Kalyani
 Chairman
 R. K. Goyal
 Director

Place : Pune
 Date : June 26, 2020

Place : Pune
 Date : June 26, 2020

**NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS**

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

Background

Kalyani Investment Company Limited ("the Company") is a public limited company domiciled in India and incorporated in June, 2009 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 making investments in group companies. The Registered Office of the Company is located at Mundhwa, Pune - 411 036. The CIN of the Company is L65993PN2009PLC134196.

These standalone financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorized for issue on June 26, 2020.

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.

(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 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.

(iv) Amended standards adopted by the Company

The Company applied Ind AS 116 Leases for the first time with effect from April 1, 2019. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending March 31, 2020, but do not have an impact on the standalone financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective / notified.

Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases in the balance sheet. Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

The Company adopted Ind AS 116 using the full retrospective method of adoption, with the date of initial application on April 1, 2019. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains, a lease at April 1, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases) and lease contracts for which the underlying asset is of low value (low-value assets). Accordingly, the Company has tested the lease contracts and has found all the lease contracts fall under the exemptions mentioned above. This amendment will not have any impact as the Company does not have any leases.

(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 Investments. 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 impact of COVID 19 on the Company's financial statements may differ from the estimated as at the date of approval of these financial statements.

(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 32 for segment information presented.

(d) Foreign currency transaction

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.

(e) 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.

(f) 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.

(g) Taxes

Current 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.



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

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 associates, 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 associates, 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.

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.

(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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

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 standalone 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 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) Investment in associate

Investment in associate are accounted at cost less accumulated impairment.

(k) 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.

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

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.

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.

(l) 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 equity.

(m) 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.

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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

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

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.

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.

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

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.

(n) 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 an new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

(o) 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.

(p) 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 directly attributable costs relating to the acquisition and installation of property, plant and equipment are capitalized. All 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.

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.

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, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(q) 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.

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

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 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.

(r) 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.

(s) 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.

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.

(t) 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) 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 liability (asset) and re-measurements of the net defined benefit liability (asset) in the statement of profit and loss.

Provident Fund

The Company operates single plan 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) :****(iii) 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.

(u) 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.

(v) 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.

(w) Dividend liability

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.

(x) 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.

(y) 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

Exposure draft on amendments to following standards have been issued by the Institute of Chartered Accountants of India :

1. Ind AS 1 "Presentation of Financial Statements" and Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
2. Ind AS 40, "Investment Property"
3. Ind AS 103, "Business Combinations"
4. Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments : Disclosure"

However, such exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from April 1, 2020 as at the date of approval of these financial statements.

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

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

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.

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 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 26.

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. Judgements 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 28 for further disclosures.



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NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

NOTE 3 : CASH AND CASH EQUIVALENTS

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Balances with Banks		
In current accounts	1.71	0.98
Total	1.71	0.98

NOTE 4 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Term deposits with original maturity of more than three months but less than twelve months	244.90	—
Total	244.90	—

NOTE 5 : LOANS

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
(A) Loans		
(i) Inter-corporate deposit	50.00	50.00
Total (A) - Gross	50.00	50.00
Less : Impairment loss allowance	(50.00)	(50.00)
Total (A) - Net	—	—
(B) Others		
(i) Unsecured (Other receivable)	0.07	0.07
Total (B) - Gross	0.07	0.07
Less : Impairment loss allowance	(0.07)	(0.07)
Total (B) - Net	—	—
(C) Loans in India	50.07	50.07
Total (C) - Gross	50.07	50.07
Less : Impairment loss allowance	(50.07)	(50.07)
Total (C) - Net	—	—
Total (A + B) - Net	—	—

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

NOTE 6 : INVESTMENTS

Investments	Number of Shares / debentures / units		Face Value	March 31, 2020				March 31, 2019			
	March 31, 2020	March 31, 2019		At Cost	Through other comprehensive income	Through profit or loss	Total	At Cost	Through other comprehensive income	Through profit or loss	Total
Mutual Funds											
HDFC Liquid Fund - Growth	22,561	64,157	1,000	—	—	87.62	87.62	—	—	234.83	234.83
HDFC Money Market Fund - Growth	24,356	—	1,000	—	—	101.66	101.66	—	—	—	—
Total Mutual Funds	—	—	—	—	—	189.28	189.28	—	—	234.83	234.83
Equity Shares											
Equity Shares of BF Utilities Limited	6,195,046	6,195,046	5	—	891.78	—	891.78	—	1,214.54	—	1,214.54
Equity Shares of Dandakaranya Investment and Trading Limited	22,005	22,005	100	—	—	—	—	—	—	—	—
Equity Shares of Hastinapur Investment and Trading Limited	22,005	22,005	100	—	—	—	—	—	—	—	—
Equity Shares of Dronacharya Investment and Trading Limited	22,005	22,005	100	—	—	—	—	—	—	—	—
Equity Shares of Campanula Investment and Finance Limited	220,000	220,000	10	—	—	—	—	—	—	—	—
Equity Shares of Cornflower Investment and Finance Limited	220,000	220,000	10	—	—	—	—	—	—	—	—
Equity Shares of Triumphant Special Alloys Private Limited	245,000	245,000	10	—	—	—	—	—	—	—	—
Equity Shares of Bharat Forge Limited	63,312,190	63,312,190	2	—	14,821.38	—	14,821.38	—	32,441.17	—	32,441.17
Equity Shares of KSL Holdings Private Limited	5,001,000	5,001,000	10	—	1,150.23	—	1,150.23	—	1,065.21	—	1,065.21
Equity Shares of Saarloha Advanced Materials Private Limited	2,930,218	2,930,218	10	—	842.47	—	842.47	—	913.82	—	913.82
Equity Shares of Khed Economic Infrastructure Private Limited	15,111,147	15,111,147	10	—	252.66	—	252.66	—	229.54	—	229.54
Total Equity Shares	—	—	—	—	17,958.52	—	17,958.52	—	35,864.28	—	35,864.28
Equity Shares in Associates											
Equity Shares of Hikal Limited	38,667,375	38,667,375	2	65.61	—	—	65.61	65.61	—	—	65.61
Equity Shares of Lord Ganesha Minerals Private Limited	450,000	450,000	10	—	—	—	—	—	—	—	—
Total Equity Shares in associates	—	—	—	65.61	—	—	65.61	65.61	—	—	65.61



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NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

NOTE 6 : INVESTMENTS (Continued)

(₹ in Million)

Investments	Number of Shares / debentures / units		Face Value	March 31, 2020			March 31, 2019		
				At Cost	At fair value		At Cost	At fair value	
	March 31, 2020	March 31, 2019			Through other comprehensive income	Through profit or loss		Through other comprehensive income	Through profit or loss
Preference Shares									
Preference Shares of Sundaram Trading and Investment Private Limited	35,000	35,000	100	—	—	3.50	—	—	3.50
Preference Shares of Lord Ganesha Minerals Private Limited	9,000,000	9,000,000	10	—	—	15.66	—	—	15.66
Preference Shares of Baranati Speciality Steels Limited	47,500,000	47,500,000	10	—	—	107.37	—	—	97.60
Preference Shares of Kalyani Mining Venture Private Limited	2,030,000	2,030,000	10	—	—	—	—	—	—
Preference Shares of Kalyani Technoforge Limited	39,684,973	26,484,973	10	—	—	365.05	—	—	237.81
Total Preference Shares				—	—	491.58	—	—	354.57
Less : Allowance for impairment loss for Preference Shares				—	—	15.66	—	—	—
Total Preference Shares				—	—	475.92	—	—	354.57
Others (debentures)									
0% Fully convertible debentures (FCD) of Azalea Enterprises Private Limited	725,000	725,000	100	—	—	—	—	—	—
Total Debentures				—	—	—	—	—	—
Total - Gross (A)				65.61	17,958.52	665.20	65.61	35,864.28	589.40
(i) Investments outside India				—	—	—	—	—	—
(ii) Investments in India				65.61	17,958.52	665.20	65.61	35,864.28	589.40
Total (B)				65.61	17,958.52	665.20	65.61	35,864.28	589.40
Total Investments				65.61	17,958.52	665.20	65.61	35,864.28	589.40

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :**Refer notes on Investments below :**

35,000 - 12% Non-Cumulative Redeemable "C" Preference Shares of ₹ 100/- each fully paid up of Sundaram Trading and Investment Private Limited are redeemable on or before July 26, 2027.

9,400,000 - 8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid up of Baramati Speciality Steels Limited are redeemable at the end of 20 years from the date of allotment, i.e. on March 28, 2033, with an option to the said Company to redeem the said shares in one or more tranches at any time on or after September 28, 2013.

5,100,000 - 8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid up of Baramati Speciality Steels Limited are redeemable at the end of 20 years from the date of allotment, i.e. on September 28, 2033, with an option to the said Company to redeem the said shares in one or more tranches at any time on or after March 28, 2014.

13,000,000 - 8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid up of Baramati Speciality Steels Limited are redeemable at par on the expiry of 20 years from the date of allotment, i.e. on March 23, 2036, with a call / put option respectively to the said Company as well as the holders of 8% Non-Cumulative Redeemable Preference Shares, after 6 months from the date of allotment, i.e. after September 23, 2016, by giving one month's notice to the other party.

20,000,000 - 8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid up of Baramati Speciality Steels Limited are redeemable at par on the expiry of 20 years from the date of allotment, i.e. on March 23, 2037, with a call / put option respectively to the said Company as well as the holders of 8% Non-Cumulative Redeemable Preference Shares, after 6 months from the date of allotment, i.e. after September 23, 2017, by giving one month's notice to the other party.

9,000,000 - 1% Non-Cumulative Optionally Convertible Preference Shares of ₹ 10/- each fully paid up of Lord Ganesha Minerals Private Limited carry option to convert the entire amount outstanding into equity shares of the said company at par. The said 9,000,000 - 1% Non-Cumulative Optionally Convertible Preference Shares of ₹ 10/- each fully paid up, if not opted for conversion, are redeemable on March 31, 2030. However, the said Company as well as the holders of 1% Non-Cumulative Optionally Convertible Preference Shares, have a call / put option respectively, by giving one month's notice to the other party.

2,030,000 - 8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid up of Kalyani Mining Ventures Private Limited are redeemable after five years from the date of allotment, i.e. on or after March 31, 2020. Shares which are not redeemed by the Company shall be compulsorily redeemed at the expiry of twenty years from the date of allotment i.e. on March 31, 2035.

12,500,000 - 7% Cumulative, Optionally Convertible, Non-participating Preference Shares of ₹ 10/- each, fully paid up of Kalyani Technoforge Limited allotted on December 22, 2017, carry an option to convert the entire amount in Equity Shares of Kalyani Technoforge Limited, at the option to be exercised by Kalyani Technoforge Limited. The Preference Shares which are not converted, are redeemable at the end of 7 years from the date of allotment, however Kalyani Technoforge Limited can redeem the same after completion of 5 years.

13,984,973 - 7% Cumulative, Optionally Convertible, Non-participating Preference Shares of ₹ 10/- each, fully paid up of Kalyani Technoforge Limited allotted on September 6, 2018 carry an option to convert the entire amount in Equity Shares of Kalyani Technoforge Limited, at the option to be exercised by Kalyani Technoforge Limited. The Preference Shares which are not converted, are redeemable at the end of 7 years from the date of allotment, however Kalyani Technoforge Limited can redeem the same after completion of 5 years.

13,200,000 - 7% Cumulative, Optionally Convertible, Non-participating Preference Shares of ₹ 10/- each, fully paid up of Kalyani Technoforge Limited allotted on September 27, 2019 carry an option to convert the entire amount in Equity Shares of Kalyani Technoforge Limited, at the option to be exercised by Kalyani Technoforge Limited. The Preference Shares which are not converted, are redeemable at the end of 7 years from the date of allotment, however Kalyani Technoforge Limited can redeem the same after completion of 5 years.

560,000 - 0% Fully Convertible Unsecured Debentures of ₹ 100/- each fully paid up of Azalea Enterprises Private Limited are compulsorily convertible into such number of fully paid up equity shares of ₹ 10/- each at such a price as shall be fixed by the said Company upon the expiry of the period of 5 years from the date of their original issue, i.e. on March 29, 2014. However the said Company has extended the tenure of the said debentures for further period of 5 years and accordingly the date of conversion shall be March 29, 2024.

165,000 - 0% Fully Convertible Unsecured Debentures of ₹ 100/- each fully paid up of Azalea Enterprises Private Limited are compulsorily convertible into such number of fully paid up equity shares of ₹ 10/- each at such a price as shall be fixed by the said Company upon the expiry of the period of 5 years from the date of their original issue, i.e. on April 4, 2014. However the said Company has extended the tenure of the said debentures for further period of 5 years and accordingly the date of conversion shall be April 4, 2024.



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NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

NOTE 7(a) : OTHER FINANCIAL ASSETS

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Security deposit	0.50	0.50
Bank deposits with maturity more than twelve months	99.50	—
Total	100.00	0.50

NOTE 7(b) : OTHER CURRENT ASSETS

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Interest Receivable	7.97	—
Total	7.97	—

NOTE 8 : PROPERTY, PLANT AND EQUIPMENT

(₹ in Million)

Particulars	Furniture and Fixtures
Gross Block as at March 31, 2018	10.24
Additions	—
Disposals / Adjustments	—
Gross Block as at March 31, 2019	10.24
Additions	—
Disposals / Adjustments	—
Gross Block as at March 31, 2020	10.24

(₹ in Million)

Particulars	Furniture and Fixtures
Accumulated Depreciation :	
As at March 31, 2018	3.01
For the year	0.97
Disposals / Adjustments	—
As at March 31, 2019	3.98
For the year	0.98
Disposals / Adjustments	—
As at March 31, 2020	4.97

(₹ in Million)

Particulars	Furniture and Fixtures
Net Block	
As at March 31, 2019	6.26
As at March 31, 2020	5.27

- i) The information relating to Gross block, accumulated Depreciation and Impairment if any, has been disclosed as an additional information since the Company has adopted deemed cost exemption under Ind AS 101.
- ii) For Depreciation and amortisation refer accounting policy (refer Note 1)

NOTE 9 : ASSETS FOR CURRENT TAX

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Advance Income Tax	2.32	0.11
Total	2.32	0.11

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :
NOTE 10 : TRADE PAYABLES

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	—	—
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.01	1.45
Total	2.01	1.45

- (i) The Company has compiled this information based on the current information in its possession as at March 31, 2020, no supplier has intimated the Company about its status as Micro and Small Enterprises or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006 except as disclosed below.
- (ii) Trade payables are non-interest bearing and are generally settled on 30 days.
- (iii) The Company does not owe any moneys to Micro and Small Enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006.

NOTE 11 : OTHER FINANCIAL LIABILITIES

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Accrued expenses	10.34	9.60
Total	10.34	9.60

NOTE 12 : PROVISIONS

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for compensated absences	0.02	0.01
Total	0.02	0.01

NOTE 13 : DEFERRED TAX LIABILITIES

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
DEFERRED TAX LIABILITIES		
Depreciation and amortisation	(0.13)	(0.03)
Fair valuation of equity shares	128.69	129.84
Total Deferred tax liabilities	128.56	129.81
DEFERRED TAX ASSETS		
Disallowances	—	—
Fair valuation of preference shares	(99.28)	(103.02)
Total Deferred tax assets	(99.28)	(103.02)
Deferred Tax Liabilities / (Assets) - (net)	29.28	26.79



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NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

Changes in Deferred Tax Assets / (Liabilities) in Profit and Loss [charged / (credited) during the year]

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Deferred tax assets		
Disallowances	—	0.01
Fair valuation of preference shares	3.75	0.41
	3.75	0.42
Deferred tax liabilities		
Depreciation and amortisation	(0.10)	(0.07)
	(0.10)	(0.07)
Total	3.65	0.35

Changes in Deferred Tax Assets / (Liabilities) in Other Comprehensive Income [charged / (credited) during the year]

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Deferred tax liabilities		
Fair valuation of equity shares	(1.15)	(94.38)
Total	(1.15)	(94.38)

NOTE 14 : OTHER NON-FINANCIAL LIABILITIES

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Statutory dues payable	0.40	1.38
Payable to employees	0.05	0.05
Total	0.45	1.43

NOTE 15 : SHARE CAPITAL

(a) Authorised share capital

(₹ in Million)

Particulars	Equity shares	14 %Non Cumulative redeemable preference shares
As at March 31, 2018 :		
Number of shares	12,000,000	60,000,000
Face value per share	₹ 10/-	₹ 10/-
Amount (₹ in Million)	120.00	600.00
As at March 31, 2019 :		
Number of shares	12,000,000	60,000,000
Face value per share	₹ 10/-	₹ 10/-
Amount (₹ in Million)	120.00	600.00
As at March 31, 2020 :		
Number of shares	12,000,000	60,000,000
Face value per share	₹ 10/-	₹ 10/-
Amount (₹ in Million)	120.00	600.00

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :
(b) Terms / rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹ 10/- 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 surplus assets of the Company, remaining after distribution of all preferential amounts.

(c) Issued and subscribed equity share capital

(₹ in Million)

Particulars	Number of shares	Amount
As at March 31, 2018	4,365,306	43.65
Changes in equity share capital	—	—
As at March 31, 2019	4,365,306	43.65
Changes in equity share capital	—	—
As at March 31, 2020	4,365,306	43.65

(d) Details of shareholders holding more than 5% shares in the Company

Particulars	Ajinkya Investment & Trading Company	Sundaram Trading & Investment Private Limited
As at March 31, 2018		
% of holding	12.28%	60.94%
Number of shares	536,182	2,660,074
As at March 31, 2019		
% of holding	12.28%	60.94%
Number of shares	536,182	2,660,074
As at March 31, 2020		
% of holding	12.28%	60.94%
Number of shares	536,182	2,660,074

NOTE 16 : RESERVES AND SURPLUS

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Retained earnings	629.83	367.46
Add : Profit for the year	426.17	330.13
Less : Transfer to statutory reserve fund	(85.23)	(67.76)
As at the end of the year	970.77	629.83
General Reserve as at the beginning and end of the year	2,146.65	2,146.65
Statutory Reserve Fund		
As at the beginning of the year	290.79	223.03
Add : Transfer from retained earnings	85.23	67.76
As at the end of the year	376.02	290.79
Capital Redemption reserve as at the beginning and end of the year	576.00	576.00
FVTOCI Equity investments		
As at the beginning of the year	32,800.94	46,124.38
Add : Fair value gains / losses for the year	(17,904.63)	(13,323.44)
As at the end of the year	14,896.31	32,800.94
Total	18,965.75	36,444.21



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

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) Statutory reserve fund

As per Section 45-IC(1) of the Reserve Bank of India Act, 1934, every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

iii) FVTOCI Equity investment reserve

The Company has elected to recognize changes in the fair value of investment in equity shares 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 equity shares are de-recognized.

NOTE 17 : DIVIDEND INCOME

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Dividend received on mutual fund investment	—	2.10
Dividend received on shares	456.02	361.49
Total	456.02	363.59

NOTE 18 : NET GAIN / (LOSS) ON FAIR VALUE CHANGES

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net gain / (loss) on financial instruments at fair value through profit or loss		
- preference shares	5.01	(2.80)
- mutual funds	8.45	4.41
Total net gain / (loss) on fair value changes	13.46	1.61
Fair value changes :		
- Realized	—	—
- Unrealized	13.46	1.61
Total net gain / (loss) on fair value changes	13.46	1.61

NOTE 19 : OTHER INCOME

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on fixed deposit	8.85	—
Profit on sale of investments	3.29	0.07
Provision no longer required	1.70	—
Total	13.84	0.07

NOTE 20 : EMPLOYEE BENEFIT EXPENSES

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	13.90	12.73
Total	13.90	12.73

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :
NOTE 21 : DEPRECIATION

(₹ in Million)		
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation	0.98	0.97
Total	0.98	0.97

NOTE 22 : OTHER EXPENSES

(₹ in Million)		
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Legal and profession fees	7.96	9.49
Fees and subscription	0.86	0.79
Sundry expenses	0.10	0.09
Printing and stationery	0.69	0.47
Advertisement expenses	0.19	0.16
CSR expenditure (refer Note 31)	2.37	0.59
Audit fees (refer Note 25)	0.33	0.29
Communication	0.23	0.53
Brand usage fees	0.56	0.56
Provision for impairment in investment in associate	15.66	—
Directors' Commission	9.60	8.10
Total	38.55	21.07

NOTE 23 : TAX EXPENSE

(₹ in Million)		
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current tax	—	0.02
Add : MAT credit utilized	4.85	—
	4.85	0.02
Deferred tax expense	3.65	0.35
Taxation in respect of earlier years	(4.78)	—
Total	3.72	0.37

Reconciliation of tax expense and accounting profit multiplied by statutory tax rate

(₹ in Million)		
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax	429.89	330.50
Applicable tax rate	27.82%	26.00%
Computed tax expense	119.60	85.93
Tax effect of amounts which are not deductible (taxable) in calculating taxable income :		
Non-deductible expenses	8.12	8.97
Income exempt from tax	(126.86)	(94.53)
Provision for diminution in investment	4.36	—
Profit on sale of investments	2.90	—
Taxation in respect of earlier years	(4.78)	—
Others	0.38	—
Income tax expense	3.72	0.37



NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

NOTE 24 : EARNINGS PER SHARE

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net profit / (loss) after tax (₹ in Million)	426.17	330.13
Weighted average number of equity shares	4,365,306	4,365,306
Basic and diluted earning per share of nominal value of ₹ 10/- each	97.63	75.62

NOTE 25 : PAYMENT TO AUDITORS

(₹ in Million)		
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
As auditor :		
Audit fees	0.33	0.27
Certification fees	—	0.02
Total	0.33	0.29

NOTE 26 : PROVISION FOR EMPLOYEE BENEFITS

(₹ in Million)		
Particulars	March 31, 2020	March 31, 2019
Compensated absences (refer Note A)	0.02	0.01
Non-current	0.02	0.01
Current	—	—

A Compensated absences

The compensated absences cover the Company's liability for privilege leave.

I Significant assumptions

The significant actuarial assumptions were as follows :

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.90%	7.80%
Salary escalation rate	7.00%	10.00%
Retirement age	VP and above - 60 years	VP and above - 60 years
Mortality rate	Others - 55 years Indian Assured Lives Mortality (2012-14) Ultimate	Others - 55 years Indian Assured Lives Mortality (2012-14) Ultimate
Attrition rate	5.00%	5.00%

B Provident Fund

Defined contribution : The Company also has certain defined contribution plans. Contributions are made to provident fund in India for worker at the 12% of basic and dearness allowance as per regulations. The contributions are made to registered provident fund administered by the government. 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 ₹ 0.004 Million (March 31, 2019 : ₹ Nil).

C Risk Exposure

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as companies take on certain long term obligations to make future benefit payments.

1) Liability Risks

a. Asset-Liability Mismatch Risk

Risks which arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

duration with the defined benefit liabilities, the company is successfully able to neutralize valuation swings caused by interest rate movements. Hence companies are encouraged to adopt asset-liability management.

b. Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c. Future Salary Escalation 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 managements discretion may lead to uncertainties in estimating the increasing risk.

2) Unfunded Plan Risk

This represents unmanaged risk and a growing liability. There is an inherent risk here that the company may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in company's financial and also benefit risk through return on the funds made available for the plan.

NOTE 27 : RELATED PARTY TRANSACTIONS**A) Name of the related parties and nature of relationship**

Holding Company	Ownership interest held by the Company	
	March 31, 2020	March 31, 2019
Sundaram Trading and Investment Private Limited	60.94%	60.94%

The principal place of business of the holding company is India.

(i) Where control exists :

Associate	Ownership interest held by the Company	
	March 31, 2020	March 31, 2019
i) Hikal Limited	31.36%	31.36%
ii) Lord Ganesha Minerals Private Limited	22.50%	22.50%

The principal place of business of the associate is India and the Company has accounted for its investment in associate at cost.

(ii) 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 Technologies Limited

Key Management Personnel :

- i) Mr.Amit B. Kalyani, Chairman, Non-Executive Director
- ii) Mrs.Deeksha A. Kalyani, Non-Executive Director
- iii) Mr.B.B. Hattarki, Independent Director
- iv) Mr.R.K. Goyal, Independent Director
- v) Mr.S.K. Adivarekar, Independent Director
- vi) Mr.Sanjeev Joglekar, Independent Director
- vii) Mrs.Shruti A. Shah, Additional Director, categorized as Independent Director (w.e.f. February 7, 2020)
- viii) Mr.Sanjay Yewale, Chief Executive Officer and Chief Financial Officer
- ix) Mr.Adwait Joshi, Company Secretary (upto September 15, 2018)
- x) Mr.Akshay Chikodikar, Company Secretary (w.e.f. October 29, 2018)



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NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

(₹ in Million)		
a Remuneration	March 31, 2020	March 31, 2019
i) Mr.Amit B. Kalyani, Chairman, Non-Executive Director	4.80	4.00
ii) Mrs.Deeksha A. Kalyani, Non-Executive Director	3.00	2.60
iii) Mr.B.B. Hattarki, Independent Director	0.60	0.50
iv) Mr.S.K. Adivarekar, Independent Director	1.20	1.00
v) Mr.Sanjay Yewale, Chief Executive Officer and Chief Financial Officer*	13.40	12.21
vi) Mr.Adwait Joshi, Company Secretary	—	0.32
vii) Mr.Akshay Chikodkar, Company Secretary	0.49	0.21
Total	23.49	20.84

* Amount paid to Key Management Personnel on deputation. Represents total payment including GST.
GST amounting to ₹ 2.04 Million (Previous year : ₹ 1.86 Million)

(₹ in Million)		
iii Compensation to key management personnel	March 31, 2020	March 31, 2019
Nature of transaction		
Short-term employee benefits	13.89	12.74
Post-employment benefits	—	—
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.

(₹ in Million)		
iv Transactions with related parties	March 31, 2020	March 31, 2019
i) Dividend received from Hikal Limited	61.87	42.53
ii) Dividend received from Bharat Forge Limited	379.87	316.56
iii) Dividend received from Kalyani Technoforge Limited	14.28	2.40
	456.02	361.49
iv) Purchase of Preference Shares from Kalyani Technoforge Limited	132.00	139.85
v) Branding fees paid to Kalyani Technologies Limited	0.56	0.56
vi) Provision for diminution in value of investment in Lord Ganesha Minerals Private Limited	15.66	—

(₹ in Million)		
v Outstanding balances with related parties	March 31, 2020	March 31, 2019
i) Mr.Amit B. Kalyani, Chairman, Non-Executive Director	4.80	4.00
ii) Mrs.Deeksha A. Kalyani, Non-Executive Director	3.00	2.60
iii) Mr.B.B. Hattarki, Independent Director	0.60	0.50
iv) Mr.S.K. Adivarekar, Independent Director	1.20	1.00
Total	9.60	8.10

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :
NOTE 28 : FAIR VALUE MEASUREMENTS
Financial assets and liabilities at amortised cost

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Financial assets		
Security deposits	0.50	0.50
Cash and cash equivalents	1.71	0.98
Bank balances other than above	244.90	—
Other financial assets	99.50	—
Other current assets	7.97	—
Total financial assets	354.58	1.48
Financial liabilities		
Trade payables	2.01	1.45
Accrued expenses	10.34	9.60
Total financial liabilities	12.35	11.05

Financial assets and liabilities classified as FVTPL

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Investment in preference shares	475.92	354.57
Investments in mutual funds	189.28	234.83

Financial assets and liabilities classified as FVTOCI

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Investment in equity shares	17,958.52	35,864.28

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, 2020	—	—	475.92
March 31, 2019	—	—	354.57
Investments in mutual funds			
March 31, 2020	189.28	—	—
March 31, 2019	234.83	—	—
Investment in equity shares			
March 31, 2020	15,713.16	—	2,245.36
March 31, 2019	33,655.71	—	2,208.57

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 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.

iii) **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.

iv) **Fair value measurements using significant unobservable inputs (Level 3)**

The following table presents the changes in Level 3 items :

(₹ in Million)			
Particulars	Preference shares	Equity Shares	Total
As at April 1, 2019	354.57	2,208.57	2,563.14
Purchased during the year	132.00	—	132.00
Gains / (losses) recognized in profit or loss	(10.65)	—	(10.65)
Gains / (losses) recognized in other comprehensive income	—	36.79	36.79
As at March 31, 2020	475.92	2,245.36	2,721.28

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

v) **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

(₹ in Million)

Name of the entity	Method of valuation - significant unobservable inputs	Fair value as at		Inputs use for fair value	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Equity shares of Saarloha Advanced Materials Private Limited	Market multiple method - EBITDA multiple	842.47	913.82	4.89	6.28
Equity shares of KSL Holdings Private Limited	Net asset value method Inputs considered for NAV : 1) KSL Holdings has investment under Saarloha therefore sensitivity for Saarloha has impact on KSL Holdings fair value. 2) KSL Holdings has investment under Baramati Speciality Steels Limited which in turn has investment in Saarloha therefore sensitivity for Saarloha has impact on Baramati Speciality Steels Limited and therefore Baramati has impact on KSL Holdings fair value. 3) KSL Holdings also has investment in quoted investment to which considered on the basis of market price.	1,150.23	1,065.21	Fair value of net assets	1) EBITDA Multiple - 6.28 2) Discount rate for quoted investment - 75%
Equity shares of Khed Economic Infrastructure Private Limited	Cost approach Method Inputs considered for cost approach : Inventory valuation 1) Rate per acre for developed land 2) Rate per acre for land under development	252.66	229.54	Inventory valuation Rate per acre for developed land and land under development in the range of ₹ 1.04 to ₹ 1.26 crore (weighted average ₹ 1.15 crore) per acre	Inventory valuation 1) Rate per acre for developed land : ₹ 0.99 to ₹ 1.26 crore (weighted average ₹ 1.06 crore) per acre 2) Rate per acre for land under development : ₹ 0.99 to ₹ 1.26 crore (weighted average ₹ 1.06 crore) per acre
Preference shares of Baramati Speciality Steels Limited	Discounted cash flow method	107.37	97.60	10%	10%
Preference shares of Kalyani Technoforge Limited	Discounted cash flow method	365.05	237.81	10%	10%

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

The sensitivity analysis on account of inputs used for fair valuation are as follows :

Particulars	March 31, 2020	March 31, 2019
1. Equity Shares of Saarloha Advanced Materials Private Limited :		
EBIDTA multiple		
Increase by 5%	21.04	32.61
Decrease by 5%	(28.19)	(32.61)
2. Equity Shares of KSL Holdings Private Limited :		
Fair Value of investments		
Increase by 5%	22.61	—
Decrease by 5%	(21.01)	—
EBIDTA multiple and discount rate		
Increase by 5%	—	66.16
Decrease by 5%	—	(66.16)
3. Equity Shares of Khed Economic Infrastructure Private Limited :		
Rate per acre		
Increase by 5%	32.85	22.52
Decrease by 5%	(32.85)	(22.52)
4. Preference Shares of Baramati Speciality Steels Limited :		
Discount rate		
Increase by 1%	(0.51)	(13.53)
Decrease by 1%	0.51	13.53
5. Preference Shares of Kalyani Technoforge Limited :		
Discount rate		
Increase by 1%	(9.30)	(10.30)
Decrease by 1%	9.30	10.30

NOTE 29 : FINANCIAL RISK MANAGEMENT

Presented below is a description of the risks (market 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**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 does not have foreign currency transactions and thereby is not exposed to foreign exchange risk arising from foreign currency transactions.

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.

i) Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities :

(₹ in Million)		
March 31, 2020	Less than 1 year	More than 1 year
Non - derivative		
Trade payables	2.01	—
Accrued Expenses	10.34	—
(₹ in Million)		
March 31, 2019	Less than 1 year	More than 1 year
Non - derivative		
Trade payables	1.45	—
Accrued Expenses	9.60	—

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :
III Credit Risk

The Company is exposed to credit risk from its activity of giving loans and from its financing activities, including deposits with banks and other financial instruments.

The balances with banks 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 Loans
i) Expected credit loss for loans :

	(₹ in Million)	
Particulars	March 31, 2020	March 31, 2019
Gross carrying amount	50.07	50.07
Expected loss rate	100.00%	100.00%
Expected credit losses (loss allowance provision)	50.07	50.07
Carrying amount of loans (net of impairment)	—	—

ii) Reconciliation of loss allowance provision - loans

	(₹ in Million)
Loss allowance as on April 1, 2019	50.07
Changes in loss allowance	—
Loss allowance as on March 31, 2020	50.07

NOTE 30 : CAPITAL MANAGEMENT

The Company's objectives when managing capital are 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. 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.

The capital structure of the Company is as follows :

	(₹ in Million)	
Particulars	March 31, 2020	March 31, 2019
Share Capital	43.65	43.65
Other Equity	18,965.75	36,444.21
Total	19,009.40	36,487.86
Debt equity ratio	—	—

NOTE 31 : CORPORATE SOCIAL RESPONSIBILITY (CSR)

(₹ in Million)			
Sr. No.	Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a)	Gross amount required to be spent by the Company during the year	2.37	0.59
	Total	2.37	0.59



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NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

b)(i) Amount spent during the year

(₹ in Million)

Sr. No.	Particulars	2019-20	
		In cash	Yet to be paid in cash
1	Promotion of education - Donation	2.37	—
	Total	2.37	—

b)(ii) Amount spent during the year

(₹ in Million)

Sr. No.	Particulars	2018-19	
		In cash	Yet to be paid in cash
1	Promotion of education - Donation	0.59	—
	Total	0.59	—

NOTE 32 : 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 is in the business of making investments in group companies, focusing on earning income through dividends, interest and gains on investment held, which is a single segment in accordance with Ind AS 108 - "Operating segment" notified pursuant to Companies (Indian Accounting Standards) Rules, 2015 as amended.

All assets are in India.

NOTE 33 : COVID 19

On account of outbreak of Pandemic COVID 19, Government of India declared nation wide lockdown vide Order No. 40-3/2020. The Company has made detailed assessment of its liquidity position and recoverability and carrying value of its assets. Based on the current indicators of future economic conditions, the Company expects to recover the carrying amounts of these assets. The management has made detailed study of the possible effect of the pro-longed lockdown on its business prospects, both in terms of investments and profitability and in its assessment, believes that the Company will have minimal adverse impact. The Company will continue to closely monitor any material changes arising of future economic conditions and its impact on the business.

NOTE 34

Section 2(6) of the Companies Act, 2013 defines Associate Company in relation to another company as a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. As per explanation to Section 2(6), significant influence means control of at least twenty percent of paid-up equity share capital and convertible preference share capital or of business decisions under an agreement.

The Company holds investments in below mentioned entities which by share ownership are deemed to be Associate Companies :

Sr. No.	Name of the company	Ultimate holding as on March 31, 2020
i)	Dandakaranya Investment and Trading Private Limited	23.92%
ii)	Hastinapur Investment and Trading Private Limited	23.92%
iii)	Dronacharya Investment and Trading Private Limited	23.92%
iv)	Campanula Investment and Finance Private Limited	23.91%
v)	Cornflower Investment and Finance Private Limited	23.91%

NOTES FORMING PART OF STANDALONE FINANCIAL STATEMENTS (Continued) :

However, the Company does not exercise significant influence in any of the above entities, as demonstrated below :

- i) The Company does not have any representation on the Board of Directors or corresponding governing body of the investee.
- ii) The Company does not participate in policy making process.
- iii) The Company does not have any material transaction with the investee.
- iv) The Company does not interchange any managerial personnel.
- v) The Company does not provide any essential technical information to the investee.

Accordingly, the above entities have not been considered to be Associate Companies.

NOTE 35

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

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Akshay Chikodikar
Company Secretary

Sanjay Yewale
Chief Executive Officer
& Chief Financial Officer

Amit B. Kalyani R. K. Goyal
Chairman Director

Place : Pune
Date : June 26, 2020

Place : Pune
Date : June 26, 2020

**INDEPENDENT AUDITOR'S REPORT**

To
The Members of
Kalyani Investment Company Limited

Report on the Audit of the Consolidated Indian Accounting Standards (Ind AS) Financial Statements**Opinion**

We have audited the accompanying consolidated financial statements of Kalyani Investment Company Limited (hereinafter referred to as the 'Holding Company') and its Associate companies together referred to as "the Group") which comprise the consolidated Balance Sheet as at March 31, 2020 and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity and the consolidated cash flows Statement 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 Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2020, of 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 Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group 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 Ind AS Financial Statements under the provisions of the Companies Act, 2013 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 we have obtained 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 Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Ind AS Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Key Audit Matter

The company has investments of ₹ 20,174.39 Million as at March 31, 2020. Refer Note 6 in the Financial Statements. Since this is a NBFC & making investments is a usual activity, we have suggested that a written Policy should be made regarding criteria & methodology of making investments & determining the impairment, if any, of these investments. We draw the attention to Note 1(A), regarding the company's Accounting Policy on Financial Instruments.

Response to Key Audit Matter

Audit procedures carried out by auditors : We have seen the Board approvals for the investments made during the year. We have obtained the verification of confirmation of these investments as at March 31, 2020. We have verified the investments physically and verified the valuation as at the balance sheet date.

The above mentioned factors have been appropriately considered by us and based on the work performed and the evidence obtained we consider the accounting treatment is appropriate.

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Shareholder Information and Director's Report, but does not include the Consolidated Ind AS Financial Statements and our Auditor's report thereon.

Our opinion on the Consolidated Ind AS 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 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 Ind AS 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 Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS Financial Statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance, 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 Accounting Standards specified under Section 133 of the Act. 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 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 Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind AS Financial Statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of 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 Group or to cease operations or has no realistic alternative but to do so.

The respective Boards 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Ind AS 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 Ind AS Financial Statements.

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

We also :

- Identify and assess the risks of material misstatement of the Consolidated Ind AS 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 Companies Act, 2013, 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 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 Ind AS 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 Ind AS Financial Statements, including the disclosures and whether the Consolidated Ind AS 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 Ind AS 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 Ind AS Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Ind AS 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 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 Ind AS 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. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Other Matters

These Consolidated Ind AS Financial Statements include the Holding Company's share of net profit of ₹ 264.77 Million and share of Other Comprehensive Income of ₹ (0.41) Million for the year ended March 31, 2020, in respect of the two Associate companies audited by other auditors.

**KALYANI**

Consolidated Financial Statements

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The audited Ind AS financial statements & audit reports of the Associate companies and of the Holding company are available. We have considered the Audit Reports of the Associate companies whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the associates and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid Associates, is based solely on those reports.

Our opinion on the Consolidated Ind AS Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Our opinion on the Consolidated Ind AS Financial Statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report 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 Ind AS Financial Statements.

In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS 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 Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.

In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014.

On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its Associate companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a Director in terms of Section 164(2) of the Act.

With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in Annexure.

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.

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 :

The Consolidated Ind AS Financial Statements disclose the impact, if any, of pending litigations as at March 31, 2020 on the consolidated financial position of the Group - Refer Note 27 to the Consolidated Ind AS Financial Statements.

The Group has long-term contracts as at March 31, 2020 for which there were no material foreseeable losses. The Group did not have any derivative contracts as at March 31, 2020.

There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its Associate companies incorporated in India during the year ended March 31, 2020.

For M/s. P. G. Bhagwat
Firm Registration No.10118W
Chartered Accountants

Sanjay Athavale
Partner

Membership No.83374
UDIN : 20083374AAAAACC2331

Pune
June 26, 2020

Annexure to the Independent Auditor's Report

Referred to in the Independent Auditor's Report of even date to the members of Kalyani Investment Company Limited on the Consolidated Ind AS Financial Statements for the year ended March 31, 2020

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of Kalyani Investment Company Limited (hereinafter referred to as "the Holding Company") and its Associate companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company & the Associate companies, which are companies incorporated

in India, are responsible for establishing and maintaining internal financial controls based on the internal control over Financial Reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls with reference to financial statements issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls with reference to financial statements (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to 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 adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to 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 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 financial statements.

Inherent Limitations of Internal Financial Controls With reference to financial statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial control with reference to 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, the Holding Company & its Associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements in so far as it relates to the two associate companies, which are companies incorporated in India, is based on corresponding reports of the auditors of such companies incorporated in India.

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

Sanjay Athavale
Partner

Membership No.83374

UDIN : 20083374AAAACC2331

Place : Pune

Date : June 26, 2020



KALYANI

Consolidated Financial Statements

2019-2020

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2020

(₹ in Million)

		As at March 31, 2020	As at March 31, 2019
ASSETS	Notes		
Financial Assets			
(a) Cash and cash equivalents	3	1.71	0.98
(b) Bank balances other than (a) above	4	244.90	—
(c) Loans	5	—	—
(d) Investments	6	20,174.39	37,801.86
(e) Other financial assets	7(a)	100.00	0.50
	Total	<u>20,521.00</u>	<u>37,803.34</u>
Non-Financial Assets			
(a) Other current assets	7(b)	7.97	—
(b) Property, Plant and Equipment	8	5.27	6.26
(c) Assets for current tax (net)	9	2.32	0.11
		<u>15.56</u>	<u>6.37</u>
Total Assets		<u>20,536.56</u>	<u>37,809.71</u>
LIABILITIES AND EQUITY			
Liabilities			
Financial Liabilities			
(a) Trade payables	10		
Total outstanding dues of micro enterprises and small enterprises		—	—
Total outstanding dues of creditors other than micro enterprises and small enterprises		2.01	1.45
(b) Other financial liabilities	11	10.34	9.60
	Total	<u>12.35</u>	<u>11.05</u>
Non-Financial Liabilities			
(a) Provisions	12	0.02	0.01
(b) Deferred tax liabilities (Net)	13	439.17	26.79
(c) Other non-financial liabilities	14	0.45	1.43
	Total	<u>439.64</u>	<u>28.23</u>
Equity			
(a) Share capital	15	43.65	43.65
(b) Other equity			
(i) Reserves & Surplus	16	20,040.92	37,726.78
	Total	<u>20,084.57</u>	<u>37,770.43</u>
Total Liabilities and Equity		<u>20,536.56</u>	<u>37,809.71</u>
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 M/s. P. G. Bhagwat
Firm Registration No.101118W
Chartered Accountants

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Akshay Chikodikar
Company Secretary

Sanjay Yewale
Chief Executive Officer
& Chief Financial Officer

Amit B. Kalyani
Chairman
R. K. Goyal
Director

Place : Pune
Date : June 26, 2020

Place : Pune
Date : June 26, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Million)

		Year ended March 31, 2020	Year ended March 31, 2019
	Notes		
Revenue from Operations			
(i) Dividend income	17	394.15	321.06
(ii) Net gain on fair value changes	18	13.46	1.61
		407.61	322.67
Other Income	19	13.84	0.07
Total Income		421.45	322.74
Expenses			
(a) Employee benefits expense	20	13.90	12.73
(b) Depreciation	21	0.98	0.97
(c) Other expenses	22	38.55	21.07
Total expenses		53.43	34.77
Profit before share in profit after tax of associates accounted for using equity method and tax		368.02	287.97
Share in profit after tax of associates accounted for using equity method		264.77	323.23
Profit before tax		632.79	611.20
Tax expense	23		
Current tax		4.85	0.02
Deferred tax expense		152.34	0.35
Taxation in respect of earlier years		(4.78)	—
Total Tax expense		152.41	0.37
Profit for the year		480.38	610.83
Other comprehensive income, net of tax			
A. Items that will not be reclassified to profit or loss			
- Changes in fair value of FVTOCI equity investment		(17,905.78)	(13,417.82)
- Tax on above		1.15	94.38
Share of other comprehensive income of associates accounted for using equity method		(0.41)	0.31
Total other comprehensive income for the year		(17,905.04)	(13,323.13)
Total comprehensive income for the year		(17,424.66)	(12,712.30)
Earnings per share (of ₹ 10 /- each) :	24		
Basic & Diluted		110.05	139.93
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 M/s. P. G. Bhagwat
Firm Registration No.101118W
Chartered Accountants

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Akshay Chikodikar
Company Secretary

Sanjay Yewale
Chief Executive Officer
& Chief Financial Officer

Amit B. Kalyani
Chairman
R. K. Goyal
Director

Place : Pune
Date : June 26, 2020

Place : Pune
Date : June 26, 2020



KALYANI

Consolidated Financial Statements

2019-2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

A. Equity Share Capital

(₹ in Million)

	Notes	No. of shares	Amount
As at April 1, 2018	15	4,365,306	43.65
Changes in equity share capital		—	—
As at April 1, 2019	15	4,365,306	43.65
Changes in equity share capital		—	—
As at March 31, 2020	15	4,365,306	43.65

B. Other Equity

(₹ in Million)

	Notes	Reserves and Surplus				Other reserve	Total
		Retained Earnings	General reserve	Statutory Reserve Fund	Capital Redemption reserve	FVTOCI equity investment reserve	
As at April 1, 2018	16	1,369.02	2,146.65	223.03	576.00	46,124.38	50,439.08
Profit for the year		610.83	—	—	—	—	610.83
Other Comprehensive Income (net of tax) :							
Changes in fair value of equity instruments		—	—	—	—	(13,323.44)	(13,323.44)
Other Comprehensive income of associates accounted for using Equity Method		0.31	—	—	—	—	0.31
Total Comprehensive Income for the year		611.14	—	—	—	(13,323.44)	(12,712.30)
Transferred to Statutory reserve fund during the year	16	(67.76)	—	67.76	—	—	—
As at March 31, 2019		1,912.40	2,146.65	290.79	576.00	32,800.94	37,726.78

(₹ in Million)

	Notes	Reserves and Surplus				Other reserve	Total
		Retained Earnings	General reserve	Statutory Reserve Fund	Capital Redemption reserve	FVTOCI equity investment reserve	
As at April 1, 2019	16	1,912.40	2,146.65	290.79	576.00	32,800.94	37,726.78
Less : Adjustment to opening balance		(261.20)	—	—	—	—	(261.20)
Profit for the year		480.38	—	—	—	—	480.38
Other Comprehensive Income (net of tax) :							
Changes in fair value of equity instruments		—	—	—	—	(17,904.63)	(17,904.63)
Other Comprehensive income of associates accounted for using Equity Method		(0.41)	—	—	—	—	(0.41)
Total Comprehensive Income for the year		479.97	—	—	—	(17,904.63)	(17,424.66)
Transferred to Statutory reserve fund during the year	16	(85.23)	—	85.23	—	—	—
As at March 31, 2020		2,045.94	2,146.65	376.02	576.00	14,896.31	20,040.92

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 M/s. P. G. Bhagwat

Firm Registration No.101118W

Chartered Accountants

On behalf of the Board of Directors

Sanjay Athavale

Partner

Membership No.83374

Akshay Chikodikar

Company Secretary

Sanjay Yewale

Chief Executive Officer
& Chief Financial Officer

Amit B. Kalyani

Chairman

R. K. Goyal

Director

Place : Pune

Date : June 26, 2020

Place : Pune

Date : June 26, 2020

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2020

(₹ in Million)

	Year ended March 31, 2020	Year ended March 31, 2019
A) Cash Flows from Operating Activities		
Profit before income tax	632.79	611.20
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortisation	0.98	0.97
Profit on sale of investments	(3.29)	(0.07)
Net gain on fair value changes	(13.46)	(1.61)
Impairment of investment	15.66	—
Provision no longer required	(1.70)	—
Share of net profits of associate	(264.77)	(323.23)
Cash Generated from Operations before working capital changes	366.21	287.26
Adjustments for changes in working capital		
Increase / (Decrease) in provisions	0.01	(0.01)
Increase / (Decrease) in trade payables	2.17	0.50
Increase / (Decrease) in other financial liabilities	0.74	9.17
Increase / (Decrease) in other current liabilities	(0.98)	1.12
(Increase) / Decrease in other financial assets	(344.40)	—
(Increase) / Decrease in other current assets	(7.97)	—
Cash generated from Operations	15.78	298.04
Income taxes paid (net of refunds)	(2.21)	(0.68)
Net Cash from Operating Activities	13.57	297.36
B) Cash Flows from Investing Activities		
(Purchase) / Sale of shares	(132.00)	(139.87)
(Purchase) / Sale of mutual funds	57.29	(218.00)
Dividend received from associate	61.87	42.53
Net Cash Flows from Investing Activities	(12.84)	(315.34)
C) Cash Flows from Financing Activities		
Net Cash Flows from Financing Activities	—	—
Net increase / (decrease) in cash and cash equivalents	0.73	(17.98)
Cash and cash equivalents at the beginning of the year (refer Note 3)	0.98	18.96
Cash and cash equivalents at the end of the year (refer Note 3)	1.71	0.98

This statement has been prepared under the indirect method as set out in Ind AS 7 - Statement of Cash Flows

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

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Akshay Chikodikar
Company Secretary

Sanjay Yewale
Chief Executive Officer
& Chief Financial Officer

Amit B. Kalyani
Chairman
R. K. Goyal
Director

Place : Pune
Date : June 26, 2020

Place : Pune
Date : June 26, 2020

**KALYANI**

Consolidated Financial Statements

2019-2020

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

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

Background

Kalyani Investment Company Limited ("the Company") is a public limited company domiciled in India and incorporated in June, 2009 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 making investments in group companies. The Registered Office of the Company is located at Mundhwa, Pune - 411 036. The CIN of the Company is L65993PN2009PLC134196. The Company and its associates are together referred to as the 'Group'.

These consolidated financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorized for issue on June 26, 2020.

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.

(ii) Historical cost convention

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

- Certain financial assets and liabilities that are measured at fair value.
- Defined benefit plans - plan assets measured at fair value.

(iii) 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.

(iv) Principles of consolidation and equity accounting

• 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.

• Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit and loss and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The Group has adopted not to recognize the effects of the transactions recorded in equity of associate outside the statement of profit or loss and other comprehensive income of the associate.

(v) Amended standards adopted by the Group

The Group applied Ind AS 116 Leases for the first time with effect from April 1, 2019. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments apply for the first time for the year ending March 31, 2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards or amendments that have been issued but are not yet effective / notified.

Ind AS 116 Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases in the balance sheet. Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Group is the lessor.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

The Group adopted Ind AS 116 using the full retrospective method of adoption, with the date of initial application on April 1, 2019. The Group elected to use the transition practical expedient to not reassess whether a contract is or contains, a lease at April 1, 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases) and lease contracts for which the underlying asset is of low value (low-value assets). Accordingly, the Group has tested the lease contracts and has found all the lease contracts fall under the exemptions mentioned above. This amendment will not have any impact as the Group does not have any leases.

(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 Investments. 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 impact of COVID 19 on the Group's financial statements may differ from the estimated as at the date of approval of these financial statements.

(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 33 for segment information presented.

(d) Foreign currency translation

Functional and presentation currency

Items included in the consolidated 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 the Group'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.

(e) 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.

(f) 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.

(g) Taxes

Current 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.

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 associates 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 associates 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.

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.



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

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.

(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 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 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 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 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) 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

All assets and liabilities for which fair value is measured or disclosed in the consolidated 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 consolidated 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 Company's external valuers, which valuation techniques and inputs to use for each case.

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.

(k) 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.

(l) 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 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 amortised cost using the effective interest rate (EIR) method. Amortised 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 amortisation 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 achieve 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 derecognized 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'). After initial measurement, such financial assets are subsequently measured at fair value in the statement of profit and loss.

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



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

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 shortfall), 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 amortised 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.

(m) 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.

(n) 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.

(o) 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 directly attributable costs relating to the acquisition and installation of property, plant and equipment are capitalized. All 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 derecognized 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.

An item of property, plant and equipment and any significant part initially recognized is derecognized 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 consolidated statement of profit and loss when the asset is derecognized.

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 Group has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(p) 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 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :
(q) 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.

(r) 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.

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.

(s) 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) 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 liability (asset) and re-measurements of the net defined benefit liability (asset) in the statement of profit and loss.

Provident Fund

The Group operates single plan 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 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.

(iii) 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.

(t) 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.

(u) 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.

(v) Dividend Liability

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.

(w) 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.

(x) Rounding of amounts

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



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

1.B Standards issued but not effective

Exposure draft on amendments to following standards have been issued by the Institute of Chartered Accountants of India :

1. Ind AS 1 "Presentation of Financial Statements" and Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"
2. Ind AS 40, "Investment Property"
3. Ind AS 103, "Business Combinations"
4. Ind AS 109, "Financial Instruments" and Ind AS 107, "Financial Instruments : Disclosure"

However, such exposure drafts have not been notified by the Ministry of Corporate Affairs ('MCA') to be applicable from April 1, 2020 as at the date of approval of these financial statements.

2. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated 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.

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 26.

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. Judgements 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 29 for further disclosures.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :
NOTE 3 : CASH AND CASH EQUIVALENTS

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Balances with Banks		
In current accounts	1.71	0.98
Total	1.71	0.98

NOTE 4 : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Term deposits with original maturity of more than three months but less than twelve months	244.90	—
Total	244.90	—

NOTE 5 : LOANS

(₹ in Million)

Particulars	Amortised cost	
	March 31, 2020	March 31, 2019
(A) Loans		
(i) Inter-corporate deposit	50.00	50.00
Total (A) - Gross	50.00	50.00
Less : Impairment loss allowance	(50.00)	(50.00)
Total (A) - Net	—	—
(B) Others		
(i) Unsecured (Other receivable)	0.07	0.07
Total (B) - Gross	0.07	0.07
Less : Impairment loss allowance	(0.07)	(0.07)
Total (B) - Net	—	—
(C) Loans in India	50.07	50.07
Total (C) - Gross	50.07	50.07
Less : Impairment loss allowance	(50.07)	(50.07)
Total (C) - Net	—	—
Total (A + B) - Net	—	—



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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

Investments	Number of shares / debentures / units		Face Value	March 31, 2020				March 31, 2019			
				At Cost	Through other comprehensive income	At fair value	Through profit or loss	At Cost	Through other comprehensive income	At fair value	Through profit or loss
	March 31, 2020	March 31, 2019									
Mutual Funds :											
HDFC Liquid Fund - Growth	22,561	64,157	1,000	—	—	87.62	—	—	—	234.83	234.83
HDFC Money Market Fund - Growth	24,356	—	1,000	—	—	101.66	—	—	—	—	—
Total Mutual Funds				—	—	189.28	—	—	—	234.83	234.83
Equity Shares :											
Equity Shares of BF Utilities Limited	6,195,046	6,195,046	5	—	891.78	—	—	—	1,214.54	—	1,214.54
Equity Shares of Dandakaranya Investment and Trading Limited	22,005	22,005	100	—	—	—	—	—	—	—	—
Equity Shares of Hastinapur Investment and Trading Limited	22,005	22,005	100	—	—	—	—	—	—	—	—
Equity Shares of Dronacharya Investment and Trading Limited	22,005	22,005	100	—	—	—	—	—	—	—	—
Equity Shares of Campanula Investment and Finance Limited	220,000	220,000	10	—	—	—	—	—	—	—	—
Equity Shares of Cornflower Investment and Finance Limited	220,000	220,000	10	—	—	—	—	—	—	—	—
Equity Shares of Triumphant Special Alloys Private Limited	245,000	245,000	10	—	—	—	—	—	—	—	—
Equity Shares of Bharat Forge Limited	63,312,190	63,312,190	2	—	14,821.38	—	—	—	32,441.17	—	32,441.17
Equity Shares of KSL Holdings Private Limited	5,001,000	5,001,000	10	—	1,150.23	—	—	—	1,065.21	—	1,065.21
Equity Shares of Saarloha Advanced Materials Private Limited	2,930,218	2,930,218	10	—	842.47	—	—	—	913.82	—	913.82
Equity Shares of Khed Economic Infrastructure Private Limited	15,111,147	15,111,147	10	—	252.66	—	—	—	229.54	—	229.54
Total Equity Shares				—	17,958.52	—	—	—	35,864.28	—	35,864.28

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

NOTE 6 : INVESTMENTS (Continued)

Investments	Number of shares / debentures / units		Face Value	March 31, 2020				March 31, 2019			
				March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
				At Cost	Through other comprehensive income	Through profit or loss	Total	At Cost	Through other comprehensive income	Through profit or loss	Total
Equity Shares in Associates :											
Equity Shares of Hikal Limited	38,667,375	38,667,375	2	1,550.67	—	—	1,550.67	1,348.18	—	—	1,348.18
Equity Shares of Lord Ganesha Minerals Private Limited	450,000	450,000	10	—	—	—	—	—	—	—	—
Total Equity Shares in Associates				1,550.67	—	—	1,550.67	1,348.18	—	—	1,348.18
Preference Shares :											
Preference Shares of Sundaram Trading and Investment Private Limited	35,000	35,000	100	—	—	3.50	3.50	—	—	3.50	3.50
Preference Shares of Lord Ganesha Minerals Private Limited	9,000,000	9,000,000	10	—	—	15.66	15.66	—	—	15.66	15.66
Preference Shares of Baramati Speciality Steels Limited	47,500,000	47,500,000	10	—	—	107.37	107.37	—	—	97.60	97.60
Preference Shares of Kalyani Mining Venture Private Limited	2,030,000	2,030,000	10	—	—	—	—	—	—	—	—
Preference Shares of Kalyani Technoforge Limited	39,684,973	26,484,973	10	—	—	365.05	365.05	—	—	237.81	237.81
Total Preference Shares				—	—	491.58	491.58	—	—	354.57	354.57
Less : Allowance for impairment loss				—	—	15.66	15.66	—	—	—	—
Total Preference Shares				—	—	475.92	475.92	—	—	354.57	354.57
Others (Debentures) :											
0% Fully Convertible Debentures (FCD) of Azalea Enterprises Private Limited	725,000	725,000	100	—	—	—	—	—	—	—	—
Total Debentures				—	—	—	—	—	—	—	—
Total - Gross (A)				1,550.67	17,958.52	665.20	20,174.39	1,348.18	35,864.28	589.40	37,801.86
(i) Investments outside India				—	—	—	—	—	—	—	—
(ii) Investments in India				1,550.67	17,958.52	665.20	20,174.39	1,348.18	35,864.28	589.40	37,801.86
Total (B)				1,550.67	17,958.52	665.20	20,174.39	1,348.18	35,864.28	589.40	37,801.86
Total Investments				1,550.67	17,958.52	665.20	20,174.39	1,348.18	35,864.28	589.40	37,801.86

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Refer notes on Investments below :

35,000 - 12% Non-Cumulative Redeemable "C" Preference Shares of ₹ 100/- each fully paid up of Sundaram Trading and Investment Private Limited are redeemable on or before July 26, 2027.

9,400,000 - 8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid up of Baramati Speciality Steels Limited are redeemable at the end of 20 years from the date of allotment i.e. on March 28, 2033, with an option to the said Company to redeem the said shares in one or more tranches at any time on or after September 28, 2013.

5,100,000 - 8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid up of Baramati Speciality Steels Limited are redeemable at the end of 20 years from the date of allotment i.e. on September 28, 2033, with an option to the said Company to redeem the said shares in one or more tranches at any time on or after March 28, 2014.

13,000,000 - 8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid up of Baramati Speciality Steels Limited are redeemable at par on the expiry of 20 years from the date of allotment i.e. on March 23, 2036, with a call / put option respectively to the said Company as well as the holders of 8% Non-Cumulative Redeemable Preference Shares, after 6 months from the date of allotment i.e. after September 23, 2016, by giving one month's notice to the other party.

20,000,000 - 8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid up of Baramati Speciality Steels Limited are redeemable at par on the expiry of 20 years from the date of allotment i.e. on March 23, 2037, with a call / put option respectively to the said Company as well as the holders of 8% Non-Cumulative Redeemable Preference Shares, after 6 months from the date of allotment i.e. after September 23, 2017, by giving one month's notice to the other party.

9,000,000 - 1% Non-Cumulative Optionally Convertible Preference Shares of ₹ 10/- each fully paid up of Lord Ganesha Minerals Private Limited carry option to convert the entire amount outstanding into equity shares of the said company at par. The said 9,000,000 - 1% Non-Cumulative Optionally Convertible Preference Shares of ₹ 10/- each fully paid up, if not opted for conversion, are redeemable on March 31, 2030. However, the said Company as well as the holders of 1% Non-Cumulative Optionally Convertible Preference Shares, have a call / put option respectively, by giving one month's notice to the other party.

2,030,000 - 8% Non-Cumulative Redeemable Preference Shares of ₹ 10/- each fully paid up of Kalyani Mining Ventures Private Limited are redeemable after five years from the date of allotment, i.e. on or after March 31, 2020. Shares which are not redeemed by the Company shall be compulsorily redeemed at the expiry of twenty years from the date of allotment i.e. on March 31, 2035.

12,500,000 - 7% Cumulative, Optionally Convertible, Non-participating Preference Shares of ₹ 10/- each, fully paid up of Kalyani Technoforge Limited allotted on December 22, 2017, carry an option to convert the entire amount in Equity Shares of Kalyani Technoforge Limited, at the option to be exercised by Kalyani Technoforge Limited. The Preference Shares which are not converted, are redeemable at the end of 7 years from the date of allotment, however Kalyani Technoforge Limited can redeem the same after completion of 5 years.

13,984,973 - 7% Cumulative, Optionally Convertible, Non-participating Preference Shares of ₹ 10/- each, fully paid up of Kalyani Technoforge Limited allotted on September 6, 2018 carry an option to convert the entire amount in Equity Shares of Kalyani Technoforge Limited, at the option to be exercised by Kalyani Technoforge Limited. The Preference Shares which are not converted, are redeemable at the end of 7 years from the date of allotment, however Kalyani Technoforge Limited can redeem the same after completion of 5 years.

13,200,000 - 7% Cumulative, Optionally Convertible, Non-participating Preference Shares of ₹ 10/- each, fully paid up of Kalyani Technoforge Limited allotted on September 27, 2019 carry an option to convert the entire amount in Equity Shares of Kalyani Technoforge Limited, at the option to be exercised by Kalyani Technoforge Limited. The Preference Shares which are not converted, are redeemable at the end of 7 years from the date of allotment, however Kalyani Technoforge Limited can redeem the same after completion of 5 years.

560,000 - 0% Fully Convertible Unsecured Debentures of ₹ 100/- each fully paid up of Azalea Enterprises Private Limited are compulsorily convertible into such number of fully paid up equity shares of ₹ 10/- each at such a price as shall be fixed by the said Company upon the expiry of the period of 5 years from the date of their original issue i.e. on March 29, 2014. However the said Company has extended the tenure of the said debentures for further period of 5 years and accordingly the date of conversion shall be March 29, 2024.

165,000 - 0% Fully Convertible Unsecured Debentures of ₹ 100/- each fully paid up of Azalea Enterprises Private Limited are compulsorily convertible into such number of fully paid up equity shares of ₹ 10/- each at such a price as shall be fixed by the said Company upon the expiry of the period of 5 years from the date of their original issue i.e. on April 4, 2014. However the said Company has extended the tenure of the said debentures for further period of 5 years and accordingly the date of conversion shall be April 4, 2024.

NOTE 7(a) : OTHER FINANCIAL ASSETS

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Security deposit	0.50	0.50
Bank deposits with maturity more than twelve months	99.50	—
Total	100.00	0.50

NOTE 7(b) : OTHER CURRENT ASSETS

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Interest Receivable	7.97	—
Total	7.97	—

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :
NOTE 8 : PROPERTY, PLANT AND EQUIPMENT

	(₹ in Million)
Particulars	Furniture and Fixtures
Gross Block as at March 31, 2018	10.24
Additions	—
Disposals / Adjustments	—
Gross Block as at March 31, 2019	10.24
Additions	—
Disposals / Adjustments	—
Gross Block as at March 31, 2020	10.24

	(₹ in Million)
Particulars	Furniture and Fixtures
Accumulated Depreciation :	
As at March 31, 2018	3.01
For the year	0.97
Disposals / Adjustments	—
As at March 31, 2019	3.98
For the year	0.98
Disposals / Adjustments	—
As at March 31, 2020	4.97

	(₹ in Million)
Particulars	Furniture and Fixtures
Net Block	
As at March 31, 2019	6.26
As at March 31, 2020	5.27

- i) The information relating to Gross block, accumulated Depreciation and Impairment if any, has been disclosed as an additional information since the Group has adopted deemed cost exemption under Ind AS 101.
- ii) For Depreciation and amortisation refer accounting policy (refer Note 1)

NOTE 9 : ASSETS FOR CURRENT TAX

	(₹ in Million)	
Particulars	March 31, 2020	March 31, 2019
Advance Income Tax	2.32	0.11
Total	2.32	0.11

NOTE 10 : TRADE PAYABLES

	(₹ in Million)	
Particulars	March 31, 2020	March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	—	—
Total outstanding dues of creditors other than micro enterprises and small enterprises	2.01	1.45
Total	2.01	1.45

- (i) The Company has compiled this information based on the current information in its possession as at March 31, 2020, no supplier has intimated the Group about its status as Micro and Small Enterprises or its registration with the appropriate authority under the Micro, Small and Medium Enterprises Development Act, 2006 except as disclosed below.
- (ii) Trade payables are non-interest bearing and are generally settled on 30 days.
- (iii) The Group does not owe any moneys to Micro and Small Enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006.

NOTE 11 : OTHER FINANCIAL LIABILITIES

	(₹ in Million)	
Particulars	March 31, 2020	March 31, 2019
Accrued expenses	10.34	9.60
Total	10.34	9.60

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

NOTE 12 : PROVISIONS

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Provision for employee benefits		
Provision for compensated absences	0.02	0.01
Total	0.02	0.01

NOTE 13 : DEFERRED TAX LIABILITIES

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
DEFERRED TAX LIABILITIES		
Depreciation and amortisation	(0.13)	(0.03)
Fair valuation of equity shares	128.69	129.84
On undistributed profit of Associate	409.89	—
Total Deferred tax liabilities	538.45	129.81
DEFERRED TAX ASSETS		
Disallowances	—	—
Fair valuation of preference shares	(99.28)	(103.02)
Total Deferred tax assets	(99.28)	(103.02)
Deferred tax liabilities / (assets) - (net)	439.17	26.79

Changes in Deferred Tax Assets / (Liabilities) in Profit and Loss / Reserve [charged / (credited) during the year]

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Deferred tax assets		
Disallowances	—	0.01
Fair valuation of preference shares	3.75	0.41
	<u>3.75</u>	<u>0.42</u>
Deferred tax liabilities		
Depreciation and amortisation	(0.10)	(0.07)
On undistributed profit of Associate	409.89	—
	<u>409.79</u>	<u>(0.07)</u>
Total	413.53	0.35

Changes in Deferred Tax Assets / (Liabilities) in Other Comprehensive Income [charged / (credited) during the year]

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Deferred tax liabilities		
Fair valuation of equity shares	(1.15)	(94.38)
Total	(1.15)	(94.38)

NOTE 14 : OTHER NON-FINANCIAL LIABILITIES

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Statutory dues payable	0.40	1.38
Payable to employees	0.05	0.05
Total	0.45	1.43

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :
NOTE 14 : SHARE CAPITAL
(a) Authorised share capital

Particulars	Equity shares	14% Non Cumulative redeemable preference shares
As at March 31, 2018 :		
Number of shares	12,000,000	60,000,000
Face value per share	₹ 10/-	₹ 10/-
Amount (₹ in Million)	120.00	600.00
As at March 31, 2019 :		
Number of shares	12,000,000	60,000,000
Face value per share	₹ 10/-	₹ 10/-
Amount (₹ in Million)	120.00	600.00
As at March 31, 2020 :		
Number of shares	12,000,000	60,000,000
Face value per share	₹ 10/-	₹ 10/-
Amount (₹ in Million)	120.00	600.00

(b) Terms / rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹ 10/- 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 surplus assets of the Company, remaining after distribution of all preferential amounts.

(c) Issued and subscribed equity share capital

Particulars	Number of shares	(₹ in Million)
		Amount
As at March 31, 2018	4,365,306	43.65
Changes in equity share capital	—	—
As at March 31, 2019	4,365,306	43.65
Changes in equity share capital	—	—
As at March 31, 2020	4,365,306	43.65

(d) Details of shareholders holding more than 5% shares in the Company

Particulars	Ajinkya Investment & Trading Company	Sundaram Trading & Investment Private Limited
As at March 31, 2018		
% of holding	12.28%	60.94%
Number of shares	536,182	2,660,074
As at March 31, 2019		
% of holding	12.28%	60.94%
Number of shares	536,182	2,660,074
As at March 31, 2020		
% of holding	12.28%	60.94%
Number of shares	536,182	2,660,074

NOTE 16 : RESERVES AND SURPLUS

Particulars	(₹ in Million)	
	March 31, 2020	March 31, 2019
Retained earnings	1,912.40	1,369.02
Less : Adjustment to opening balance*	(261.20)	—
Add : Profit for the year	480.38	610.83
Add : Share of other comprehensive income of associates accounted	(0.41)	0.31
Less : Transfer to statutory reserve fund	(85.23)	(67.76)
As at the end of the year	2,045.94	1,912.40
General Reserve as at the beginning and end of the year	2,146.65	2,146.65
Statutory Reserve Fund		
As at the beginning of the year	290.79	223.03
Add : Transfer from retained earnings	85.23	67.76
As at the end of the year	376.02	290.79
Capital Redemption reserve as at the beginning and end of the year	576.00	576.00
FVTOCI Equity investments		
As at the beginning of the year	32,800.94	46,124.38
Add : Fair value gains / losses for the year	(17,904.63)	(13,323.44)
As at the end of the year	14,896.31	32,800.94
Total	20,040.92	37,726.78

*Adjustment to opening balance pertains to deferred tax on unremitted earnings of the Group share in an Associate as at April 1, 2019 which is corrected in the current year. It will not result in material misstatement of financial statements considering any metric which investors would generally use and considering the nature of the adjustment in terms of qualitative and quantitative aspects, hence comparative period is not re-stated.

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :**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) Statutory reserve fund

As per Section 45-IC(1) of The Reserve Bank of India Act, 1934, every non-banking financial company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the profit and loss account and before any dividend is declared.

iii) FVTOCI Equity investment reserve

The Company has elected to recognise changes in the fair value of investment in equity shares 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 equity shares are de-recognized.

NOTE 17 : DIVIDEND INCOME

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Dividend received on mutual fund investment	—	2.10
Dividend received on shares	394.15	318.96
Total	394.15	321.06

NOTE 18 : NET GAIN / (LOSS) ON FAIR VALUE CHANGES

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net gain / (loss) on financial instruments at fair value through profit or loss		
- Preference shares	5.01	(2.80)
- Mutual funds	8.45	4.41
Total net gain / (loss) on fair value changes	13.46	1.61
Fair value changes		
- Realized	—	—
- Unrealized	13.46	1.61
Total net gain / (loss) on fair value changes	13.46	1.61

NOTE 19 : OTHER INCOME

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on fixed deposit	8.85	—
Profit on sale of investments	3.29	0.07
Provision no longer required	1.70	—
Total	13.84	0.07

NOTE 20 : EMPLOYEE BENEFIT EXPENSES

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	13.90	12.73
Total	13.90	12.73

NOTE 21 : DEPRECIATION

(₹ in Million)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation	0.98	0.97
Total	0.98	0.97

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :
NOTE 22 : OTHER EXPENSES

Particulars	(₹ in Million)	
	Year ended March 31, 2020	Year ended March 31, 2019
Legal and profession fees	7.96	9.49
Fees and subscription	0.86	0.79
Sundry expenses	0.10	0.09
Printing and stationery	0.69	0.47
Advertisement expenses	0.19	0.16
CSR expenditure (refer note 32)	2.37	0.59
Audit fees (refer Note 25)	0.33	0.29
Communication	0.23	0.53
Brand usage fees	0.56	0.56
Provision for impairment in investment in associate	15.66	—
Directors' Commission	9.60	8.10
Total	38.55	21.07

NOTE 23 : TAX EXPENSE

Particulars	(₹ in Million)	
	Year ended March 31, 2020	Year ended March 31, 2019
Current tax	—	0.02
Add : MAT credit utilized	4.85	—
	4.85	0.02
Deferred tax expense	3.65	0.35
Taxation in respect of earlier years	(4.78)	—
Deferred tax expense on undistributed profits of Associate	148.69	—
Total	152.41	0.37

Reconciliation of tax expense and accounting profit multiplied by statutory tax rate

Particulars	(₹ in Million)	
	Year ended March 31, 2020	Year ended March 31, 2019
Profit before tax	632.79	611.20
Applicable tax rate	27.82%	26.00%
Computed tax expense	176.04	158.91
Tax effect of amounts which are not deductible (taxable) in calculating taxable income :		
Non-deductible expenses	8.12	8.97
Income exempt from tax	(126.86)	(94.53)
Provision for diminution in investment	4.36	—
Profit on sale of investments	2.90	—
Share in profit of associate	(56.45)	(72.98)
Taxation in respect of earlier years	(4.78)	—
Deferred tax expense on undistributed profits of Associate	148.69	—
Others	0.39	—
Income tax expense	152.41	0.37

NOTE 24 : EARNINGS PER SHARE

Particulars		
	Year ended March 31, 2020	Year ended March 31, 2019
Net profit / (loss) after tax (₹ in Million)	480.38	610.83
Weighted average number of equity shares	4,365,306	4,365,306
Basic and diluted earning per share of nominal value of ₹ 10/- each	110.05	139.93

NOTE 25 : PAYMENT TO AUDITORS

Particulars	(₹ in Million)	
	Year ended March 31, 2020	Year ended March 31, 2019
As auditor :		
Audit fees	0.33	0.27
Certification fees	—	0.02
Total	0.33	0.29

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

NOTE 26 : PROVISION FOR EMPLOYEE BENEFITS

(₹ in Million)

Particulars	March 31, 2020	March 31, 2019
Compensated absences (refer Note A)	0.02	0.01
Non-current	0.02	0.01
Current	—	—

A Compensated absences

The compensated absences cover the Group's liability for privilege leave.

I Significant assumptions

The significant actuarial assumptions were as follows :

Particulars	March 31, 2020	March 31, 2019
Discount rate	6.90%	7.80%
Salary escalation rate	7.00%	10.00%
Retirement age	VP and above - 60 years	VP and above - 60 years
Mortality rate	Others - 55 years Indian Assured Lives Mortality (2012-14) Ultimate	Others - 55 years Indian Assured Lives Mortality (2012-14) Ultimate
Attrition rate	5.00%	5.00%

B Provident Fund

Defined contribution : The Group also has certain defined contribution plans. Contributions are made to provident fund in India for worker at the 12% of basic and dearness allowance as per regulations. The contributions are made to registered provident fund administered by the government. 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 ₹ 0.004 Million (March 31, 2019 : ₹ Nil).

C Risk Exposure

Provision of a defined benefit scheme poses certain risks, some of which are detailed hereunder, as Group's take on certain long term obligations to make future benefit payments.

1) Liability Risks**a. Asset-Liability Mismatch Risk**

Risks which 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. Hence companies are encouraged to adopt asset-liability management.

b. Discount Rate Risk

Variations in the discount rate used to compute the present value of the liabilities may seem small, but in practise can have a significant impact on the defined benefit liabilities.

c. Future Salary Escalation 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 managements discretion may lead to uncertainties in estimating the increasing risk.

2) Unfunded Plan Risk

This represents unmanaged risk and a growing liability. There is an inherent risk here that the group may default on paying the benefits in adverse circumstances. Funding the plan removes volatility in company's financial and also benefit risk through return on the funds made available for the plan.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :
NOTE 27 : INTERESTS IN ASSOCIATES

Name of entity	: Hikal Limited
Place of business	: Mumbai, India
% of ownership interest	: 31.36%
Relationship	: Associate
Accounting method	: Equity method
Quoted fair value	: March 31, 2020 ₹ 2,706.72 Million
	March 31, 2019 ₹ 6,714.59 Million
Carrying amount	: March 31, 2020 ₹ 1,550.67 Million
	March 31, 2019 ₹ 1,348.18 Million

The company is engaged in the manufacturing of various chemical intermediates, specially chemicals, active pharma ingredients and contract research activities.

Commitments and contingent liabilities in respect of associates

(₹ in Million)

	March 31, 2020	March 31, 2019
Commitments :		
Estimated amount of contracts remaining to be executed on capital account and not provided for net of advances	259.36	237.54
Total Commitments	259.36	237.54
Contingent liabilities :		
Income Taxes	74.13	38.92
Excise Duty	12.58	12.58
Value Added Tax (VAT)	3.51	—
Central Sales Tax (CST)	0.88	—
Total Contingent liabilities	91.10	51.50

Summarized financial information for associates
Summarized balance sheet

(₹ in Million)

	Hikal Limited	
	March 31, 2020	March 31, 2019
Total non-current assets	9,932.20	8,554.75
Total current assets	7,747.63	8,300.33
Total non-current liabilities	3,551.60	3,267.26
Total current liabilities	5,963.21	6,025.71
Net Assets	8,165.02	7,562.11

Reconciliation to carrying amounts

(₹ in Million)

	March 31, 2020	March 31, 2019
Opening net assets	7,562.11	6,693.85
Profit for the year	844.35	1,030.75
Other comprehensive income	(1.33)	1.02
Dividends paid	(197.28)	(135.63)
Dividend distribution tax	(40.55)	(27.88)
Closing net assets	8,167.30	7,562.11
Group's share in %	31.36%	31.36%
Group's share in INR	2,561.26	2,371.47
Capital Reserve on acquisition	(1,078.01)	(1,078.01)
Share in other reserves not accounted as per the accounting policy adopted by the Group (Refer Note 1A(a)(iv))	67.42	54.72
Carrying amount	1,550.67	1,348.18

Summarized statement of profit and loss

(₹ in Million)

	March 31, 2020	March 31, 2019
Revenue	15,109.65	15,918.73
Profit for the year	844.35	1,030.75
Other comprehensive income	(1.33)	1.02
Total comprehensive income	843.02	1,031.77
Dividends received	61.87	42.53

Individually immaterial associates

(₹ in Million)

	March 31, 2020	March 31, 2019
Aggregate carrying amount of individually immaterial associates	—	—
Aggregate amounts of the group's share of :		
Profit / (loss) from operations	—	—
Other comprehensive income	—	—
Total comprehensive income	—	—
Share of unrecognized losses of Lord Ganesha Mineral Private Limited	68.07	42.76

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

NOTE 28 : RELATED PARTY TRANSACTIONS**A) Name of the related parties and nature of relationship :**

Holding Company	Ownership interest held by the Company	
	March 31, 2020	March 31, 2019
Sundaram Trading and Investment Private Limited	60.94%	60.94%

The principal place of business of the holding company is India.

(i) Where control exists :

Associate	Ownership interest held by the Company	
	March 31, 2020	March 31, 2019
i) Hikal Limited	31.36%	31.36%
ii) Lord Ganesha Minerals Private Limited	22.50%	22.50%

The principal place of business of the associate is India and the company has accounted for its investment in associate at cost.

(ii) 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 Technologies Limited

Key Management Personnel

- i) Mr.Amit B. Kalyani, Chairman, Non-Executive Director
- ii) Mrs.Deeksha A. Kalyani, Non-Executive Director
- iii) Mr.B.B. Hattarki, Independent Director
- iv) Mr.R.K. Goyal, Independent Director
- v) Mr.S.K. Adivarekar, Independent Director
- vi) Mr.Sanjeev Joglekar, Independent Director
- vii) Mrs.Shruti Shah, Additional Director, categorized as Independent Director (w.e.f. February 7, 2020)
- viii) Mr.Sanjay Yewale, Chief Executive Officer and Chief Financial Officer
- ix) Mr.Adwait Joshi, Company Secretary (upto September 15, 2018)
- x) Mr.Akshay Chikodikar, Company Secretary (w.e.f. October 29, 2018)

		(₹ in Million)	
a	Remuneration	March 31, 2020	March 31, 2019
i)	Mr.Amit B. Kalyani, Chairman, Non-Executive Director	4.80	4.00
ii)	Mrs.Deeksha A. Kalyani, Non-Executive Director	3.00	2.60
iii)	Mr.B.B. Hattarki, Independent Director	0.60	0.50
iv)	Mr.S.K. Adivarekar, Independent Director	1.20	1.00
v)	Mr.Sanjay Yewale, Chief Executive Officer and Chief Financial Officer*	13.40	12.21
vi)	Mr.Adwait Joshi, Company Secretary	—	0.32
vii)	Mr.Akshay Chikodikar, Company Secretary	0.49	0.21
Total		23.49	20.84

* Amount paid to Key Management Personnel on deputation. Represents total payment including GST. GST amounting to ₹ 2.04 Million (Previous year : ₹ 1.86 Million)

		(₹ in Million)	
(iii)	Compensation to key management personnel	March 31, 2020	March 31, 2019
	Nature of transaction		
	Short-term employee benefits	13.89	12.74
	Post-employment benefits	—	—
	Other-long term benefits	—	—
	Termination benefits	—	—
	Share base payment	—	—

As the future liability for gratuity is provided on an actuarial basis for the Group as whole, the amount pertaining to individual is not ascertainable and therefore not included above.

		(₹ in Million)	
(iv)	Transactions with related parties	March 31, 2020	March 31, 2019
i)	Dividend received from Hikal Limited	61.87	42.53
ii)	Dividend received from Bharat Forge Limited	379.87	316.56
iii)	Dividend received from Kalyani Technoforge Limited	14.28	2.40
		456.02	361.49
iv)	Purchase of Preference Shares from Kalyani Technoforge Limited	132.00	139.85
v)	Branding fees paid to Kalyani Technologies Limited	0.56	0.56
vi)	Provision for diminution in value of investment in Lord Ganesha Minerals Private Limited	15.66	—

		(₹ in Million)	
(v)	Outstanding balances with related parties	March 31, 2020	March 31, 2019
i)	Mr.Amit B. Kalyani, Chairman, Non-Executive Director	4.80	4.00
ii)	Mrs.Deeksha A. Kalyani, Non-Executive Director	3.00	2.60
iii)	Mr.B.B. Hattarki, Independent Director	0.60	0.50
iv)	Mr.S.K. Adivarekar, Independent Director	1.20	1.00
Total		9.60	8.10

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :
NOTE 29 : FAIR VALUE MEASUREMENTS
Financial assets and liabilities at amortised cost

	(₹ in Million)	
Particulars	March 31, 2020	March 31, 2019
Financial assets		
Security deposits	0.50	0.50
Cash and cash equivalents	1.71	0.98
Bank balances other than above	244.90	—
Other financial assets	99.50	—
Other current assets	7.97	—
Total financial assets	354.58	1.48
Financial liabilities		
Trade payables	2.01	1.45
Accrued expenses	10.34	9.60
Total financial liabilities	12.35	11.05

Financial assets and liabilities classified as FVTPL

	(₹ in Million)	
Particulars	March 31, 2020	March 31, 2019
Investment in preference shares	475.92	354.57
Investments in mutual funds	189.28	234.83

Financial assets and liabilities classified as FVTOCI

	(₹ in Million)	
Particulars	March 31, 2020	March 31, 2019
Investment in equity shares	17,958.52	35,864.28

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, 2020	—	—	475.92
March 31, 2019	—	—	354.57
Investments in mutual funds			
March 31, 2020	189.28	—	—
March 31, 2019	234.83	—	—
Investment in equity shares			
March 31, 2020	15,713.16	—	2,245.36
March 31, 2019	33,655.71	—	2,208.57

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 process

The finance department of the Group 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.

iii) 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.

iv) Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in level 3 items :

	(₹ in Million)		
Particulars	Preference shares	Equity Shares	Total
As at April 1, 2019	354.57	2,208.57	2,563.14
Purchased during the year	132.00	—	132.00
Gains / (losses) recognized in profit or loss	(10.65)	—	(10.65)
Gains / (losses) recognized in other comprehensive income	—	36.79	36.79
As at March 31, 2020	475.92	2,245.36	2,721.28



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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

v) **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 :

(₹ in Million)

Name of the entity	Method of valuation - significant unobservable inputs	Fair value as at		Inputs use for fair value	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Equity Shares of Saarloha Advanced Materials Private Limited	Market multiple method - EBITDA multiple	842.47	913.82	4.89	6.28
Equity Shares of KSL Holdings Private Limited	Net asset value method Inputs considered for NAV : 1) KSL Holdings has investment under Saarloha therefore sensitivity for Saarloha has impact on KSL Holdings fair value. 2) KSL Holdings has investment under Baramati Speciality Steels Limited which in turn has investment in Saarloha therefore sensitivity for Saarloha has impact on Baramati Speciality Steels Limited and therefore Baramati has impact on KSL Holdings fair value. 3) KSL Holdings also has investment in quoted investment to which considered on the basis of market price.	1,150.23	1,065.21	Fair value of net assets	1) EBITDA Multiple - 6.28 2) Discount rate for quoted investment - 75%
Equity Shares of Khed Economic Infrastructure Private Limited	Cost approach method Inputs considered for cost approach : Inventory valuation 1) Rate per acre for developed land 2) Rate per acre for land under development	252.66	229.54	Inventory valuation Rate per acre for developed land and land under development in the range of ₹ 1.04 to ₹ 1.26 crore (weighted average ₹ 1.15 crore) per acre	Inventory valuation 1) Rate per acre for developed land : ₹ 0.99 to ₹ 1.26 crore (weighted average ₹ 1.06 crore) per acre 2) Rate per acre for land under development : ₹ 0.99 to ₹ 1.26 crore (weighted average ₹ 1.06 crore) per acre
Preference Shares of Baramati Speciality Steels Limited	Discounted cash flow method	107.37	97.60	10%	10%
Preference Shares of Kalyani Technoforge Limited	Discounted cash flow method	365.05	237.81	10%	10%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

The sensitivity analysis on account of inputs used for fair valuation are as follows :

Particulars	March 31, 2020	March 31, 2019
1. Equity Shares of Saarlaha Advanced Materials Private Limited :		
EBIDTA multiple		
Increase by 5%	21.04	32.61
Decrease by 5%	(28.19)	(32.61)
2. Equity Shares of KSL Holdings Private Limited :		
Fair Value of investments		
Increase by 5%	22.61	—
Decrease by 5%	(21.01)	—
EBIDTA multiple and discount rate		
Increase by 5% and decrease by 5%	—	66.16
Decrease by 5% and increase by 5%	—	(66.16)
3. Equity Shares of Khed Economic Infrastructure Private Limited :		
Rate per acre		
Increase by 5%	32.85	22.52
Decrease by 5%	(32.85)	(22.52)
4. Preference Shares of Baramati Speciality Steels Limited :		
Discount rate		
Increase by 1%	(0.51)	(13.53)
Decrease by 1%	0.51	13.53
5. Preference Shares of Kalyani Technoforge Limited :		
Discount rate		
Increase by 1%	(9.30)	(10.30)
Decrease by 1%	9.30	10.30

NOTE 30 : FINANCIAL RISK MANAGEMENT

Presented below is a description of the risks (market 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
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 does not have foreign currency transactions and thereby is not exposed to foreign exchange risk arising from foreign currency transactions.

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 liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, the Group 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 analyze the Group's financial liabilities into relevant maturity groupings based on their contractual maturities :

	(₹ in Million)	
March 31, 2020	Less than 1 year	More than 1 year
Non - derivative		
Trade payables	2.01	—
Accrued Expenses	10.34	—

	(₹ in Million)	
March 31, 2019	Less than 1 year	More than 1 year
Non- derivative		
Trade payables	1.45	—
Accrued Expenses	9.60	—

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NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

III Credit Risk

The Group is exposed to credit risk from its activity of giving loans and from its financing activities, including deposits with banks and other financial instruments.

The balances with banks 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 Loans

i) Expected credit loss for loans

(₹ in Million)		
Particulars	March 31, 2020	March 31, 2019
Gross carrying amount	50.07	50.07
Expected loss rate	100.00%	100.00%
Expected credit losses (loss allowance provision)	50.07	50.07
Carrying amount of loans (net of impairment)	—	—

ii) Reconciliation of loss allowance provision - loans

(₹ in Million)	
Loss allowance as on April 1, 2019	50.07
Changes in loss allowance	—
Loss allowance as on March 31, 2020	50.07

NOTE 31 : CAPITAL MANAGEMENT

The Group objectives when managing capital are 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. 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.

The capital structure of the Group is as follows :

(₹ in Million)		
Particulars	March 31, 2020	March 31, 2019
Share Capital	43.65	43.65
Other Equity	20,040.92	37,726.78
Total	20,084.57	37,770.43
Debt equity ratio	—	—

NOTE 32 : CORPORATE SOCIAL RESPONSIBILITY (CSR)

(₹ in Million)		
Sr. No. Particulars	Year ended March 31, 2020	Year ended March 31, 2019
a) Gross amount required to be spent by the Group during the year	2.37	0.59
Total	2.37	0.59

b) (i) Amount spent during the year

(₹ in Million)		
Sr. No. Particulars	2019-20	
	In cash	Yet to be paid in cash
1 Promotion of education - Donation	2.37	—
Total	2.37	—

b) (ii) Amount spent during the year

(₹ in Million)		
Sr. No. Particulars	2018-19	
	In cash	Yet to be paid in cash
1 Promotion of education - Donation	0.59	—
Total	0.59	—

NOTE 33 : 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 is in the business of making investments in group companies, focusing on earning income through dividends, interest and gains on investment held, which is a single segment in accordance with Ind AS 108 - "Operating segment" notified pursuant to Companies (Indian Accounting Standards) Rules, 2015 as amended.

All assets are in India.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :**NOTE 34 : COVID 19**

On account of outbreak of Pandemic COVID 19, Government of India declared nation wide lockdown vide Order No. 40-3/2020. The Company has made detailed assessment of its liquidity position and recoverability and carrying value of its assets. Based on the current indicators of future economic conditions, the Group expects to recover the carrying amounts of these assets. The management has made detailed study of the possible effect of the pro-longed lockdown on its business prospects, both in terms of investments and profitability and in its assessment, believes that the Group will have minimal adverse impact. The Group will continue to closely monitor any material changes arising of future economic conditions and its impact on the business.

NOTE 35

Section 2(6) of the Companies Act, 2013 defines Associate Company in relation to another company as a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company. As per explanation to Section 2(6), significant influence means control of at least twenty percent of paid-up equity share capital and convertible preference share capital or of business decisions under an agreement.

The Company holds investments in below mentioned entities which by share ownership are deemed to be Associate Companies :

Sr. No.	Name of the company	Ultimate holding as on March 31, 2020
i)	Dandakaranya Investment and Trading Private Limited	23.92%
ii)	Hastinapur Investment and Trading Private Limited	23.92%
iii)	Dronacharya Investment and Trading Private Limited	23.92%
iv)	Campanula Investment and Finance Private Limited	23.91%
v)	Cornflower Investment and Finance Private Limited	23.91%

However, the Company does not exercise significant influence in any of the above entities, as demonstrated below :

- i) The Company does not have any representation on the Board of Directors or corresponding governing body of the investee.
- ii) The Company does not participate in policy making process.
- iii) The Company does not have any material transaction with the investee.
- iv) The Company does not interchange any managerial personnel.
- v) The Company does not provide any essential technical information to the investee.

Accordingly, the above entities have not been considered to be Associate Companies.

NOTE 36

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

On behalf of the Board of Directors

Sanjay Athavale
Partner
Membership No.83374

Akshay Chikodikar
Company Secretary

Sanjay Yewale
Chief Executive Officer
& Chief Financial Officer

Amit B. Kalyani R. K. Goyal
Chairman Director

Place : Pune
Date : June 26, 2020

Place : Pune
Date : June 26, 2020

[illegible]



KALYANI

DRIVING INNOVATION

KALYANI INVESTMENT COMPANY LIMITED

MUNDHWA, PUNE - 411 036
MAHARASHTRA, INDIA.