

# KALYANI STEELS

C.I.N. : L27104MH1973PLC016350

KSL:SEC:

July 24, 2023

**BSE Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Fort, Mumbai – 400 001

**Scrip Code : 500235**

**National Stock Exchange of India Limited**

Exchange Plaza,  
Bandra Kurla Complex, Bandra (E)  
Mumbai – 400 051

**Scrip Symbol : KSL**

Dear Sir,

Sub. : **Annual Report for the Financial Year 2023-24**

Ref. : 51<sup>st</sup> Annual General Meeting scheduled to be held on Thursday, August 22, 2024 at 11.00 a.m. (I.S.T.) through Video Conferencing (VC) / Other Audit Visual Means (OAVM)

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, please find enclosed herewith Annual Report for the Financial Year 2023-24, circulated to the shareholders of the Company on their registered email addresses.

The same is also available on the Company's website at the following link :

Click [here](#)

Kindly take the same on record.

Thanking you,

Yours faithfully,  
For KALYANI STEELS LIMITED

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

Encl. : As above



KALYANI  
GROUP COMPANY

KALYANI STEELS LIMITED, CORPORATE BUILDING, 2ND FLOOR, MUNDHWA, PUNE – 411036, INDIA  
PHONE : +91 20 6621 5000 FAX : +91 20 2682 1124 E-mail : investor@kalyanisteels.com Website : www.kalyanisteels.com

FY 2023-24  
51<sup>ST</sup> ANNUAL REPORT



**KALYANI STEELS LIMITED**



**CORPORATE IDENTITY NUMBER (CIN)**

L27104MH1973PLC016350

**REGISTERED OFFICE**

Mundhwa, Pune - 411 036

Phone : +91-020-66215000

Website : www.kalyanisteels.com

E-mail : investor@kalyanisteels.com

**PLANT LOCATION**

Hospet Road, Ginigera

Tal. & Dist. Koppal

KARNATAKA - 583 228

**CHIEF FINANCIAL OFFICER**

Mr.B.M. Maheshwari

**COMPANY SECRETARY**

Mrs.Deepthi R. Puranik

**AUDITORS**

Kirtane & Pandit LLP

Chartered Accountants

5th Floor, Wing A,

Gopal House, S.No.127/1B/1, Plot A1,

Opposite Harshal Hall, Kothrud, Pune - 411 038

**BANKERS**

Bank of Baroda

Union Bank of India

Canara Bank

HDFC Bank Limited

Axis Bank Limited

The Hongkong and Shanghai

Banking Corporation Limited

**REGISTRAR & TRANSFER AGENTS**

Link Intime India Private Limited

Block No.202, Akshay Complex,

2nd Floor, Off Dhole Patil Road,

Near Ganesh Mandir, Pune – 411 001

**51<sup>ST</sup> ANNUAL GENERAL MEETING**

Day : Thursday

Date : August 22, 2024

Time : 11.00 a.m. (I.S.T.)

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

## Report Profile

Our 51<sup>st</sup> Annual Report delivers a comprehensive perspective on our performance, strategic vision, governance excellence and value creation initiatives. This report is published to convey to stakeholders the Company's prowess in generating value across short-term, medium-term and long-term horizons.

### Boundary and Scope of Reporting

The Report covers financial and non-financial information and activities of Kalyani Steels Limited, India for the period of April 1, 2023 to March 31, 2024.

### Reporting Principle

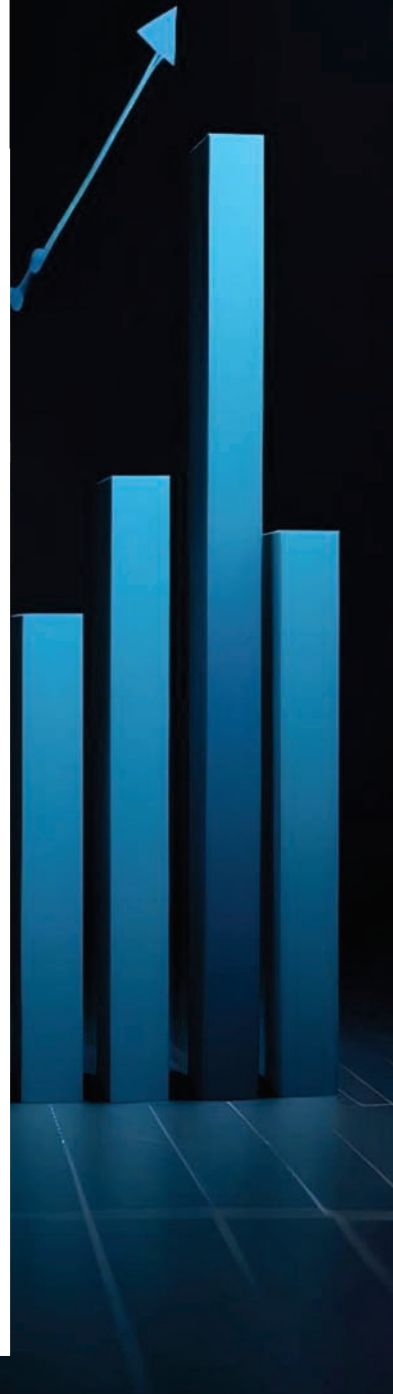
We have prepared this Report in accordance with the Companies Act, 2013 (and the Rules made there under), Indian Accounting Standards, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards.

### Forward Looking Statements

Certain statements in this Report regarding our business operations may constitute forward-looking statements. These include all statements other than statements of historical fact, including those regarding the financial position, business strategy, management plans and objectives for future operations.

Forward-looking statements can be identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will', 'plans', 'outlook' and other words of similar meaning in connection with a discussion of future operating or financial performance.

Forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized and as such, are not intended to be a guarantee of future results, but constitute our current expectations based on reasonable assumptions. Actual results could differ materially from those projected in any forward-looking statements due to various events, risks, uncertainties and other factors. We neither assume any obligation nor intend to update or revise any forward-looking statements, because of new information, future events or otherwise.



## ORGANIZATIONAL OVERVIEW

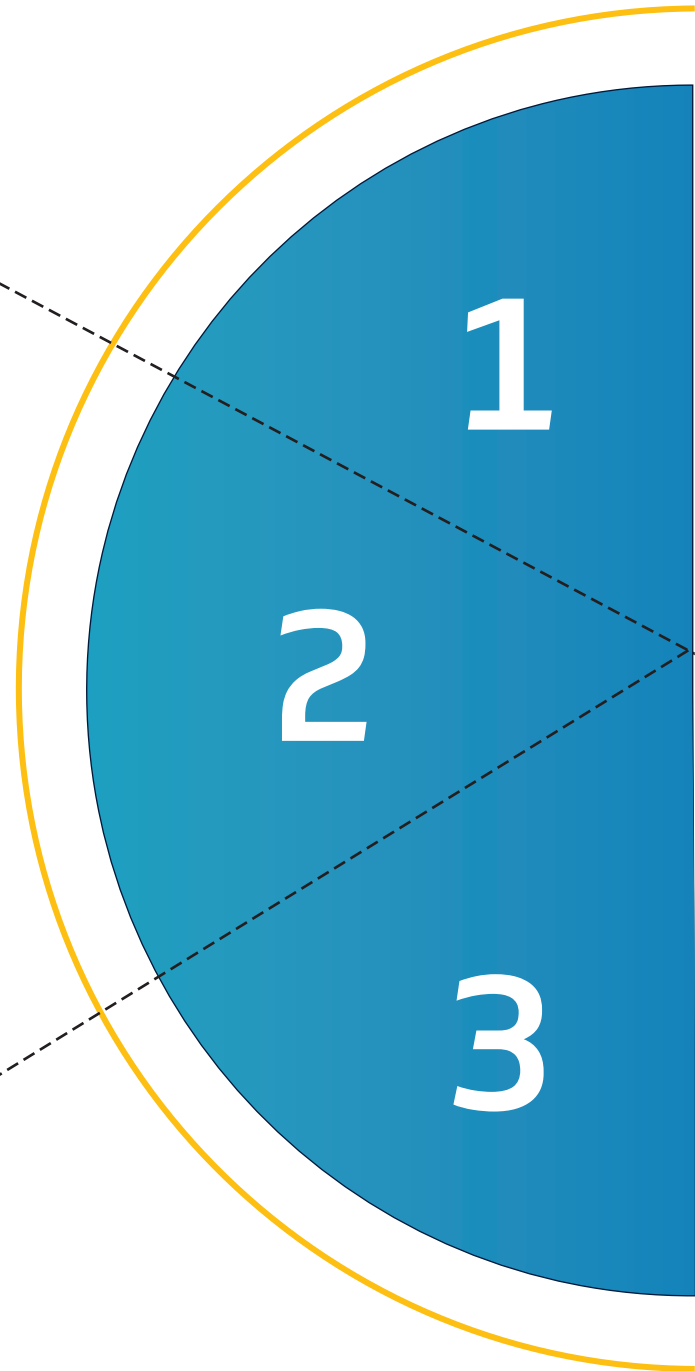
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# Organizational Overview



**O**ver the last five decades, our fervent dedication towards customer satisfaction, combined with our relentless pursuit of achieving operational excellence, astute financial management and strategic decision-making, has propelled us at the forefront of the leading suppliers of alloy steel long products.



## Section Contents

- Our Vision & Mission
- Operational Presence
- Manufacturing Process
- Applications of our steel





## OUR VISION

To be the least cost Preferred Engineering Steel Long Products manufacturer in the country.



## OUR MISSION

To attain market leadership in value added engineering steel segment by constantly upgrading manufacturing technologies and adopting cost effective methods of steel making thus enhancing shareholder value.

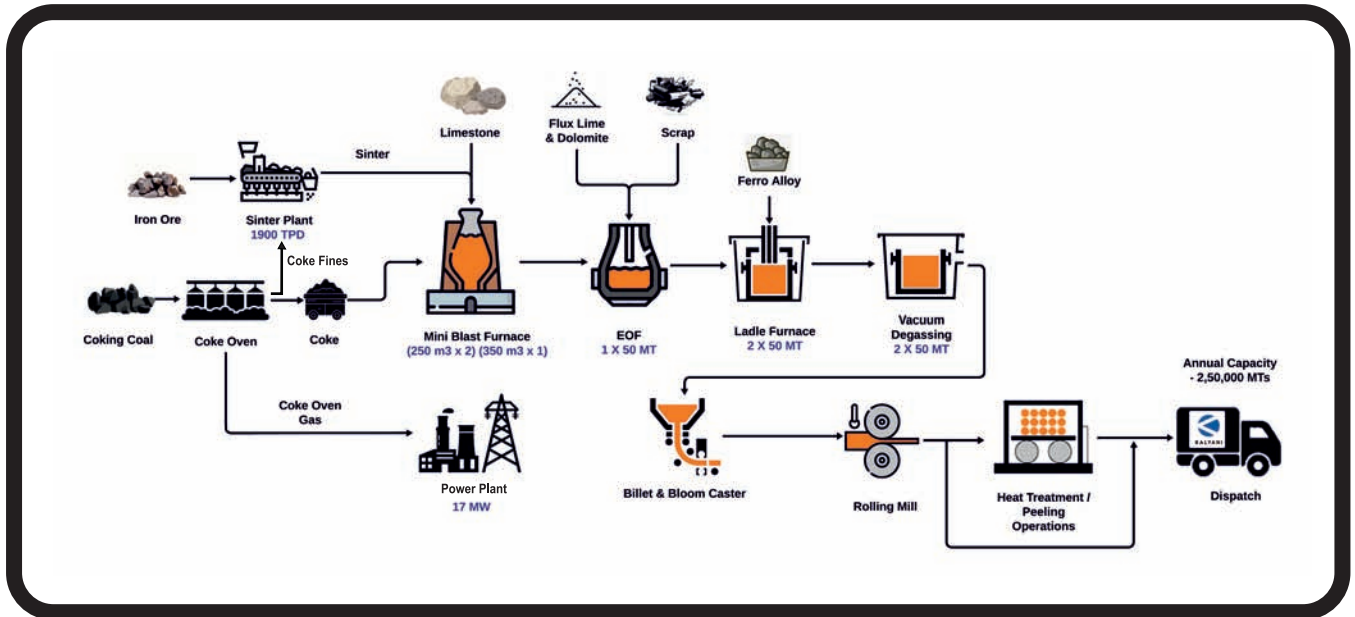


## Operational Presence



It is our constant endeavour to provide our customers with the quickest possible delivery at the most optimum cost with best-in-class quality. Our footprints spread across India enable us to be closer to our customers & to set new benchmarks in the market.

# Manufacturing Process



**Annual Capacity**  
250,000 MT

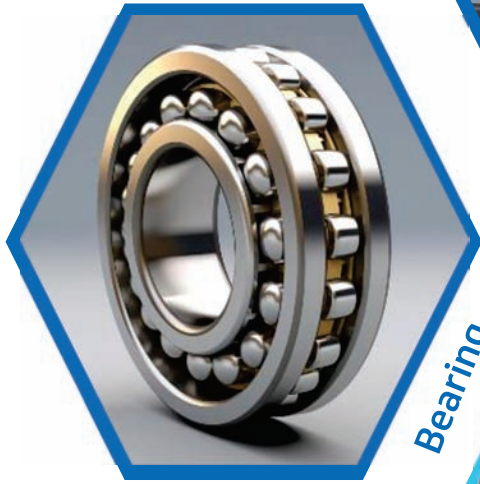
**As Cast Range**

- Billets / Blooms (mm) : 160 X 160, 180 X 180, 200 X 200, 210 X 230, 240 X 280
- Rounds (mm) : 160, 180, 200, 220

**As Rolled Range**

- Rounds (mm) : 25 - 160
- RCS (mm) : 45 - 180

## Applications of our Steel



*Bearing*



**Automotive**



*Energy*

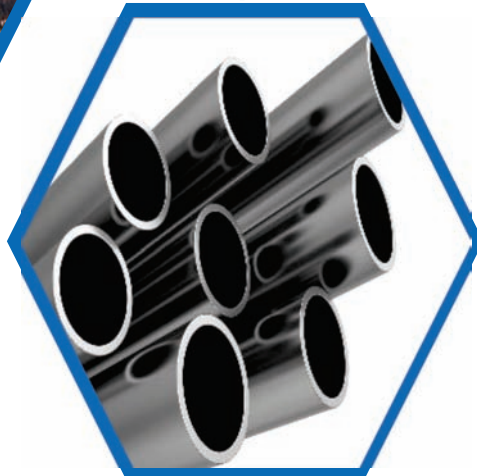


*Oil & Gas*

**Seamless Pipe**



*Engineering*



# Value Creation



It is our strategic intent to maintain a healthy and robust balance sheet which enables us to weather the storm and thereby continue to create significant value for our stakeholders.



## Section Contents

- Financial Snapshot
- Strategic Priorities

## FY 2023-24 at a glance



**₹ 20,063 Million**

Total Income

**242,865**

Sales (Tonnes)

**₹ 4,180 Million**

EBITDA

**₹ 3,327 Million**

PBT

**₹ 2,475 Million**

PAT

**₹ 56.69**

EPS

**0.35**

D/E Ratio

**₹ 16,914 Million**

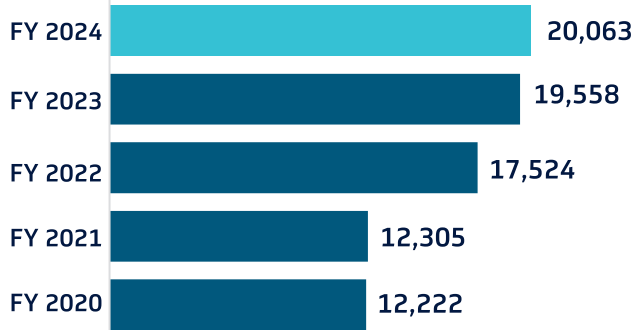
Net Worth

**15.48**

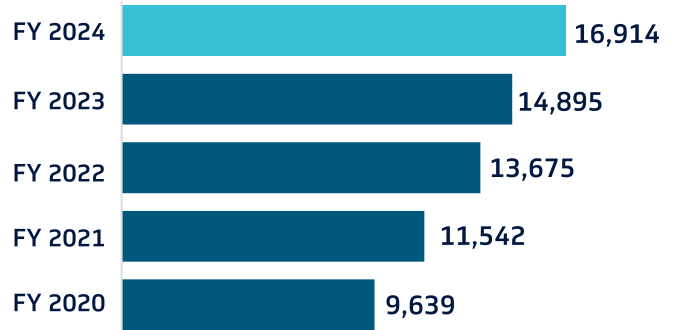
ROCE %

## Fueling growth through consistent performance

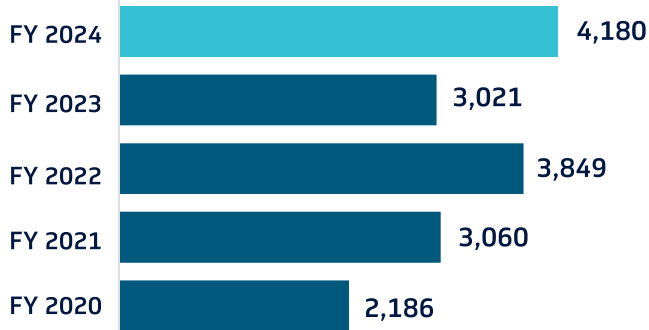
### Total Income (₹ in Million)



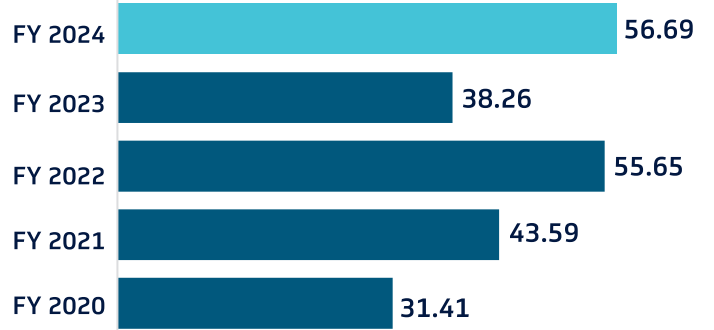
### Net Worth (₹ in Million)



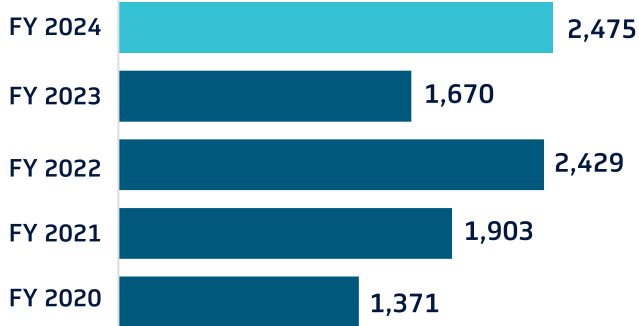
### EBITDA (₹ in Million)



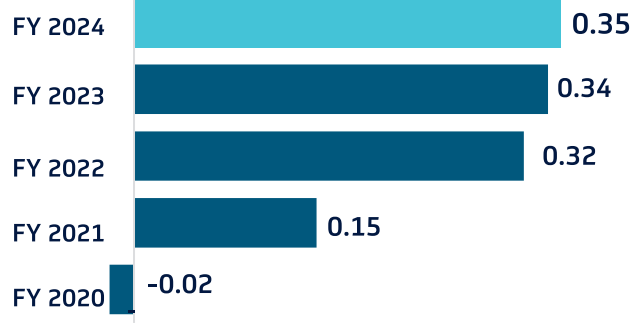
### EPS (in ₹ / share)



### PAT (₹ in Million)



### Debt to Equity Ratio





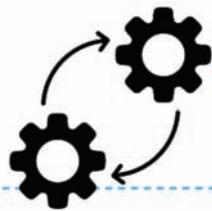
## Strategic Priorities



### Leadership in Alloy Steel Industry

#### Key Priorities :

1. Attain Cost leadership.
2. Enhance our manufacturing capacity and capabilities to meet the evolving alloy steel requirements of our customers.



### Backward & Forward Integration

#### Key Priorities :

1. Better control over raw material quality through backward integration.
2. Evaluate changing needs of customers and invest into forward integrated value-added facilities.





## Prudent Financial Management

### Key Priorities :

1. Reduce finance cost and thereby improve company's profitability and financial health.
2. Efficient management of Working capital levels.

S  
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S  
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## Sustainability in Operations

### Key Priorities :

1. Increase our energy efficiency to reduce usage of natural resources.
2. Reduce our carbon footprints.

# Leadership



**O**ur distinguished leadership cadre, endowed with profound industry acumen, has meticulously crafted trajectories for enduring growth by steadfastly prioritizing operational excellence and leveraging strategic initiatives.

## Section Contents

- Board of Directors
- Message from Chairman
- Message from Director
- Q & A with Managing Director

## Board of Directors



**Mr. B N Kalyani**  
Chairman



**Mrs. S B Kalyani**  
Non-Executive Director



**Mr. A B Kalyani**  
Non-Executive Director



**Mr. S M Kheny**  
Non-Executive Director



**Mr. B B Hattarki**  
Independent Director  
Up to March 31, 2024



**Mr. M U Takale**  
Non-Executive Director



**Mr. A P Pawar**  
Independent Director



**Mr. S K Mandlik**  
Independent Director



**Mr. S K Adivarekar**  
Independent Director



**Mrs. S A Shah**  
Independent Director



**Amb. Ahmad Javed**  
Independent Director



**Mr. R K Goyal**  
Managing Director



**Mr. S G Joglekar**  
Independent Director  
w.e.f. February 5, 2024

### Board Committees

1. Audit Committee
2. Stakeholders Relationship Committee
3. Nomination & Remuneration Committee
4. CSR Committee
5. Risk Management Committee
6. Finance Committee
7. Share Transfer Committee

## Message from Chairman



**Baba N. Kalyani**  
Chairman

**“We are committed to do our bit to  
make India a “Viksit Bharat”!**

**Dear Stakeholders,**

It is a pleasure & privilege to present the 51<sup>st</sup> Kalyani Steels Annual Report for FY 2024. I hope this letter finds you and your families well and safe.

The macro-economic conditions at the global level continue to be volatile primarily dominated by intermittent geopolitical tensions. Amid such uncertainty global GDP grew by about 3.2% in 2023 coming down from 3.4% in 2022. Looking ahead, global growth is poised at 3.2% in both 2024 & 2025 mainly on account of tightened monetary policies, reduced fiscal support and low demand amid weaker consumer sentiments.

**India makes a mark through its resilience performance**

Indian economy, on the other hand, emerged as the fastest growing large economy for consecutive two years at an estimated growth rate of 7.8% in FY 2024. With political stability, Indian economy is estimated to grow at 6-7% in FY 2025 primarily led by private consumption, strong rebound in fixed capital formation & government consumption along with large demographic dividend creating strong inhouse demand, continuously improving exports & manufacturing activities not only in raw material space but also in value added products.

India's improved outlook can be attributed to the government's pursuit of becoming self-reliant in manufacturing, minerals and resources among others. The pandemic & geopolitical tensions forced major economies to reassess their supply chain strategies globally. To diversify their supply chains, companies and countries are seeking to create alternate arrangements beyond China to other destinations. Amidst this, India finds itself in an advantageous position, particularly in creating a resilient supply chain and indigenous manufacturing.

**Stronger output for Indian Steel industry**

Global crude steel production stood at 1,889 Million Tonnes in CY 2023. In the past year, the global steel industry had experienced significant adjustments, particularly in response to changing demand dynamics, notably in China on account of production cuts from major steel producers.

Indian steel industry remained the bright spot in global steel industry performance in FY 2024. Strong growth in infrastructure projects, capacity additions and rising manufacturing activities helped steel output to grow by 12.5% to reach 140.7 Million Tonnes in FY 2024. With government capital expenditure outlay expected to continue further, India's steel industry may witness continued growth momentum in the medium term.

**Expanding Horizons**

With a legacy spanning over five decades, Kalyani Steels has established itself as one of the most premier brands in the alloy steels sector. To perpetuate this legacy and to fuel our customers' growth ambitions, we have taken a step forward with inking an MoU with Odisha government to explore setting up an ambitious greenfield Integrated Steel Plant (ISP) of annual capacity of 0.7 MTPA. Considering growing importance of low carbon emission steel, we shall have necessary technological advancements to be able to produce green steel. This endeavour will be meticulously managed from inception and is engineered to cater to the evolving industrial landscape.

**Indian Automotive industry growth has just started**

In FY 2024, Passenger Vehicles (PV) sales reached at its all-time high at 4.89 Million Vehicles registering a phenomenal growth of ~9%. Commercial Vehicles (CV) sales remained at a similar level to that of previous year at 1 Million Vehicles. Except PV all other types of vehicles are yet to catch up to the pre-covid level.

However, it is estimated that in next 25 years, we will observe a staggering 6X growth in Automotive vehicles units from current level of 4-5 Million units to 25-30 Million units by 2047.

The robust performance & demand of Automotive industry against severe challenges such as of increased cost of ownership, high inflation, stricter emissions norms is one of the major growth drivers for Indian Steel industry.

**Government led infrastructure spend to further fuel the steel industry demand**

Government of India, in its interim budget for FY 2024-25 announced total capital expenditure outlay of ₹ 11.11 Lac Crore; 11.1% higher than the previous year. Such increased spending clearly signals government's impetus on using infrastructure led development in the country as major catalyst of economic growth.

**Phenomenal performance amid volatility**

At the operational level, despite facing a challenging environment characterized by supply chain concerns and volatility in key raw material prices, Kalyani Steels navigated smoothly through FY 2023-24. Through effective management of price volatility, cost reduction initiatives and a focus on quality improvement, coupled with unparalleled operational efficiency, we sustained our profitability and continued our successful journey. We achieved ever highest Total Income of ₹ 20,063 Million as against ₹ 19,558 Million in FY 2023. We recorded our ever highest PBT at ₹ 3,327 Million as compared to ₹ 2,251 Million in FY 2023, showcasing a staggering 48% Y-o-Y increase.

I would like to present these numbers as a testament to Kalyani Steels long lasting promise of value creation for its shareholders. This success would not have been possible without entire Kalyani Steels team's swift responses in managing overall operations, overcoming severe challenges and showcasing thought leadership and taking decisive & appropriate actions whenever required.

Let me conclude by acknowledging the unwavering support of our stakeholders. Their continued belief in us has been instrumental in our ability to weather uncertain business environments. I would like to take this opportunity to express my sincere gratitude to our shareholders, bankers, employees, suppliers and customers for their co-operation & trust they've always placed on our company and I'm sure we shall get their continued support as always.

**Baba N. Kalyani**  
Chairman



## Message from Director



**Amit B. Kalyani**  
Director

**“We are continuously innovating ourselves  
to align with the changing business environment.”**

**Dear Stakeholders,**

It is indeed a pleasure to connect with you through the Annual Report of your company for FY 2024.

I am delighted to share that your company has reached a new milestone with record high figures in Total Income, PBT and PAT, achieving ₹ 20,063 Million at Y-o-Y growth of 3%, ₹ 3,327 Million and ₹ 2,475 Million showcasing a staggering 48% Y-o-Y increase. These outstanding results are a testament to our commitment to excellence and innovation.

At Kalyani Steels, our guiding principle, 'Driving Innovation,' propels us to surpass our own benchmarks regularly. This unwavering zeal has empowered us to increase our operational efficiency and implement cost reduction initiatives through continuous improvements.

**Capacity increase for increased demand**

The alloy steel industry in India currently contributes approximately 5-6% to the nation's total steel production. However, the demand for alloy steel is projected to grow rapidly, reaching an estimated 10 Million Tonnes by 2030 from a current level of ~6 Million Tonnes. This growth would be largely driven by Traditional sectors, Emerging sectors & Sunrise sectors.

Traditional sectors such as Automotive, Bearing and Oil & Gas will continue to expand, with minimal changes in the shapes and sizes of steel consumed. The government's robust push to increase renewable energy capacity and the indigenization of the Defence and Aerospace sectors will generate significant demand within these emerging sectors. Additionally, Sunrise sectors like the Green Hydrogen ecosystem and Electric Industrial Heating solutions will require specialized alloy steel grades for critical applications involving low thermal co-efficient of expansion.

We believe that India has the potential to emerge as a global leader in meeting the burgeoning demand for specialty alloy steels. This potential extends beyond supplying steel as a raw material to also providing finished components with all the necessary value additions.

**Greenfield Integrated Steel Plant (ISP)**

To capitalize on the burgeoning potential of alloy steel and finished components, we are exploring to set up a greenfield Integrated Steel Plant (ISP) with an annual capacity of 0.7 Million Tonnes. In a significant stride towards this vision, we have signed a Memorandum of Understanding (MoU) with the Odisha government to explore setting up greenfield ISP.

This state-of-the-art ISP will incorporate cutting-edge technologies essential to produce specialized steel products tailored for industries such as Aerospace, Energy, Oil & Gas and more. At the Kalyani Group, sustainability is a core principle driving our initiatives. We are acutely aware of the pressing need to decarbonize our operations while maintaining our trajectory of profitable growth. With this commitment, we have meticulously designed the ISP to manufacture steel products with low greenhouse gas (GHG) emissions, catering to our global clientele.

We are continuously exploring expansion opportunities that position us at the forefront of the alloy steel industry. Last year, we have acquired a steel asset (under liquidation) which will help us to grow our manufacturing capacity.

Our unwavering focus remains on adopting cutting-edge technology and cultivating a highly skilled workforce. I am highly optimistic about our ability to successfully harness the emerging market potential.

As always, I seek your continued trust in your company and invite you to witness the growth journey of your company.

Thank you.

**Regards,**  
**Amit B. Kalyani**

## Q & A with Managing Director



**R. K. Goyal**  
Managing Director

**“Steering innovation, empowering growth :  
Our commitment to excellence in every steel we cast.”**

**Q: How was the operational environment in alloy steel industry in the last financial year?**

A: FY 2024 observed a bumpy macro-economic conditions. As we know, China is the largest steel producer in the world and China's demand-supply cycles play pivotal role into defining steel & key raw material prices. In FY 2024, China had a reduced demand for steel, as the country's focus on heavy infrastructure investments seemed to shrink in addition to sluggish real estate sector following the real estate crisis. Due to such reduced domestic demand & higher exports from China, global steel prices observed a downward pressure. However, raw material prices were not subdued in line with this price corrections putting up margin pressure on steel products. Further, ongoing geopolitical tensions across the globe continue to disrupt the global supply chain in some or the other manner.

For Indian steel industry, which largely imports its key raw material - Coking coal, such global shocks and changes in China's investment cycles put negative pressure on the margins. However, it is imperative for an organization to correct its path dynamically while navigating through such rough environment.

**Q: How has Kalyani Steels financial performance amid the global steel challenges in the last financial year?**

A: India emerged as the shining star amid the global challenges and achieved 141 Million Tonnes of crude steel production in FY 2024. For Kalyani Steels as well, FY 2024 remained a remarkable year as we recorded our ever-highest Total Income of ₹ 20,063 Million. Our EBITDA stood at ₹ 4,180 Million registering a Y-o-Y growth of phenomenal 38%. In line, our PBT recorded at highest ever levels of ₹ 3,327 Million and PAT at ₹ 2,475 Million reflecting a Y-o-Y increase of 48%. The numbers speak for themselves and depict the immense hardwork & talent demonstrated by our team!

**Q: What were some of the key reasons for such staggering results?**

A: Our success is attributed primarily to our intense focus on driving operational efficiency, constantly challenging our limits and boundaries in addition to efficient management of our financial capital, including our procurement strategies.

**Q: How Kalyani Steels is gearing itself up for its manufacturing capacity expansion?**

A: Kalyani Steels draw a rich legacy of over 5 decades starting from its foundational year of 1973. Over the years, we have set new benchmarks not just for ourselves but also for the alloy steel industry. Our relentless efforts helped us to achieve the status of being the most preferred choice of alloy steel supplier. We are committed to support our customers' ambitious growth plans and continuously working to expand our footprints.

Steel industry being one of the highest emission intensive industries, it is essential to plan for future capacities keeping in mind the reduced carbon footprint levels. Hence, fuelling the growth sustainably would be the guiding principle for our expansion project.

Alloy steel industry will witness surge in demand in near to medium term future driven largely from emerging & sunrise sectors apart from growth in traditional sectors. To cater critical & special applications, we aim to have all the necessary modern manufacturing facilities.

Taking a significant step forward, last year, we signed an MoU with government of Odisha to explore setting up an Integrated Specialty Steel plant in Odisha of annual capacity 0.7 Million Tonnes.

**Q: What has been the driving force behind stellar success rates of Kalyani Steels over the years?**

A: At Kalyani Steels Limited, it is ingrained in our ethos to continually challenge ourselves to achieve highest levels of operational efficiency & reduce costs. Over the years, we have boldly stepped out of our comfort zones challenging our benchmarks and setting up new benchmarks. So, 'Innovation' is the most important driving force behind us.

Our customers play an important role too. Many a times, our customers look up to us for an apt solution for their complex problems which forces us to innovate ourselves and provide best possible solutions to them.

**Q: How does the future look like for steel industry?**

The steel industry has faced significant turmoil post-COVID, driven by escalating geopolitical tensions, shifting global supply chains, evolving consumer preferences, inflationary pressures and constraints on raw materials and finished goods. Despite these challenges, in the long term, we firmly believe that the specialty steel sector will continue its upward trajectory and remain a critical raw material for numerous industrial and domestic applications. However, the industry must adapt to the changing business requirements of its end-use industries and navigate the evolving landscape of international trade, particularly concerning sustainability and carbon emissions.

**Q: Can you please share a brief message for stakeholders?**

A: Surely. At Kalyani Steels, we are committed towards this growth story of India and thus enhancing our manufacturing capability remains a top priority. Moving ahead, we remain optimistic about our future endeavours. We will continue to capitalize on our core strengths to scale greater heights in coming years.

I take this opportunity to thank all our employees and their families for their constant support & contributions. I would also like to thank Shareholders, Bankers, Suppliers & customers for their continued trust, confidence and support.

We shall continue to do our bit to ensure we continue to get your support as always.

**R. K. Goyal**  
**Managing Director**

## MANAGEMENT DISCUSSION AND ANALYSIS



### Economic Overview

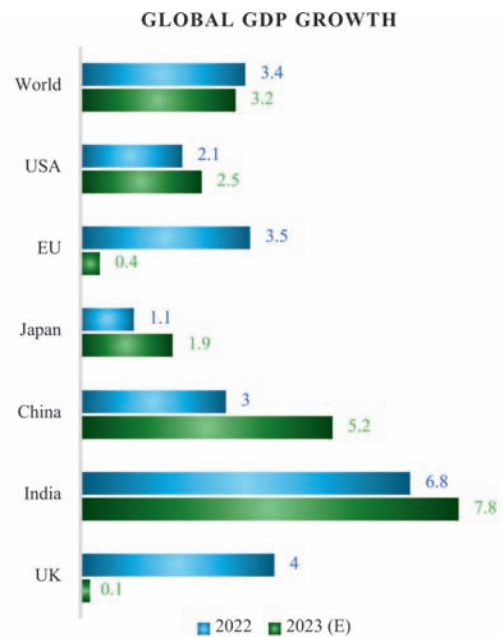
#### 1.1 Global Economy

#### Amid moderating inflationary pressures steady but slow global growth

The global economic landscape in 2023 presented a complex picture, characterized by a blend of challenges and opportunities that significantly influenced the economic activities. The global economic recovery from the Russia’s invasion of Ukraine, geoeconomic fragmentation and the cost-of-living crisis proved surprisingly resilient. Energy price increase and inflationary pressures caused thereof, following Russia-Ukraine war in 2022 started to dissipate from the start of 2023. However, to combat inflations, central banks across major economies acted with increasing the interest rates. Due to such tighter financial conditions, economic activities across the world in major economies continued to constrain. At the end of 2023 interest rates in major economies, such as in the U.S. and EU region touched their highest levels since the Global Financial Crisis of 2008.

Global activity proved resilient in the second half of 2023 with stronger government spending and private consumption, despite tight monetary conditions. On the other hand, increased labour force participation, improved supply chains conditions, declining energy and commodity prices relieved the stress to some extent from the global economic system despite geopolitical uncertainties.

The increased economic activities, however, was not uniform across the major economies. Euro area experienced weaker growth, reflecting weak consumer sentiment, the persistent effects of energy prices and weakness in interest-rate-sensitive manufacturing and business investment.



Source : World Economic Outlook - April 2024, International Monetary Fund

World economy is estimated to have grown by 3.2% in 2023 as against the growth of 3.4% in 2022. USA has shown sharpest & strong recovery with 2.5% in 2023 as against 2.1% in 2022. Euro area remained one of the weakest among the major economies with mere 0.4% growth in 2023 as against 3.5% in 2022. India remained the shining star among the large economies of the world with a growth of 7.8% in 2023 as against 6.8% in 2022. China on the other hand, although, faced growing headwinds from its real estate crisis as it grew at 5.2% in 2023 as against 3% in 2022.



### Global Credit Rates

To reduce inflation, major central banks raised policy interest rates in 2023, resulting in high mortgage costs, challenges for firms refinancing their debt, tighter credit availability and weaker business and residential investment. Commercial real estate has been especially under pressure, with higher borrowing costs compounding post pandemic structural changes. But with inflation easing, market expects that future policy rates will decline and will contribute to a reduction in longer-term interest rates and rising equity markets. Still, long-term borrowing costs remain high in both advanced and emerging market and developing economies, partly because government debt has been rising.

### Advanced Economies

**US:** In 2023, headline inflation decreased to just over 3% by end of the year (from a peak of 9.1% in June 2022), inflationary pressures remained, as core inflation was still 4.0% (from a 6.6% peak in September 2022). Persistent inflationary pressures led Fed to continuously tightening the monetary policy, by raising interest rates to peak levels in the 5.25% to 5.5% range.

However, despite the impact of high interest rates and persistent inflation, the economy was more resilient, mainly due to household spending and manufacturing activities, resulting in GDP growth at 2.5% in 2023.

**EU:** In 2023, energy costs remained at a higher price level than pre-Russia-Ukraine war levels negatively impacting high energy-intensive industries (e.g. Steel, Cements, Chemical sector). However, on a positive side, widespread curtailments across industry due to lack of gas availability was avoided due to reduced demand for gas.

At the same time, inflows of LNG into Europe led to elevated levels of inventory post-winter, which drove down gas prices. As a result, Eurozone headline inflation moderated to 3% by the end of 2023, from more than 10% at its peak in October 2022. And core inflation remained at 3.4% at year-end after peaking at 5.5% in the first half of 2023.

To tackle with persistent inflation, the European Central Bank ("ECB") raised the main refinancing interest rate to 4%. The high interest rates, coupled with inflation, caused activity to slow further during the second half of 2023, with GDP growth remaining flat in Q3 and Q4 of 2023 leading the EU economy to grow by 0.4% in 2023 from 3.5% in 2022.

CENTRAL BANK POLICY RATES



Source : The Bank for International Settlements, BIS.org



## Emerging Markets & Developing Economies

**China:** In 2023, economic activity rebounded during the first half of the year. In the second half of 2023, the growth momentum started to fade, as the post-restriction rebound started to fade, while weakness in the real estate sector, which contributes around 25% to GDP of China, persisted. Housing prices continued to decrease as property developers faced severe crunch of funding due to the downturn in the sector and low confidence of home buyers. By the end of 2023, sales and new starts were still significantly down year-on-year, compared to 2022.

Infrastructure spending in early 2023 supported by special bonds backed by the central government was one of the key drivers for economic growth. The central government announced further continued support for infrastructure spending by issuing an additional 1 trillion RMB bonds in December 2023, which will support activity in 2024. In 2023, China's official GDP growth touched to 5.2% but on a weak base of 2022.

**India:** Indian economy has shown again a resilient performance in 2023 (FY 2024) with an estimated growth rate of 7.8% over 6.8% in 2022 (FY 2023).

**Russia:** Following Russia's invasion, western countries levied array of powerful economic sanctions on Russia. Despite such sanctions, the Russian economy registered growth of 3.6% in 2023 after a contraction of 1.2% in 2022. The growth was largely fuelled by increased public spending - particularly military spending and other industrial sectors benefited from the war. Further, economic growth was aided by continued revenue from oil and gas exports.



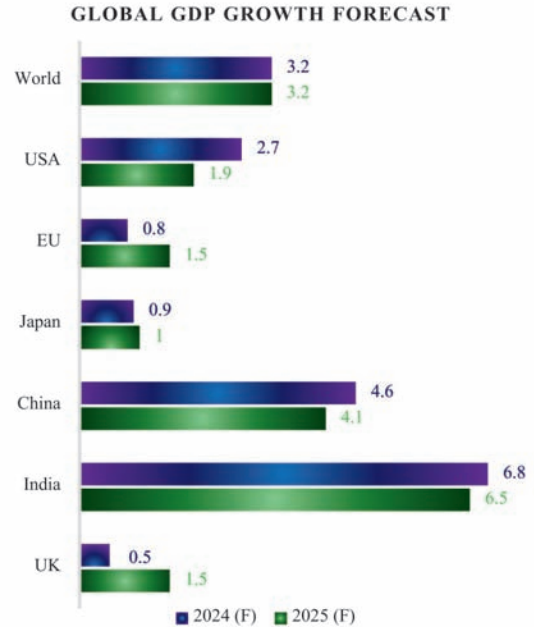


**Outlook : Economic output to increase at steady but slower pace!**

As per latest forecast from IMF, World Economic outlook, Apr'24, Global growth is projected to continue at the same growth rate of 3.2% in both 2024 and 2025 which is below the historical (2000–19) annual average of 3.8 % mainly on account of tightened monetary policies and reduced fiscal support and low demand amid weaker consumer sentiments.

For advanced economies, growth is projected to at 1.7% in 2024 and 1.8% in 2025. In the US, growth is projected to increase at 2.7% in 2024 and then at 1.9% in 2025. For 2024, growth momentum exhibited by the economy in last quarter of 2023 is expected to persist. Growth in the euro area is projected to recover from its low rate of 0.4% in 2023, to 0.8% in 2024 and 1.5% in 2025. Key factors supporting the economic growth in 2024 are rising household consumption, energy prices coming down on account of inflows of LNG in EU and a fall in inflation. The pace of recovery is relatively flat due to marginal growth forecast in Germany at 0.2% in 2024 & 1.3% in 2024 amid persistently weak consumer sentiment.

Economic growth in the UK is projected to rise to 0.5% in 2024 and 1.5% in 2025 from 0.1% in 2023 primarily on account of subsiding negative effects of high energy prices and falling inflation allowing financial conditions to ease further. Growth in China is projected to slow at 4.6% in 2024 and 4.1% in 2025 amid expected weakness in the property sector to spill over in 2024. Growth in India is projected to remain strong at 6.8% in 2024 and 6.5% in 2025, on account of robust domestic demand.



Source : World Economic Outlook - April 2024, International Monetary Fund

Geopolitical tensions pose greater negative shocks to economies. Such conflicts could have significant economic repercussions through commodity markets, trade, uncertainty, confidence and financial stress in affected countries. Further, geopolitical tension could force some policy makers to take further steps to delink from global financial & trade networks which could raise policy uncertainty.

The world is experiencing frequent costly, record-breaking weather events due to climate change. In the near term, such climate-related disasters can inflict substantial human costs, damage infrastructure and disrupt activity. Disasters can also worsen government fiscal positions through lower tax receipts and lower productivity alongside increased spending on reconstruction and public services.

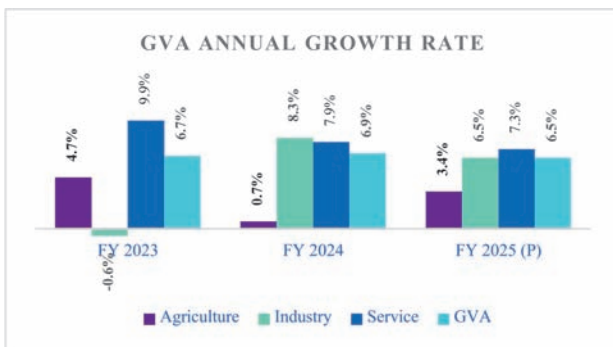
## 1.2 INDIAN ECONOMY

### Robust results : Fastest growing large economy for consecutive two years

Amid the global uncertainties, geopolitical tensions, logistical issues due to Red Sea Crisis, weaker global consumer sentiments etc., Indian economy has shown remarkable resilience in FY 2023-24. With its GDP growth numbers, it has solidified its position as a frontrunner in the global economic race. Indian economy is estimated to have grown by 7.8% in FY 2023-24 and emerged as the fastest growing major economies in the world for consecutive second year.

Gross Value Added (GVA) at basic prices is estimated to increase by 6.9% in FY 2024 over FY 2023 as against 6.7% in FY 2023 over FY 2022. India's economic growth in FY 2024 has been principally led by Gross Fixed Capital Formation (GFCF). GFCF, a measure of investment in fixed capital, increased by 10.2%, Private Final Consumption Expenditure (PFCE) which has the highest contribution to GDP has increased by just 3% & Government Final Consumption Expenditure (GFCE) increased by 3% in FY 2023-24.

Among the industries, Gross Value Added (GVA) Mining & Quarrying has shown a growth of 8.1% whereas Manufacturing has increased by 8.5% in FY 2024. Construction sector has shown remarkable growth of 10.7% in FY 2024 reflecting heightened infrastructure, housing activities growth in the country.



Source : National Statistics Office, Ministry of Statistics & programme Implementation Press release dated February 29, 2024, RBI's survey of professional forecasters dated April 5, 2024.

### With 35.8% decline in trade balance Indian economy registered a significant improvement in FY 2024.

In FY 2024, despite global economic challenges, the country's exports of merchandise and services are estimated to have slightly increased from FY 2023 to reach \$776.7 Billion while imports are estimated at \$854.8 Billion registering a decline of 4.8% over FY 2023.

Out of 30 key sectors, 17 sectors exhibited significant growth in Merchandise exports. Most notable among these sectors are Iron ore exports which registered a growth of ~118% followed by Electronic goods at ~24%. On Merchandise import side, 18 sectors registered a negative growth. Most significant among these sectors being Cotton Raw & waste at ~ -58% followed by Fertilizers at ~ -39%.

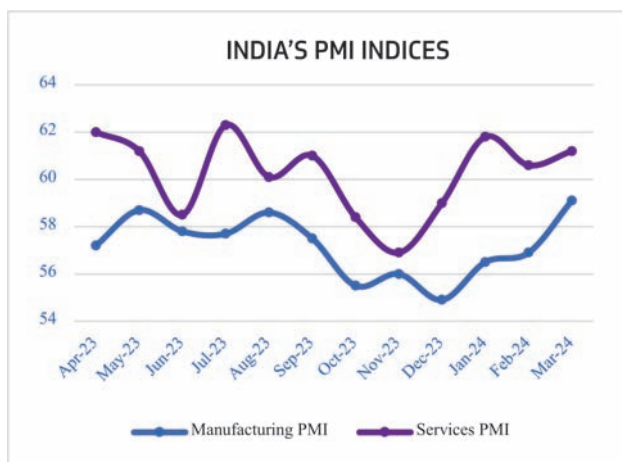


Source : Department of Commerce, Ministry of Commerce & Industry

India's Top 5 projected export destinations along with their annual growth in FY 2024 include US (-1.3%), UAE (+12.7%), Netherlands (+3.5%), China (+8.7%), Singapore (+20.2%). Although, FY 2024 observed quite a few challenges which affected global shipments movements in the form of negative effects due to Russia-Ukraine war, the Israel-Hamas conflict, the crisis in the Red Sea due to attacks by Yemen-based Houthis on cargo ships etc. However, supply chain corrections helped the export industry remain resilient.

### Healthy levels of Manufacturing & Services PMI in FY 2024

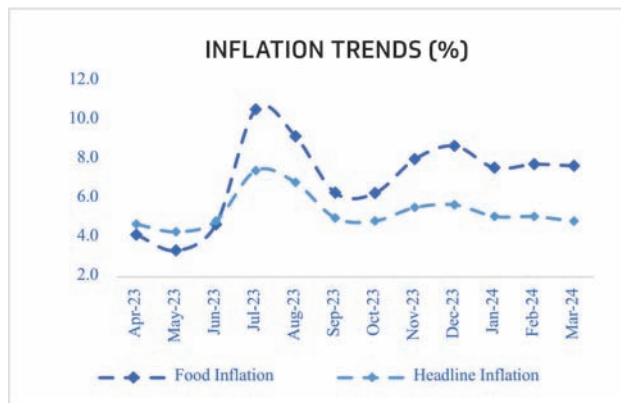
Throughout FY 2024, India's manufacturing Purchasing Managers Index (PMI) remained above 50, signalling an expanding output reaching at its maximum in a year at 59.1 in Mar' 2024. While Services PMI on the other hand observed a sharp decline in Q3' FY 2024 but gained subsequently in Q4' FY 2024 and briefly touched 62 in Jan' 2024 before coming down to 61.2 in Mar' 2024.



Source : Trading economics

### Inflation is still at a high level

In FY 2024, inflation was mainly driven by higher food inflation ranging between 4.2% to 7.7% while the headline inflation rate remained at a relatively steady level between 4.7% to 4.85% except for exceptional months of Jul' & Aug' 2023. Sharp increase in Jul' 2023 was due to shortfall in Monsoon season.



Source : MOSPI Data

### Output of 8 core industries has grown by 7.5%.

The Index of eight Core Industries (ICI) measures combined & individual performance of eight core industries viz. Coal, Crude Oil, Natural gas, Petroleum & refinery products, Fertilizers, Steel, Cement and Electricity.

For the period, FY 2024, core sectors like Coal, Steel, Cement & Electricity have shown resilient performance as against a moderate growth in Natural Gas, Refinery products & Fertilizers and very low growth in Crude oil as compared with FY 2023.

Overall, the output of 8 core industries have grown by 7.5% (provisional) in FY 2024 as against a 7.8% growth in FY 2023.

Y-o-Y Growth Rates			
Sector	2021-22	2022-23	2023-24 (Provisional)
Coal	8.5	14.8	11.7
Crude Oil	-2.6	-1.7	0.6
Natural Gas	19.2	1.6	6.1
Refinery Products	8.9	4.8	3.4
Fertilizers	0.7	11.3	3.7
Steel	16.9	9.3	12.3
Cement	20.8	8.7	9.1
Electricity	8.0	8.9	7.0
<b>Overall Review</b>	<b>10.4</b>	<b>7.8</b>	<b>7.5</b>

Source : Index of eight core industries for March 2024, Ministry of Commerce & Industry



**Outlook : India economy will continue to shine!**

Geopolitical complications across different parts of the world are creating new challenges every now and then in the global supply chain. The disruptions due to such negative and sudden shocks to the world economy pose a greater threat to overall performance. However, as the markets learn to factor in global shocks into their investment decisions, negative impacts of such shocks would be subdued to some extent.

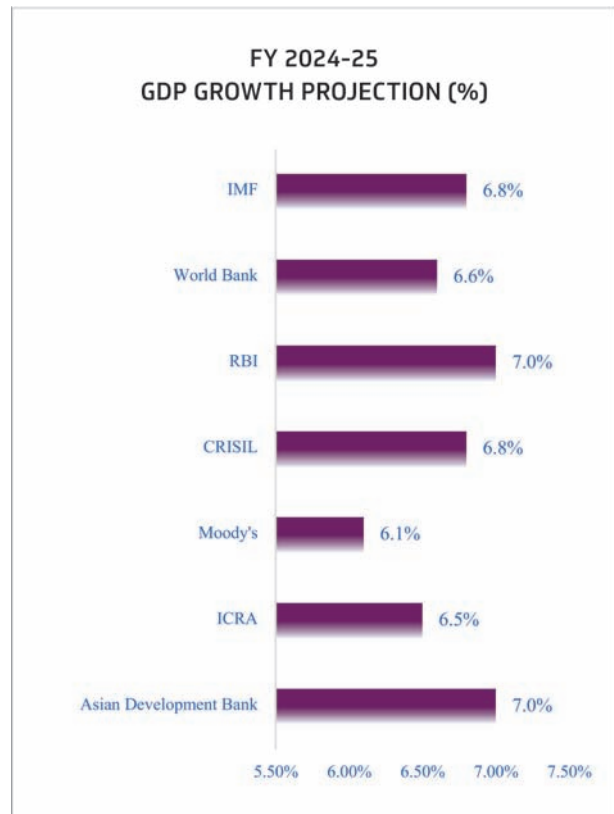
However, among all the challenges & difficulties, Indian economy has shown remarkable resilience led primarily by private consumption, strong rebound in fixed capital formation & government consumption along with large demographic dividend creating strong inhouse demand, continuously improving exports & manufacturing activities in not only in raw material space but also in value added products.

Energy security is one of the most important factors for economic growth of any country. With advent of heightened focus on global warming, globally accelerated efforts are underway to reduce carbon emissions. India has huge potential to ride on its RE Power potential and become energy leader not just for its own needs but also for export requirement. With its plan to add 50 GW of RE power capacity per year for next 5 years, India is on track to achieve 500 GW by 2030 as per its COP26 commitment.

Domestic economic activity is expected to remain resilient, backed by strong investment and positive business and consumer sentiments. Headline inflation has come down to 4.85% in Mar' 2024; however, inflationary pressures because of food prices, due to adverse climate events and geopolitical tensions induced uncertainties, could interrupt the ongoing disinflation process. In the event of persistent inflation rates, RBI may be forced to further tighten the monetary policy which might affect the private investments due to increased borrowing costs.

To summarize, India economy is well posed to absorb global exigencies and negative shocks better than major global economies in the world to emerge as fastest growing large economies in the world.

In latest forecast, various agencies worldwide have projected a growth rate in the range of 6.1% to 7.0% for India.



## 2.0 Steel Industry Overview

### 2.1 Global Steel Industry

#### Global Crude Steel production reduced primarily led by EU

In 2021, world steel production increased to 1.96 Billion Tonnes from at 1.88 Billion Tonnes in 2020 as economies reopened and the global economy started to recover. However, in 2022, world steel production declined by 3.6% to 1.89 Billion Tonnes, driven by lower production particularly in developed markets, where production fell due to high energy costs due to Russian invasion of Ukraine.

In 2023, World steel production is estimated to have reached at 1.84 Billion Tonnes marking a decline of ~2% over 2022 largely driven by reduced steel production in EU region with a decline in production of ~8% whereas China's steel production remained at similar level with marginal decrease of 0.5% reaching to 1.01 Billion Tonnes in 2023. The lower production in EU is contributed by multiple factors including but not limited to weakened manufacturing, energy cost being still higher than pre-pandemic level, high interest rate, high import from China, India, reduced production due to stricter emissions norms etc.

From Dec' 2022, steel production in China continued to increase as demand recovered and economy reopened. Although, demand from real estate sector remained weak (after the downfall of Evergrande), it was offset by higher infrastructure supported by special government bonds, leading to stable domestic demand.

China's share of global steel production increased to 54.8% (2022 : 54.0%), followed by India who saw their share of global output increasing to 7.6% (2022 : 6.6%).

Top 10 Steel producing countries (Million tons)			
Country	CY 2022	CY 2023	% Growth
<b>World</b>	<b>1,885.0</b>	<b>1,846.2</b>	<b>-2.1%</b>
China	1,018.0	1,013.0	-0.5%
India	125.1	140.7	12.5%
Japan	89.2	87.0	-2.5%
United States	80.5	81.4	1.1%
Russia	71.5	76.0	6.3%
S. Korea	65.9	66.7	1.2%
Germany	36.8	35.4	-3.7%
Turkey	35.1	33.7	-3.9%
Brazil	34.0	31.8	-6.4%
Iran	30.6	31.0	1.4%

Source : World Steel Association data

US crude steel production has increased by marginal 1.1%. Steel imports reduced by ~8.7% (Y-o-Y) because of high import tariffs, increased domestic production, lower demand for steel due to economic difficulties, and geopolitical factors, including sanctions against some exporting countries.

Russian steel production has observed significant growth of 6.3% in 2023. The growth was largely led by government orders, including defence and construction, logistics and transport infrastructure construction and mechanical engineering among others.

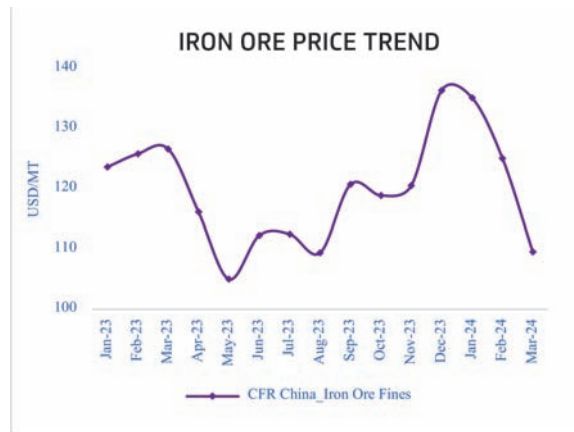
Indian steel industry remained the bright spot in global steel industry performance in 2023. Strong growth in infrastructure projects led by government, capacity additions and rising manufacturing activities helped steel output to grow by 12.5% to reach 140.7 Million Tonnes in 2023.

### 2.1.1 Input Prices

Iron ore is the key raw material for steelmaking. During the year 2023, iron ore prices were seen quite volatile. From USD 124/MT in Jan' 2023 then reducing to USD 105/MT in Apr' 2023. Prices then started an upward trend to reach a high of USD 136/MT in Dec' 2023 post which it again started to fall to reach a level of USD 110/MT in Mar' 2024. Key reason for such fluctuation can be attributed to China's weak steel demand during Apr'-Jun' 2023 quarter led by weakened demand in real estate sector.

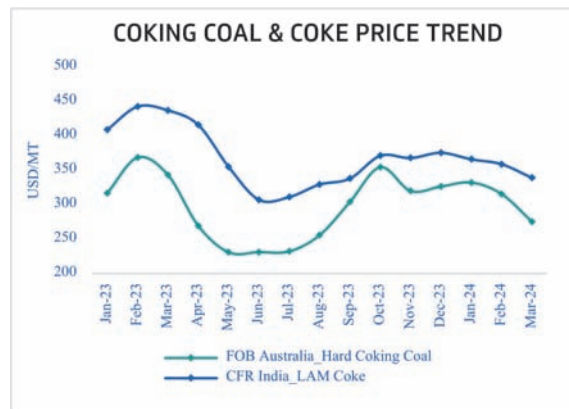
The prices recovered again in Aug'-Oct' 2023 period primarily supported by boosted sentiment following a slew of supportive policies from monetary, real estate and fiscal fronts in China including scrapping of home purchase limits policy across the country from end of Aug' 2023. Iron ore prices then soared in Sept' largely driven by pre-China National Holiday stock replenishment by Chinese steelmakers. Prices strengthened primarily due to low Chinese port inventory, year-end mills' stock replenishment, relatively elevated hot metal output, stronger-than-expected performance from sectors of auto, shipping and renewable energy.

During the Jan'-Mar' 2024 quarter, iron ore prices fell to \$110/MT from \$135/MT in Jan' 2024. Prices fell due to lower demand and increased port stocks. In addition, high prices prompted some companies to adopt a wait-and-see strategy, limiting their purchases to urgent volumes of raw materials.



Source : S & P Global Platts Report, Bigmint

Coking Coal prices remain elevated in Jan'-Mar' 2023 period, fueled by coal trade resumption between Australia and China and by strong demand from other major Asian economies for Australian coals, supply side disruptions in Austria due to heavy rainfall and Cyclone Ellie. Coking coal prices came down in Apr'-Jun' 2023 quarter, driven by an improvement on the supply side and a poor demand largely driven by weaker steel demand in China real estate. Coking prices then moved up due to low production by major producers, strong demand from India and increased steel output in China. In Jan'-Mar' 2024 quarter, China's coking coal and coke production fell due to weak steel demand and a decline in pig iron production for the fourth consecutive month. In recent months, continuous mine emergencies led to production stoppages and supply constraints.



Source : S & P Global Platts Report, Bigmint

### Outlook : Global Crude Steel production to recover marginally

In its short-range outlook Apr' 2024, World Steel Association predicted that global finished steel demand will see a recovery with 1.7% growth to reach 1,793.1 Million Tonnes in 2024 and 1,815.2 Million Tonnes in 2025 at a growth rate of 1.2%.

Among others, manufacturing sector is expected to lead the recovery in steel demand, however, higher interest rates may put negative pressure. In 2024, growth in steel demand is expected across most of the regions except China. Notable among expected growth countries are India & Turkey at 8.2% & 9.0% respectively.

China's steel consumption is expected to remain flat this year as the real estate crisis has not yet reached its negative peak and infrastructure demand growth is slowing after, in Oct' 2023, China's cabinet identified 12 debtor regions with high risk of defaulting on debt and ordered to halt certain projects. Further, the China Iron and Steel Association (CISA) has called on steel mills to reduce production intensity to meet the needs of users and balance supply and demand.

EU steel industry is expected to increase the production after consecutive two years of low production amid relatively higher energy prices, inflationary pressure and continued monetary tightening. After a fall of 10% in 2023, demand is expected to increase by 2.9% in 2024 and to grow further by 5.3% in 2025.

US's finished steel demand is expected to be stable at 1.8% in 2024 after a marginal increase in 2023 led by housing market slowdown and offset by strong investment activity.

India has emerged as the strongest driver of steel demand growth since 2021. It is projected that Indian steel demand will continue to charge ahead with 8% growth in its steel demand over 2024 and 2025, driven by continued growth in all steel using sectors and especially strong growth in infrastructure investments, Automobile, Consumer Durables, and new steel manufacturing capacity additions.

Particulars	Demand (Million Tonnes)			Growth (%)		
	2023	2024 (F)	2025 (F)	2023	2024 (F)	2025 (F)
World	1,763	1,793.1	1,815.2	-1.1	1.7	1.2
China	895.7	895.7	886.7	-3.3	0.0	-1.0
EU and UK	136.8	140.7	148.1	-10.0	2.9	5.3
India	133.4	144.3	156	14.8	8.2	8.2
US	90.5	92.2	94	-4.2	1.8	2.0
Japan	53.3	53.3	53.9	-3.0	0.0	1.1
S. Korea	54.7	54.3	54.4	6.7	-0.8	0.2

Source : World Steel Association : Short Range Outlook April, 2024

## 2.2 INDIA STEEL INDUSTRY

### Robust growth in steel production

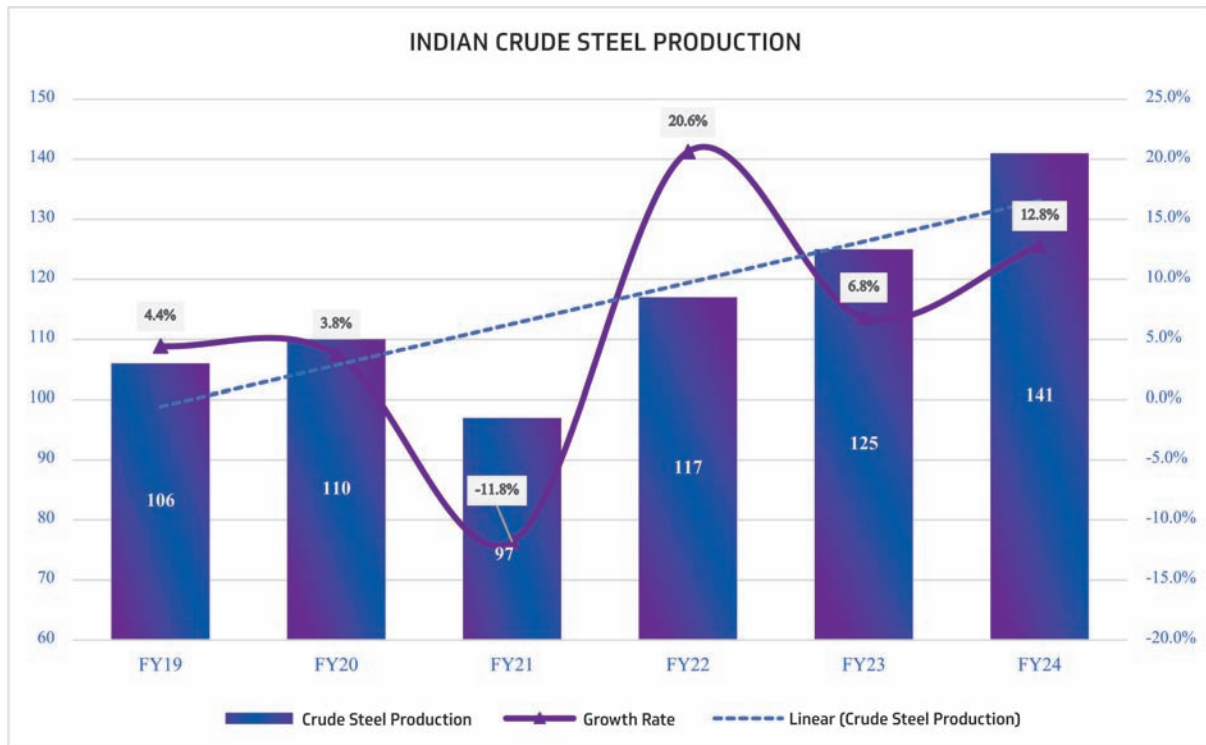
Steel sector is one of the important contributors to India’s GDP at ~2% with current level of production and capacities. As per National Steel Policy of 2017, India’s steel production capacity to reach at 300 Million Tonnes by 2030 and increasing per capita consumption to 160 Kg by 2030-31 from current level of 81.1 Kg and thereby increase steel industry’s contribution to the GDP further.

Indian steel industry faced numerous challenges in FY 2024 due to global negative shocks. For a country like India, where steel industry is completely dependent on imports for its basic raw material Coking coal, refractory, ferro alloys and coke, such monopolistic nature of supply chain poses a significant challenge.

On the other hand, to leverage reduced steel production especially in developed economies like EU, Indian steelmakers are heavily investing into new capacity additions which would further help increase the crude steel production in coming years.

India remained the world leader even in 2023 for the DRI production at 49.5 Million Tonnes with a share of 41% in global DRI production. Total crude steel production for FY 2024 for India is estimated at 141 Million Tonnes as against 125 Million Tonnes in FY 2023.

India remained net importer of steel in FY 2024 with 8.3 Million Tonnes of imports against 7.5 Million Tonnes of exports. It is important for India to analyze all imported steel categories & grades not only to become self-reliant in its needs but also to emerge as export hub for critical steel.



Source : World Steel Association Data



## 2.2.1 MAJOR DRIVERS OF GROWTH

### Automotive industry

In FY 2024, Passenger Vehicles (PV) sales reached at its all-time high at 4.89 Million vehicles as against 4.5 Million vehicles sales in FY 2023 registering a phenomenal growth of ~9%. Similarly, Commercial vehicles (CV) sales remained at a similar level to that of previous year at 1 Million vehicles. Two wheelers' (2W) sales registered a relatively low growth of 10% in FY 2024 at 21.4 Million vehicles which is significantly lower than pre-pandemic sales of 24.4 Million. Three wheelers' (3W) sale stood at 0.99 Million as against a 0.85 Million in FY 2024 registering a growth of 16%. Except PV all other types of vehicles are yet to catch up to the pre-covid level.

The robust performance & demand of Automotive industry against severe challenges such as of increased cost of ownership, high inflation & supply chain issues is a major growth driver of Indian Steel industry.



### Construction & Infrastructure

Government of India, in its budget for FY 2024-25 announced total capital expenditure outlay of ₹ 11.11 Lac Crore; 11.1% higher than the previous year. Increased spending clearly signals government's impetus on using infrastructure development in the country as catalyst of economic growth.

Several key projects like PM GatiShakti for multi-modal connectivity, National Infrastructure Pipeline (NIP) aimed at providing best in class infrastructure to citizens, PM Awas Yojna to provide affordable housing to both rural & urban families, improving railway infrastructure, creation MMLPs, water infrastructure, UDAAN Scheme etc. would significantly increase the steel demand in the country in near future.

## Outlook : Highest growth rate for crude steel production

Indian steel industry has shown resilient performance amid global uncertainty and emerged as bright spot in global map of steel industry.

India's steel production is continuously increasing and the country is witnessing newer capacities being added every year. India's crude steel production expected to grow at 7.2% CAGR through FY 2031.

As per World Steel Association's short-range outlook published in Apr' 2024, it is estimated that India's steel demand would grow at 8.2% in both FY 2025 & FY 2026 respectively.

Although India turned a net importer of steel in FY 2024, a robust growth in coming years in exports of steel is expected on account of global shift in manufacturing locations of steel on account of geopolitical tensions and carbon emissions norms. Notably, 54% of India's steel production happens through EAF / IF route which has the lowest carbon footprint among all the steelmaking processes. With advent of customers demanding low carbon footprint supply chains, India can lead such global requirement leveraging its capacity and abundant of renewable power potential.

### Some of the key growth drivers

**Automotive:** Growth momentum in FY 2024 is expected to continue even in FY 2025 as PV & CV driving the growth of Auto sales, while 2W & 3W catching to pre-pandemic levels. As per various rating agencies, Automotive industry is expected to increase by 3-5% in FY 2025 because of high base in FY 2024.

**Renewable Energy:** Every year ~12-15 GW of RE capacity is added in the country. Government has recently announced its plan to float ~50 GW of tenders every year for next 5 years to meet its Nationally Determined Contributions (NDC), of reaching 500 GW of RE power capacity by 2030 from a current ~190 GW capacity. This gives a significant opportunity for steel demand growth in the country.

**Infrastructure led by Government:** Government has announced a huge capital outlay of ₹ 11.11 lac crore (FY 2025) for large scale infrastructure projects to be implemented over 5 years timeframe. Such infrastructure led economic growth would provide significant boost to the steel demand in the country.



## 3.0

## Business Review

### Operational Performance

FY 2023-24 was filled with challenging environment, volatile commodity & raw material prices, fluctuating demand etc. However, company-wide cost reduction initiatives & quality improvement helped Kalyani Steels Limited to continue its profitable journey.

The Company achieved Total Income of ₹ 20,063 Million, consisting of Revenue from Operations of ₹ 19,595 Million and Other Income of ₹ 468 Million. Revenue from Operations includes Manufacturing Revenue of ₹ 19,139 Million, Trading Revenue of ₹ 158 Million and other Operating Revenue of ₹ 298 Million. Profit before taxation for FY 2023-24 stood at ₹ 3,327 Million as against ₹ 2,251 Million in FY 2022-23 registering a growth of 48%.

Manufacturing Revenue consists of sale of Rolled Products, As Cast Blooms & Rounds, Pig Iron and Foundry Coke. The Company sold 220,449 Tonnes of Rolled Products aggregating ₹ 16,630 Million, 20,834 Tonnes of As Cast Blooms & Rounds aggregating ₹ 1,736 Million, 12,804 Tonnes of Pig Iron aggregating to ₹ 507 Million and 6,917 Tonnes of Foundry Coke aggregating to ₹ 266 Million.



### Key Financial Ratios

The Key Financial Ratios for FY 2023-24 and FY 2022-23 alongwith explanation for significant changes (change of 25% or more, if any) are as follows :

Sr. No.	Particulars	2023-24	2022-23	Change (%)
1	Debtor's Turnover	4.67	4.56	2.41
2	Inventory Turnover	4.26	4.38	(2.69)
3	Interest Coverage Ratio	17.03	10.75	58.39*
4	Current Ratio	1.59	2.34	(32.09)#
5	Debt Equity Ratio	0.35	0.34	3.69
6	Operating Profit Margin (%)	18.23	13.33	36.78*
7	Net Profit Margin (%)	12.82	8.91	43.89*
8	Net Worth	16,914.44	14,894.78	13.56
9	Return on Net Worth (%)	14.63	11.21	30.46*

\* Increase in profits due to lower cost of consumption, finance charges & decrease in foreign exchange fluctuation losses.

# Improvement in Working Capital Position.

## 4.0

## INTERNAL CONTROL &amp; HUMAN RESOURCES

**Internal Control Systems and their adequacy**

Internal control systems are pivotal to safeguarding organizational assets and interests. The company prioritizes fortifying and rigorously auditing these mechanisms, ensuring continuous enhancement and operational excellence.

The company boasts a robust and efficacious internal control framework tailored to its scale, business nature and operational complexity. This system delineates authority and responsibility levels within a meticulously structured organizational hierarchy. Comprehensive, documented policies, guidelines and procedures underpin the operations across various business domains and functions. These meticulously crafted controls are designed to safeguard the company's assets and stakeholder interests, ensuring stringent adherence to policies, procedures and applicable regulations.

The internal control system is supplemented by internal audits and its review by the management on a periodic basis. In-house internal audit function is supported by external audit firms to conduct comprehensive risk focused audits. Such audits ensure and evaluate the effectiveness of the internal control structure on a regular basis. The audit covers the key processes across the functions, including plants, depots and other establishments. Suggestions to further strengthen the processes or make them more effective are shared with the Audit Committee of Directors along with status of action thereon.

**Human Resources**

The company believes that human capital is a critical factor of success and hence constantly strives to strengthen its work ethics, work culture and align the workforce towards the common goal. Current workforce of the company is rightly poised to navigate through the current Volatile, Uncertain, Complex situation and to always maintain industry leading quality standards while maintaining the highest service levels.

The company continues to focus on upgrading knowledge and skill levels among its employees through various Learning & Development, training activities to enable them to move up the ladder. The company has well defined HR policies in place which enables it to build a strong performance-oriented culture, belongingness to work and commitment to work.

As on March 31, 2024, the Company has 88 employees and 19 workers on its roll and 311 workers on contract basis.

Hospet Steels Limited (HSL) a Company formed with the specific purpose of managing and operating the composite steel making facility at Ginigera, Karnataka in terms of Strategic Alliance between the Company and Mukand Limited, has 1,105 employees on its roll and 1,447 workers on contract basis.

## REPORT ON CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE PHILOSOPHY

The essence of Corporate Governance is about maintaining the right balance between economic, social, individual and community goals. At Kalyani Steels, we define Corporate Governance as a systemic process by which companies are directed and controlled to enhance their wealth-generating capacity. We are committed to strong Corporate Governance that is aligned with our objective of maximizing our stakeholders' interests, while at the same time, adhering to the highest standards of governance, integrity, ethics and transparency. The Company recognizes that Corporate Governance is not just a principle to be followed but a way of life embedded in its behavior and culture, while endeavoring to adopt the industry's best practices, focusing on transparency in its affairs and accountability towards stakeholders.

The Company is in compliance with all of the requirements of the Corporate Governance stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as applicable for the Financial Year 2023-24.

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

The primary role of the Board is that of trusteeship to protect and reinforce shareholder value through strategic supervision of the Company. The Board ensures that the Company has clear and defined goals aligned to enhance shareholder value and growth. The Board sets strategic goals and seeks accountability for their fulfilment. The Board also provides direction and exercises appropriate control to ensure that the Company is managed in a manner that realizes stakeholders aspirations and societal expectations. The Board annually reviews its role and evaluates its performance and that of the Board Committees & the Directors.

Kalyani Steels has a well-balanced Board with an optimum combination of Executive, Non-Executive and Independent Directors. The present composition of the Board represents an ideal mix of professionalism, knowledge and experience.

In terms of the Listing Regulations read with the Articles of Association of the Company, the strength of the Board shall not be less than six nor more than fifteen Directors. As on March 31, 2024, the Board of Directors of Kalyani Steels comprised of Thirteen Directors. The Board consists of the Chairman, who is a Promoter Non-Executive Director, one Executive Director and eleven Non-Executive Directors, of which seven are Independent.

The composition of the Board is in conformity with Regulation 17 of the Listing Regulations. Details of the composition of the Board of Directors are given in Table 1.

#### NUMBER OF BOARD MEETINGS

During the year 2023-24, the Board of the Company met five times on April 28, 2023, July 24, 2023, October 30, 2023, November 27, 2023 and February 5, 2024. All the meetings were held in such a manner that the intervening period between two consecutive meetings was well within the maximum gap of one hundred and twenty days as prescribed under the Listing Regulations.

#### DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS

Table 1 : The composition of the Board, the category of Directors and their attendance at the meetings of the Board of Directors held during the year 2023-24 and at the last Annual General Meeting held on August 18, 2023 :

Name of the Director	Category	Particulars of Attendance		
		Number of Board Meetings		Last AGM
		Held	Attended	
Mr.B.N. Kalyani, Chairman	Promoter Non-Executive	5	5	Yes
Mrs.Sunita B. Kalyani	Non-Executive	5	5	Yes
Mr.Amit B. Kalyani	Non-Executive	5	5	Yes
Mr.S.M. Kheny	Non-Executive	5	5	Yes
Mr.B.B. Hattarki*	Independent	5	5	Yes
Mr.M.U. Takale	Non-Executive	5	4	Yes
Mr.Arun P. Pawar	Independent	5	2	Yes
Mr.Sachin K. Mandlik	Independent	5	5	Yes
Mr.S.K. Adivarekar	Independent	5	5	Yes
Mrs.Shruti A. Shah	Independent	5	5	Yes
Amb.Ahmad Javed	Independent	5	5	Yes
Mr.S.G. Joglekar**	Independent	1	1	N.A.
Mr.R.K. Goyal, Managing Director	Executive	5	5	Yes

\* Ceased to be Director with effect from April 1, 2024, on completion of Second Term.

\*\*Appointed as an Independent Director with effect from February 5, 2024.

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, 2024 and details of Directorships held in other Listed Companies :

Name of the Director	In Indian Public Limited Companies, whether listed or not, including Kalyani Steels Limited			Directorships held in other Listed Companies	
	Directorships	*Committee Memberships	*Committee Chairmanships	Name of the Company	Type of Directorship
Mr.B.N. Kalyani Chairman	5	3	—	Bharat Forge Limited Automotive Axles Limited BF Utilities Limited	Executive Non-Executive Non-Executive
Mrs.Sunita B. Kalyani	1	1	—	—	—
Mr.Amit B. Kalyani	7	2	—	Bharat Forge Limited Hikal Limited BF Utilities Limited Kalyani Investment Company Limited BF Investment Limited Schaeffler India Limited	Executive Non-Executive Non-Executive Non-Executive Non-Executive Independent
Mr.S.M. Kheny	3	1	1	—	—
Mr.B.B. Hattarki	7	10	5	Automotive Axles Limited BF Utilities Limited Kalyani Investment Company Limited BF Investment Limited	Independent Independent Independent Independent
Mr.M.U. Takale	3	1	1	BF Investment Limited	Non-Executive
Mr.Arun P. Pawar	2	—	—	Phoenix Township Limited	Non-Executive
Mr.Sachin K. Mandlik	1	—	—	—	—
Mr.S.K. Adivarekar	5	5	2	BF Utilities Limited Hikal Limited Kalyani Investment Company Limited	Independent Independent Independent
Mrs.Shruti A. Shah	8	8	1	Balkrishna Industries Limited Jai Corp Limited Kalyani Investment Company Limited Sanghi Industries Limited	Independent Independent Independent Independent
Amb.Ahmad Javed	1	—	—	—	—
Mr.S.G. Joglekar	4	6	2	BF Investment Limited Kalyani Investment Company Limited	Independent Independent
Mr.R.K. Goyal Managing Director	4	3	—	Kalyani Investment Company Limited	Non-Executive

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

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

### INDEPENDENT DIRECTORS

The Independent Directors of the Company, who come from assorted areas of expertise, play a crucial role in the governance processes of the Board by enhancing corporate trustworthiness. Independent Directors strike the right balance between independence and protection of the interests of various stakeholders of the Company.

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

## BOARD PROCEDURE

An annual calendar of the meetings is circulated to the Directors well in advance to ensure their availability and meaningful participation in the Board and Committee Meetings. The effectiveness of the Board Meeting is ensured through detailed and structured agenda, circulation of Board Papers in advance as per the statutory timelines, detailed presentations at every Meeting and tracking of Action Taken Reports at every Meeting. In special and exceptional circumstances, additional items on the agenda are permitted with the consent of all the Independent Directors. In case of urgent matters, approvals are sought by way of circular resolution.

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

## CEO AND CFO CERTIFICATION

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

## CODE OF CONDUCT

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

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

## COMMITTEES OF THE BOARD

The Board has entrusted the specific tasks to the various Committees in line with their charter. These Committees conduct detailed reviews of the items under their purview before presenting them to the Board for consideration and operate under the direct supervision of the Board.

As on March 31, 2024, the Company has an Audit Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Finance Committee and Share Transfer Committee. The Board Committees are set up and reconstituted, as and when necessary, under the formal approval of the Board to carry out clearly defined roles and functions 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

The Audit Committee's role is to assist the Board in overseeing the governance function and responsibilities in relation to the Company's financial reporting process carried out by the management, internal control system, risk management system and internal and external audit functions. The Audit Committee functions according to its terms of reference and provides reassurance to the Board on the existence of an effective internal control environment in the Company.

The Board has established a qualified Audit Committee in accordance with the requirements of Regulation 18 of the Listing Regulations and Section 177 of the Act.

As on March 31, 2024, the Audit Committee comprised of four members viz. Mr.S.K. Adivarekar, Chairman, Mr.B.N. Kalyani, Mr.B.B. Hattarki and Mrs.Shruti A. Shah as other members of the Committee. All the members have accounting and finance management expertise.

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

The Annual General Meeting of the Company held on August 18, 2023, was attended by the Chairman of the Audit Committee, Mr.S.K. Adivarekar, to answer the shareholders queries.

During the year 2023-24, the Audit Committee met four times on April 28, 2023, July 24, 2023, October 30, 2023 and February 5, 2024 and there were no instances where the Board had not accepted any of the recommendations of the Audit Committee. Particulars relating to the attendance at the Audit Committee meetings held during the year are given below :

Name of the Director	Category	Number of Meetings held	Number of Meetings attended
Mr.S.K. Adivarekar, Chairman	Independent	4	4
Mr.B.N. Kalyani	Promoter Non-Executive	4	4
Mr.B.B. Hattarki	Independent	4	4
Mrs.Shruti A. Shah	Independent	4	4

In view of completion of second term of Mr.B.B. Hattarki, Independent Director on March 31, 2024, the Board of Directors, in its meeting held on February 5, 2024, had reconstituted the Audit Committee with effect from April 1, 2024 to comprise of Mr.S.K. Adivarekar, Chairman, Mr.B.N. Kalyani, Mrs.Shruti A. Shah and Mr.S.G. Joglekar as other members of the Committee.

### Role / Terms of reference of the Audit Committee

- 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 issue or rights issue or preferential issue or qualified institutions placement 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.
- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.
- 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.
- Management letters / letters of internal control weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the chief internal auditors.

#### **Powers of Audit Committee :**

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

#### **STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Stakeholders Relationship Committee looks into various aspects of interest of shareholders and ensures cordial investor / shareholders relations. The Committee primarily oversees redressal of grievances of shareholders and also reviews adherence to the service standards adopted by the Registrar and Transfer Agent of the Company along with the measures taken for effective exercise of voting rights by the shareholders.

The Board has established a Stakeholders Relationship Committee in accordance with the requirements of Regulation 20 of the Listing Regulations and Section 178 of the Act.

As on March 31, 2024, Stakeholders Relationship Committee comprised of four members viz. Mr.S.M. Kheny, Chairman, Mrs.Sunita B. Kalyani, Mr.B.B. Hattarki and Mr.R.K. Goyal as other members of the Committee.

During the year 2023-24, the Stakeholders Relationship Committee met four times on April 27, 2023, July 21, 2023, October 27, 2023 and February 2, 2024.

The Annual General Meeting of the Company held on August 18, 2023, was attended by the Chairman of the Stakeholders Relationship Committee, Mr.S.M. Kheny, to answer the shareholders queries.

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

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

In view of completion of second term of Mr.B.B. Hattarki, Independent Director on March 31, 2024, the Board of Directors, in its meeting held on February 5, 2024, had reconstituted the Stakeholders Relationship Committee with effect from April 1, 2024 to comprise of Mr.S.M. Kheny, Chairman, Mrs.Sunita B. Kalyani, Mr.R.K. Goyal and Mr.S.G. Joglekar as other members of the Committee.

#### 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.

The Committee also oversees the performance of the Registrar and Transfer Agent (RTA) and recommends measures for overall improvement in the quality of investors service.

#### Compliance Officer

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

#### Status of Investors Complaints

The number and nature of complaints received and redressed during the Financial Year 2023-24 are as follows :

Nature of Complaint	No. of Complaints received	No. of Complaints redressed	No. of Complaints pending as on March 31, 2024
Transmission of Shares	1	1	—

The status of complaints is also reported to the Board of Directors, as an agenda item.

#### Designated Exclusive E-Mail ID

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

#### NOMINATION AND REMUNERATION COMMITTEE

The role of the Nomination and Remuneration Committee is to oversee the selection of Directors and Senior Management based on criteria related to the specific requirement of expertise and independence. The Committee evaluates the performance of Directors and Senior Management based on the expected performance criteria. The Committee also recommends to the Board, the remuneration payable to Directors of the Company.

The Nomination and Remuneration Committee is constituted and functions in accordance with Regulation 19 of the Listing Regulations along with Section 178 of the Act.

As on March 31, 2024, Nomination and Remuneration Committee comprised of three members viz. Mr.S.K. Adivarekar, Chairman, Mr.Amit B. Kalyani and Mr.B.B. Hattarki as other members of the Committee.

During the year 2023-24, the Nomination and Remuneration Committee met four times on April 27, 2023, July 21, 2023, October 27, 2023 and February 5, 2024. Particulars relating to the attendance at the Nomination and Remuneration Committee meetings held during the year are given below :

Name of the Director	Category	Number of Meetings held	Number of Meetings attended
Mr.S.K. Adivarekar, Chairman	Independent	4	4
Mr.Amit B. Kalyani	Non-Executive	4	4
Mr.B.B. Hattarki	Independent	4	4

In view of completion of second term of Mr.B.B. Hattarki, Independent Director on March 31, 2024, the Board of Directors in its meeting held on February 5, 2024 had reconstituted the Nomination and Remuneration Committee with effect from April 1, 2024 to comprise of Mr.S.K. Adivarekar, Chairman, Mr.M.U. Takale and Mr.S.G. Joglekar as other members of the Committee.

**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.
- For every appointment of an independent director on the Board, evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the necessary capabilities identified in such description.
- 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.

**Performance Evaluation Criteria for Directors**

The Nomination and Remuneration Committee has devised criteria for performance evaluation of Directors including independent Directors. The said criteria provide for certain parameters like seniority / experience, Board / Committee meetings attended, acquaintance with business, effective participation, communication inter se with Board members, compliance with code of Conduct etc.

**Directors with materially pecuniary or business relationship with the Company**

There have been no materially relevant pecuniary transactions or relationship between the Company and its Non-Executive and / or Independent Directors during the Financial Year 2023-24.

**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 viz. [www.kalyanisteels.com/profile/policies/](http://www.kalyanisteels.com/profile/policies/). These Policies have been formulated in accordance with the Act and Listing Regulations. These policies are designated to guide the Board for appointment, re-appointment, removal of Directors, Key Managerial Personnel and Senior Management as well as remuneration payable to them, with an objective to retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

**Skills / Expertise / Competencies for the Board of Directors**

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

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

### Remuneration to Non-Executive Directors

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

Payments to Non-Executive Directors are decided based on multiple criteria of seniority / experience, Board / Committee meetings attended, acquaintance with business, effective participation, communication inter se with Board members, compliance with code of Conduct etc. and performance of the Company.

### Remuneration to Managing Director, Key Managerial Personnel and other Employees

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

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

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

Table 3 : The details of the remuneration of Directors during the year 2023-24, their shareholding in the Company and relationship with other directors, if any :

(₹ in Million)

Name of the Director	Relationship with other directors	Sitting fees #	Salary and perquisites	Commission ##	Total	No. of Shares held
Mr.B.N. Kalyani	*	0.05	—	12.00	12.05	1,118
Mrs.Sunita B. Kalyani	**	0.02	—	1.50	1.52	54,650
Mr.Amit B. Kalyani	***	0.02	—	12.00	12.02	31,694
Mr.S.M. Kheny	****	0.02	—	1.20	1.22	14
Mr.B.B. Hattarki	None	0.08	—	1.20	1.28	—
Mr.M.U. Takale	None	0.01	—	0.80	0.81	2,500
Mr.Arun P. Pawar	None	—	—	0.50	0.50	—
Mr.Sachin K. Mandlik	None	0.01	—	1.20	1.21	—
Mr.S.K. Adivarekar	None	0.03	—	1.20	1.23	—
Mrs.Shruti A. Shah	None	0.02	—	1.20	1.22	—
Amb.Ahmad Javed	None	0.01	—	1.20	1.21	—
Mr.S.G. Joglekar	None	—	—	0.40	0.40	—
Mr.R.K. Goyal	None	N.A.	83.57	54.00	137.57	—

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

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

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

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

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

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

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

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility (CSR) Committee of the Board is constituted in accordance with the provisions of Section 135 of the Act. The CSR Committee has been entrusted with the specific responsibility of reviewing corporate social responsibility programs of the Company. The scope of the CSR Committee also includes approving the budget of CSR activities, reviewing the CSR programs and monitoring the CSR spending.

As on March 31, 2024, CSR Committee comprised of four members viz. Mr.B.B. Hattarki, Chairman, Mrs.Sunita B. Kalyani, Mr.M.U. Takale and Mr.R.K. Goyal as other members of the Committee.

During the year 2023-24, the CSR Committee met twice on April 27, 2023 and October 27, 2023. 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
Mrs.Sunita B. Kalyani	Non-Executive	2	2
Mr.M.U. Takale	Non-Executive	2	2
Mr.R.K. Goyal	Executive	2	2

In view of completion of second term of Mr.B.B. Hattarki, Independent Director on March 31, 2024, the Board of Directors, in its meeting held on February 5, 2024, reconstituted the CSR Committee with effect from April 1, 2024 to comprise of Mr.S.G. Joglekar, Chairman, Mrs.Sunita B. Kalyani, Mr.M.U. Takale and Mr.R.K. Goyal as other members of the Committee.

#### Terms of Reference :

- Formulation and recommendation to the Board, CSR Policy, which shall indicate the activities to be undertaken by the Company, in the areas or subject, as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount of expenditure to be incurred on the CSR activities.
- Formulate and recommend to the Board, an Annual Action Plan in pursuance of CSR Policy, which shall include :
  - List of CSR Projects / programmes to be undertaken in the areas or subject specified in Schedule VII of the Companies Act, 2013.
  - Manner of execution of such Projects / programmes.
  - Modalities of utilization of funds and implementation schedules of such Projects / programmes.
  - Monitoring and reporting mechanism for such Projects / programmes.
  - Details of need and impact assessment, if any, for the projects undertaken by the Company.
- 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 along with an Annual Action Plan. The CSR Policy of the Company is available on the Company's website viz. [www.kalyanisteels.com/profile/policies/](http://www.kalyanisteels.com/profile/policies/)

### RISK MANAGEMENT COMMITTEE

The Risk Management Committee of the Company is constituted in terms of Regulation 21 of the Listing Regulations. The primary role of the Risk Management Committee is that of assisting the Board of Directors in overseeing the Company's risk management processes and controls. The Risk Management Committee, through the Enterprise Risk Management (ERM) Framework in the Company, seeks to minimize adverse impact on the business objectives and enhance stakeholder value.

The Risk Management Policy of the Company, which is approved by the Risk Management Committee of the Board and the Board of Directors, provides the framework for identification of internal and external risks along with prioritization of risks based on the scanning of the external environment and continuous monitoring of internal risk factors. The said framework identifies, evaluates, manages, mitigates and reports risks arising from the Company's operations and exogenous factors.

As on March 31, 2024, Risk Management Committee comprised of three members viz. Mr.B.B. Hattarki, Chairman, Mr.S.K. Adivarekar and Mr.R.K. Goyal as other members of the Committee.

During the year 2023-24, the Risk Management Committee met twice on August 11, 2023 and February 5, 2024.

Particulars relating to the attendance at the Risk Management 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.S.K. Adivarekar	Independent	2	2
Mr.R.K. Goyal, Managing Director	Executive	2	2

In view of completion of second term of Mr.B.B. Hattarki, Independent Director on March 31, 2024, the Board of Directors in its meeting held on February 5, 2024, reconstituted the Risk Management Committee with effect from April 1, 2024 to comprise of Mr.S.K. Adivarekar, Chairman, Mr.R.K. Goyal and Mr.S.G. Joglekar as other members of the Committee.

**Role of the Risk Management Committee :**

- To formulate a detailed Risk Management Policy which shall include :
  - A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly Environmental, Social and Governance (ESG) related risks), information, cyber security risks or any other risks as may be determined by the Committee.
  - Measures for risk mitigation including systems and processes for internal control of identified risks.
  - Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company.
- To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems.
- To periodically review the risk management policy, at least once in two years, by considering the changing industry dynamics and evolving complexity.
- To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken.
- The appointment, removal and terms of remuneration of the Chief Risk Officer, if any.
- To coordinate its activities with other committees, in instances where there is any overlap with the activities of such committees, as per the framework laid down by the Board of Directors.

**FINANCE COMMITTEE**

The main role of the Finance Committee is to assist the Board of Directors in fulfilling its responsibilities which are not limited to but also include monitoring and oversight of the Company's financial resources and also reviewing any additional matters as may be delegated to it by the Board of Directors.

As on March 31, 2024, Finance Committee comprised of three members viz. Mr.B.N. Kalyani, Chairman, Mr.B.B. Hattarki and Mr.R.K. Goyal as other members of the Committee.

During the year 2023-24, the Finance Committee met eight times on May 18, 2023, July 4, 2023, September 18, 2023, November 11, 2023, December 11, 2023, February 8, 2024, March 8, 2024 and March 26, 2024.

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

Name of the Director	Category	Number of Meetings held	Number of Meetings attended
Mr.B.N. Kalyani, Chairman	Promoter Non-Executive	8	6
Mr.B.B. Hattarki	Independent	8	8
Mr.R.K. Goyal	Executive	8	7

In view of completion of second term of Mr.B.B. Hattarki, Independent Director on March 31, 2024, the Board of Directors in its meeting held on February 5, 2024, had reconstituted the Finance Committee with effect from April 1, 2024 to comprise of Mr.B.N. Kalyani, Chairman, Mr.R.K. Goyal and Mr.Amit B. Kalyani as other members of the Committee.

**Terms of Reference :**

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

**SHARE TRANSFER COMMITTEE**

The Company has constituted the Share Transfer Committee, to approve share transmissions, transposition, correction / deletion of name and issue of duplicate certificates etc.

As on March 31, 2024, the Committee comprised of three members viz. Mr.B.N. Kalyani, Chairman, Mr.B.B. Hattarki and Mr.R.K. Goyal as other members of the Committee.

During the year 2023-24, the Share Transfer Committee met thirteen times on April 11, 2023, June 13, 2023, June 30, 2023, July 28, 2023, August 18, 2023, August 29, 2023, September 20, 2023, October 6, 2023, November 24, 2023, January 18, 2024, February 7, 2024, February 23, 2024 and March 11, 2024. The particulars relating to the attendance at the Share Transfer Committee meetings held during the year are given below :

Name of the Director	Category	Number of Meetings held	Number of Meetings attended
Mr.B.N. Kalyani, Chairman	Promoter Non-Executive	13	12
Mr.B.B. Hattarki	Independent	13	13
Mr.R.K. Goyal	Executive	13	13

In view of completion of second term of Mr.B.B. Hattarki, Independent Director on March 31, 2024, the Board of Directors in its meeting held on February 5, 2024, had reconstituted the Finance Committee with effect from April 1, 2024 to comprise of Mr.B.N. Kalyani, Chairman, Mr.R.K. Goyal and Mr.S.G. Joglekar as other members of the Committee.

#### INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on February 2, 2024, inter alia to discuss :

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

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

## 2. MANAGEMENT

### MANAGEMENT DISCUSSION AND ANALYSIS

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

### DISCLOSURES

#### RELATED PARTY TRANSACTIONS

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

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of the members is drawn to the disclosure set out in Note 38 to Financial Statements forming part of the Annual Report.

#### DISCLOSURES BY MANAGEMENT TO THE BOARD

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

During the year 2023-24, no Loans or Advances have been advanced by the Company, to the firms / companies in which Directors of the Company are interested.

#### WHISTLE BLOWER POLICY

The Company promotes ethical behavior in all its business activities and has put in place a mechanism for reporting illegal / unethical behavior. The Company has adopted Whistle Blower Policy and has established necessary vigil mechanism for employees / directors, wherein they can report the instances of unethical behavior, actual or suspected fraud or any violation of the Code of Conduct and / or laws applicable to the Company, report the instances of leakage of unpublished price sensitive information and seek redressal. This mechanism provides for direct access to the Chairperson of the Audit Committee and appropriate protection to the genuine Whistle Blower, who avails of the mechanism. The Whistle Blower Policy / Vigil Mechanism has been disclosed on the website of the Company viz. [www.kalyanisteels.com/profile/policies/](http://www.kalyanisteels.com/profile/policies/)

#### DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of the Listing Regulations, the Company has adopted the Dividend Distribution Policy which is available on the Company's website viz. [www.kalyanisteels.com/profile/policies/](http://www.kalyanisteels.com/profile/policies/)

#### SUBSIDIARY COMPANY

As on March 31, 2024, the Company had one Subsidiary viz. DGM Realties Private Limited (DGM), which is not a material subsidiary of the Company. The Company has a policy for determining material subsidiary, which is available on the Company's website viz. [www.kalyanisteels.com/profile/policies/](http://www.kalyanisteels.com/profile/policies/)

**INDEPENDENT DIRECTORS’ TRAINING AND INDUCTION**

The Company has a familiarization programme for its Independent Directors with the objective of enabling them to understand the Company, its strategies, operations, business functions and the regulatory environment applicable to it. These include orientation programs upon the induction of new Directors as well as other initiatives to update the Directors on a continuous basis.

Further, with a view to familiarize Director with the Company’s operations, plant visit is scheduled and the Managing Director also has one-to-one discussion with the newly appointed Director. Apart from this, the Directors are regularly briefed and updated on the Company’s policies and procedures, the industry and operating environment in which the Company operates. Regular Updates regarding the operations of the Company are also provided to them from time to time.

These initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equip 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 viz. [www.kalyanisteels.com/profile/policies/](http://www.kalyanisteels.com/profile/policies/)

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

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

**3. SHAREHOLDERS**

**DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS**

Mr.B.N. Kalyani and Mr.M.U. Takale, the Directors of the Company are retiring by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

Mrs.Shruti A. Shah, Independent Director on the Board of the Company is seeking re-appointment for the Second Term of 5 (Five) consecutive years with effect from January 29, 2025 to January 28, 2030.

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

- Mr.B.N. Kalyani is Chairman and Managing Director of Bharat Forge Limited. Mr.Kalyani, born on January 7, 1949, holds B.E.(Hons), Mechanical Engineering from BITS Pilani, India and an M.S. from Massachusetts Institute of Technology, Boston, USA. Mr.Kalyani has a deep understanding of steel, forging, automotive and engineering industry and his experience and expertise have been invaluable in navigating the Company through several challenges and opportunities over the years.

Mr.Kalyani is a Permanent Member of Prime Minister’s Science Technology & Innovation Advisory Council, Government of India; Co-Chairman of India-Japan Business Leaders’ Forum; Co-Chairman of India-Sweden Business Roundtable; Member of Indo French CEOs’ Forum; Member of India-Russia CEOs’ Forum; Member of India-UK CEOs’ Forum; Member of India-Israel CEOs’ Forum and Founding President of Society of Indian Defense Manufacturers.

Mr.Kalyani has been conferred with several prestigious awards and recognitions including Padma Bhushan - India; Order of the Rising Sun, Gold and Silver Star, Japan; Cross of the Order of Merit Germany; Commander First Class of the Royal Order of Polar Star, Sweden; and Knight in the Order of the Legion of Honour, France.

Mr.B.N. Kalyani holds 1,118 Equity Shares of ₹ 5/- each of the Company as on March 31, 2024.

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	1.	Bharat Forge Limited
2.	Automotive Axles Limited		Stakeholders Relationship Committee - Member
3.	BF Utilities Limited		Corporate Social Responsibility Committee - Member
4.	Meritor HVS (India) Limited		Risk Management Committee - Chairman
		2.	BF Utilities Limited
			Stakeholders Relationship Committee - Member
			Corporate Social Responsibility Committee - Member



- Mr.M.U. Takale, born on August 18, 1960, is a Mechanical Engineer having more than 40 years experience in forging and automotive related industries. Mr.Takale, after having his initial graduation in Pune, completed his MS in Industrial and Systems Engineering from Columbia University, New York, U.S.A. and MBA from Western Carolina University, NC, U.S.A. He was in U.S.A. for six years and besides obtaining degree in Engineering and Management, has had considerable exposure to technological advancements in automotive field. He also has work experience in Automotive Industry in U.S.A. He holds 2,500 Equity Shares of ₹ 5/- each of the Company as on March 31, 2024.

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.	BF Investment Limited	1.	BF Investment Limited
2.	Kalyani Strategic Management Services Limited		Stakeholders Relationship Committee - Chairman Corporate Social Responsibility Committee - Member Risk Management Committee - Member

- Mrs.Shruti A. Shah, Independent Director on the Board of the Company is seeking re-appointment for the Second Term of 5 (Five) consecutive years with effect January 29, 2025 to January 28, 2030, 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 Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations, for her re-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 20 years. Mrs.Shah graduated in Commerce from Mumbai University and also holds a degree in Law from Mumbai University. She has been a partner of M/s. Pravin P. Shah & Company since November, 2007 and is engaged in providing Income Tax Advisory for HNIs and Corporates, Estate Planning in the form of Wills, Trusts etc. Mrs.Shah does not hold any Equity Shares of the Company as on March 31, 2024.

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	1.	Balkrishna Industries Limited
2.	Jai Corp Limited		Audit Committee - Member
3.	Kalyani Investment Company Limited		Nomination & Remuneration Committee - Member
4.	Sanghi Industries Limited		Stakeholders Relationship Committee - Member
5.	Spinel Energy and Infrastructure Limited		Corporate Social Responsibility Committee - Member
6.	Surajkiran Solar Technologies Limited	2.	Jai Corp Limited
7.	Surajkiran Renewable Resources Limited		Nomination & Remuneration Committee - Member
		3.	Kalyani Investment Company Limited
			Audit Committee - Member
			Investment Committee - Member
		4.	Sanghi Industries Limited
			Audit Committee - Chairperson
			Nomination & Remuneration Committee - Member
			Risk Management Committee - Member
			Corporate Social Responsibility Committee - Member
		5.	Spinel Energy and Infrastructure Limited
			Audit Committee - Member
		6.	Surajkiran Solar Technologies Limited
			Audit Committee - Member
		7.	Surajkiran Renewable Resources Limited
			Audit Committee - Member

## COMMUNICATION TO SHAREHOLDERS

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

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

## 1. Website

The Company's website contains a separate dedicated section titled 'Investors', which serves to inform investors by providing key and timely information like financial results, annual reports, shareholding pattern etc. The basic information about the Company, as called for in terms of Regulation 46 of the Listing Regulations, is also provided on the Company's website [www.kalyanisteels.com](http://www.kalyanisteels.com) and the same is updated from time-to-time.

## 2. Filing with Stock Exchanges

Financial Results / other information to Stock Exchanges is filed electronically on BSE Listing Centre for BSE and on NSE Electronic Application Processing System (NEAPS) for NSE.

## 3. Annual Report

Annual Report containing, inter alia, Audited Financial Statements, Directors' Report, Independent Auditor's Report and other important information, is circulated to members and others entitled thereto. Based on the requests received from the members, physical copies of the Annual Report are also dispatched to members. The Management Discussion and Analysis (MDA) Report and Business Responsibility and Sustainability Report (BRSR) forms part of the Annual Report which is also displayed on the Company's website [www.kalyanisteels.com](http://www.kalyanisteels.com). Letters received from shareholders are acted upon and replied to promptly.

**CREDIT RATING FROM CARE RATINGS LIMITED**

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

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

**FEES PAID TO STATUTORY AUDITORS**

The Company has paid the fees of ₹ 4.18 Million to Kirtane and Pandit LLP, Chartered Accounts, Pune (Firm Registration No.105215W / W100057) during the year 2023-24.

**DETAILS OF NON-COMPLIANCE**

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

**GENERAL BODY MEETINGS**

Annual General Meeting(s) :

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

Date	Time	Venue	Special Resolutions Passed
August 18, 2023	11.00 a.m.	Held through Video Conferencing (VC) / Other Audio Visual Means (OAVM)	—
August 1, 2022	11.00 a.m.	Registered Office of the Company at Mundhwa, Pune – 411 036	1. Re-appointment of Mr.B.N. Kalyani as Director of the Company. 2. Re-appointment of Mr.S.M. Kheny as Director of the Company. 3. Re-appointment of Mr.Sachin K. Mandlik as an Independent Director of the Company. 4. Re-appointment of Mr.Shrikrishna K. Adivarekar as an Independent Director of the Company. 5. Re-appointment of Amb.Ahmad Javed as an Independent Director of the Company.
September 3, 2021	11.00 a.m.	Held through Video Conferencing (VC) / Other Audio Visual Means (OAVM)	—

**POSTAL BALLOT**

During the year under review, the Company sought the approval of its members through Postal Ballot, for the following Special Resolution :

- 1) Appointment of Mr.S.G. Joglekar (DIN 00073826) as an Independent Director of the Company.

None of the businesses proposed to be transacted in the ensuing AGM requires the passing of a special resolution through postal ballot.

**COMPLIANCE WITH MANDATORY AND DISCRETIONARY REQUIREMENTS**

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

- 1) Unmodified Opinion(s) in Audit Report

The Company's financial statements for the year 2023-24 do not contain any modified audit opinion.

- 2) Separate Posts of Chairperson and Managing Director

The Chairman of the Board is Non-Executive Director and not related to the Managing Director of the Company.

- 3) Reporting of Internal Auditors

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

**SHAREHOLDER INFORMATION****COMPANY REGISTRATION DETAILS**

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

**ANNUAL GENERAL MEETING**

Day, Date and Time : Thursday, August 22, 2024 at 11.00 a.m.

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

**FINANCIAL CALENDAR**

1st April to 31st March

**BOOK CLOSURE**

The Books will be closed from Friday, August 16, 2024 to Thursday, August 22, 2024 (both days inclusive).

**DIVIDEND PAYMENT DATE**

Dividend of ₹ 10/- per Equity Share of ₹ 5/- each (i.e. 200%) for FY 2023-24, recommended by the Board, if approved by the members, shall be paid on or before Monday, September 2, 2024.

**EQUITY SHARES IN SUSPENSE ACCOUNT**

In compliance with Regulation 39(4) of the Listing Regulations, the Company had transferred all the unclaimed Equity Shares into an Unclaimed Suspense Account. As on April 1, 2023, 21,058 Equity Shares in respect of 262 shareholders were lying in the said Unclaimed Suspense Account. The voting rights on the said shares shall remain frozen till the rightful owners of such shares claim the shares.

During the year, based on the valid claims made by 9 (Nine) shareholders / their legal heirs, the Company transferred 751 Equity Shares from the Unclaimed Suspense Account to the respective shareholders / their legal heirs.

**LISTING**

The Equity Shares of the Company are listed on :

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

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

**STOCK CODES**

NSE : KSL

BSE : 500235

Equity ISIN : INE907A01026

**STOCK DATA**

Table below gives the monthly high and low prices and volumes of trading of Equity Shares of the Company at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for the year 2023-24 :

Month & Year	NSE			BSE		
	High (₹)	Low (₹)	Volume (No. of Shares Traded)	High (₹)	Low (₹)	Volume (No. of Shares Traded)
April, 2023	335.85	296.05	930,043	335.95	297.00	41,896
May, 2023	355.25	320.55	647,134	355.20	320.40	65,122
June, 2023	365.10	332.30	826,896	365.00	332.50	62,203
July, 2023	426.30	342.45	3,553,773	425.90	344.60	306,445
August, 2023	530.70	407.25	4,896,493	530.00	407.65	415,691
September, 2023	558.00	442.15	5,405,420	557.85	447.05	498,603
October, 2023	544.40	423.50	1,873,608	542.75	425.10	243,754
November, 2023	490.70	445.30	966,976	489.40	447.00	117,472
December, 2023	504.95	427.30	3,584,152	504.30	428.05	246,782
January, 2024	634.90	485.10	7,364,853	633.55	485.00	634,451
February, 2024	909.75	600.00	7,623,949	908.00	600.00	485,093
March, 2024	1,074.70	805.10	6,028,699	1,077.65	805.15	493,108

**STOCK PERFORMANCE**

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



Note : Share prices of Kalyani Steels and BSE Sensex have been indexed to 100 as on first working day of Financial Year 2023-24 i.e. April 1, 2023.

**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, 2024**

Category of the Shareholder	No. of Equity Shares held	Shareholding %
Promoters	28,244,202	64.70
Mutual Funds	5,316,635	12.18
Financial Institutions / Banks	267	—
Foreign Portfolio Investors	1,104,838	2.53
Bodies Corporate	356,281	0.82
NRIs	244,412	0.56
Indian Public	8,386,425	19.21
TOTAL	43,653,060	100.00

**PATTERN OF SHAREHOLDING BY SHARE CLASS AS ON MARCH 31, 2024**

Category (Shares)	No. of Shareholders	No. of Equity Shares held	Shareholding %
Up to 5,000	46,617	6,340,385	14.53
5,001 to 10,000	93	694,476	1.59
10,001 to 20,000	36	498,493	1.14
20,001 to 30,000	14	358,525	0.82
30,001 to 40,000	4	132,087	0.30
40,001 to 50,000	4	168,462	0.39
50,001 to 100,000	6	435,863	0.99
100,001 and above	19	35,024,769	80.24
TOTAL	46,793	43,653,060	100.00

**DEMATERIALIZATION**

The Company's Equity Shares are under compulsory Demat Trading. As on March 31, 2024, dematerialized shares accounted for 99.52% of the total Equity.

**SITE LOCATION**

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

**INVESTORS CORRESPONDENCE ADDRESS**

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

**DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT**

I, R.K. Goyal, Managing Director of the Company do hereby declare that all the Board Members and Senior Management Personnel have affirmed for the year ended March 31, 2024, compliance with the Code of Conduct of the Company laid down for them.

Place : Pune  
Date : May 10, 2024

R.K. Goyal  
Managing Director

**Annexure A**  
**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
(Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kalyani Steels Limited CIN L27104MH1973PLC016350 (hereinafter referred to as “the Company”) and having registered office at Mundhwa, Pune - 411 036, produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C Clause (10)(i) of 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 and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on March 31, 2024 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 or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Original Date of appointment
1.	Mr.Babasaheb Neelkanth Kalyani	00089380	15/02/1984
2.	Mr.Amit Babasaheb Kalyani	00089430	22/05/2004
3.	Mrs.Sunita Babasaheb Kalyani	00089496	30/03/2015
4.	Mr.Bhalachandra Basappa Hattarki*	00145710	29/06/1992
5.	Mr.Madan Umakant Takale	01291287	27/06/2006
6.	Mr.Shivakumar Kheny	01487360	15/02/1984
7.	Mr.Ravindra Kumar Goyal	03050193	17/01/2011
8.	Mr.Arun Pandurang Pawar#	03628719	25/10/2011
9.	Mr.Shrikrishna Kiran Adivarekar\$	06928271	18/05/2018
10.	Mr.Sachin Krishna Mandlik^	07980384	09/11/2017
11.	Mrs.Shruti Anup Shah	08337714	29/01/2020
12.	Amb.Javed Ahmad@	08668304	26/06/2020
13.	Mr.Sanjeev Joglekar	00073826	05/02/2024

Note :

\* Ceased as Independent Director w.e.f. April 1, 2024 upon completion of second term.

# Re-appointed as an Independent Director w.e.f. September 5, 2019 for second term of five years.

\$ Re-appointed as an Independent Director w.e.f. May 18, 2023 for second term of three years.

^ Re-appointed as an Independent Director w.e.f. November 9, 2022 for second term of three years.

@ Re-appointed as an Independent Director w.e.f. June 26, 2023 for second term of three years.

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 based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For SVD & Associates**  
**Company Secretaries**

**Meenakshi R. Deshmukh**  
**Partner**

FCS No. : 7364

C P No. : 7893

Peer Review No. : 669/2020

UDIN : F007364F000322217

**Place : Pune**  
**Date : May 10, 2024**

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

To the Members of Kalyani Steels Limited

We have examined the compliance of conditions of Corporate Governance by Kalyani Steels Limited CIN L27104MH1973PLC016350 (hereinafter referred "the Company"), for the year ended on March 31, 2024 as stipulated in relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015 (Listing Regulations).

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, this certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For SVD & Associates  
Company Secretaries**

**Meenakshi R. Deshmukh  
Partner**

**FCS No. : 7364**

**C P No. : 7893**

**Peer Review No. : 669/2020**

**UDIN : F007364F000322250**

**Place : Pune**

**Date : May 10, 2024**

## DIRECTORS' REPORT

To,

The Members,

The Directors have pleasure in presenting the Fifty-First Annual Report on the business and operations of the Company together with the Audited Financial Statements for the Financial Year ended March 31, 2024.

### 1. Financial Highlights (on standalone basis)

		(₹ in Million)
	<u>2023-24</u>	<u>2022-23</u>
Total Income	20,063.03	19,557.58
Total Expenditure	15,883.30	16,537.00
Finance Cost	245.46	280.96
Depreciation & amortization expenses	607.51	489.02
Profit before Exceptional Item and Tax	3,326.76	2,250.60
Exceptional Item	—	—
Profit before Tax	3,326.76	2,250.60
Tax Expenses :		
- Current Tax	807.00	632.50
- Deferred Tax	45.21	(52.42)
- Taxation in respect of earlier years	—	0.25
Profit after Tax	2,474.55	1,670.27

### 2. Dividend

Based on the Company's performance, the Directors are pleased to recommend a dividend of ₹ 10/- per Equity Share of ₹ 5/- each (i.e. 200%), for the financial year ended March 31, 2024, for approval of the members.

The Board has recommended dividend based on the parameters laid down in the Dividend Distribution Policy, adopted by the Company pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The dividend on Equity Shares, if approved by the members would involve cash outflow of ₹ 436.53 Million and shall be subject to deduction of income tax at source.

### 3. Reserves

During the year under review, the Company does not propose to transfer any amount to the General Reserve. An amount of ₹ 16,198 Million is proposed to be retained as Retained Earnings.

### 4. Performance of the Company

The spill-over effects, negative global headwinds continue to impact steel industry even in FY 2023-24. These headwinds coupled with fluctuations in China's steel output created volatility in both raw material prices as well as Steel prices. Further, inflationary pressures in major economies forced central banks to increase the interest rates which increased the cost of capital.

Iron ore and Coking coal, the key commodities for steel industry exhibited volatile prices throughout the year between \$ 105/ton to \$ 136/ton and \$ 231/ton to \$ 354/ton respectively. Such price volatility in commodity prices puts negative pressure on the profitability of the Company. The Company commissioned its Coke Oven plant last year which helped to reduce the impact of such volatility to some extent. Despite such a volatile & complex business environment, the Company has delivered extremely well results during FY 2023-24. The Company achieved Total Income of ₹ 20,063 Million as against ₹ 19,558 Million in FY 2022-23. The Profit before tax is ₹ 3,327 Million against ₹ 2,251 Million in FY 2022-23.

The automotive sector is a key contributor to the Company's business portfolio. FY 2023-24 has seen consecutive remarkable growth in passenger vehicles (PV) sales at 4.89 Million vehicles at a growth of 9% over FY 2022-23. With 4.89 Million vehicles sales, PV has surpassed its previous best of 4.5 Million vehicles in FY 2022-23. Two Wheelers & Three Wheelers are yet to catch up with the pre-pandemic numbers but have exhibited growth. Commercial vehicles sale has seen a decline of 1% to reach 1 Million vehicles in FY 2024. After consecutive sharp growth in Auto sector, a moderate growth is expected in coming years. On the other hand, increased demand is expected from sunrise sectors such as Renewable Energy, Hydrogen electrolyzer & storage solutions, H2 fuel cells, sustainable heating solutions etc. where specialty alloys steel products would be used. The Company is continuously investing in R&D to develop new steel grades suitable for a variety of applications catering to these segments. This would also help the Company to increase its profitability in the near future.



**5. Acquisition of Assets of Kamineni Steel & Power India Private Limited (In Liquidation)**

During the year under review, the Company acquired the assets of Kamineni Steel & Power India Private Limited, a Company under liquidation, pursuant to the invitation for Sale of Assets through e-auction platform, under Insolvency and Bankruptcy Code, 2016. The assets include Land, Building and Plant and Machinery of Steel Billet Plant including vehicles and the Company paid cash consideration of ₹ 5,047.20 Million (including applicable taxes) for acquisition of the said assets.

**6. Memorandum of Understanding with Government of Odisha**

The Company is pleased to inform the members that the Company has signed a Memorandum of Understanding (MoU) with the Government of Odisha on February 23, 2024, expressing an intent to setup :

- a) 0.7 MTPA Integrated Advanced Specialty Steel & Automotive Components Manufacturing Complex and;
- b) Phase 1 of Integrated Titanium Metal / Alloy and Aerospace & Defense Components Manufacturing Plant of 10,000 TPA capacity, in the State of Odisha.

Both the Company and the Government of Odisha agreed that the detailed terms and conditions for the implementation of the MoU shall be drawn up subsequently. Any updates thereon shall be provided by the Company in due course.

**7. State of Company's Affairs**

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

**8. Corporate Governance**

Your Company is committed to adopt the best standards of Corporate Governance and adheres to the Corporate Governance requirements set out by the 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, Practicing Company Secretaries, Pune certifying compliance of the conditions of Corporate Governance is attached to Report on Corporate Governance.

**9. Deposits**

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

**10. Directors**

The Board of Directors at their meeting held on February 5, 2024, had co-opted Mr.S.G. Joglekar, as an Additional Independent Director, for the term of 5 (Five) consecutive years with effect from February 5, 2024 to February 4, 2029, subject to approval of the members. The Company had obtained the approval of members by way of Postal Ballot and Special Resolution approving his appointment was passed on March 16, 2024.

Mr.B.B. Hattarki, Independent Director of the Company, completed his Second Term of 5 (Five) years on March 31, 2024 and accordingly ceased to be the Director of the Company with effect from April 1, 2024. The Board places on record its sincere appreciation of the contribution made by Mr.Hattarki during tenure as a Director of the Company.

Mrs.Shruti A. Shah, Independent Director of the Company is seeking re-appointment for a Second Term of 5 (Five) consecutive years with effect from January 29, 2025 to January 28, 2030.

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

These re-appointments forms part of the Notice of the Fifty-First 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.

**10.1 Board Evaluation**

Led by Nomination and Remuneration Committee, the Board evaluated the effectiveness of its functioning, the performance of its committees, the Chairman, Independent Directors, Non-Executive Directors and Executive Directors.

The criteria for performance evaluation of the Board included deciding on long term strategy planning, structure, composition and role clarity of the Board and Committees, discharging of governance and fiduciary duties, handling critical issues etc.

The criteria for performance evaluation of the Committees included composition and role of the Committees, ideas shared by the Directors in Committee Meetings, their attendance, extent of co-ordination and cohesiveness between the Board and its Committees, to name a few.

The criteria for performance evaluation of the Directors included contributions made by the Directors at the Board / Committee meetings, attendance, instances of sharing best practices, contributions in long-term strategic planning, domain knowledge, vision, strategy, engagement with senior management etc.

In a separate meeting, the Independent Directors evaluated the performance of Non-Independent Directors including the Managing Director and also reviewed the performance of the Board as a whole including the Chairman of the Board. They also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### 10.2 Nomination & Remuneration Policy

The Nomination and Remuneration Policy of the Company, inter alia, provides that the Nomination and Remuneration Committee shall formulate the criteria for appointment of Directors on the Board of the Company and persons holding Senior Management positions in the Company, including their remuneration and other matters as provided under Section 178 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy is available on the website of the Company. (Web-link : <http://www.kalyanisteels.com/profile/policies/>).

### 10.3 Meetings of the Board

During the Financial Year 2023-24, five 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 available in the Report on Corporate Governance which forms part of this Annual Report.

## 11. 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, 2024, 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, 2024 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, 2024, on a going concern basis;
- v) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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

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

## 13. Corporate Social Responsibility

The Company has been carrying out various Corporate Social Responsibility (CSR) 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 Annual Report on CSR Activities undertaken by the Company is enclosed herewith as Annexure "B". The CSR Policy is available on the Company's website viz. [www.kalyanisteels.com/profile/policies/](http://www.kalyanisteels.com/profile/policies/)

## 14. Related Party Transactions

In line with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Policy on Related Party Transactions and the same can accessed on the Company's website viz. [www.kalyanisteels.com/profile/policies/](http://www.kalyanisteels.com/profile/policies/)

During the year under review, all related party transactions were placed before the Audit Committee for prior approval and were at arm's length and in the ordinary course of business and in accordance with the related party framework formulated and adopted by the Company.

Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of transactions with related parties, are provided in Form AOC-2, which is enclosed herewith as Annexure "C". Details of related party transactions entered into by the Company, in terms of Ind AS 24 have been disclosed in Note No.38 to the Standalone Financial Statements.

#### 15. Risk Management

Risk management is the continuing process to identify, analyze, evaluate, and minimize loss exposures and monitor risk control and financial resources to mitigate the adverse effects of loss. It is seen that organizations that embrace strategic risk management are more likely to deliver stakeholder confidence and better business outcomes.

The Risk Management Policy of the Company, which is approved by the Risk Management Committee of the Board and the Board of Directors, provides the framework of Enterprise Risk Management by describing mechanisms for the proactive identification and prioritization of risks based on the scanning of the external environment and continuous monitoring of internal risk factors. The Risk Management Committee which oversees the risk management process in the Company, is chaired by an Independent Director of the Company. The Audit Committee also has additional responsibility to monitor risks in the area of financial risks and controls.

The policy on Risk Management as approved by the Board is uploaded on the Company's website at the Web-link : <http://www.kalyanisteels.com/profile/policies/>

#### 16. Audit Committee

As on March 31, 2024, the Audit Committee comprises of Mr.S.K. Adivarekar, Chairman of the Committee and Independent Director, Mr.B.N. Kalyani, Promoter Non-Executive Director, Mr.B.B. Hattarki and Mrs.Shruti A. Shah, Independent Directors.

In view of completion of second term of Mr.B.B. Hattarki, Independent Director on March 31, 2024, the Board of Directors in its meeting dated February 5, 2024, reconstituted the Audit Committee with effect from April 1, 2024 to include Mr.S.G. Joglekar, Independent Director in the place of Mr.B.B. Hattarki.

All the recommendations made by the Audit Committee were deliberated and accepted by the Board during the Financial Year 2023-24.

#### 17. Auditors and Auditor's Report

M/s. Kirtane & Pandit LLP, Chartered Accountants, Pune (Firm Registration No.105215W / W100057), are the Auditors of the Company and they hold office till the conclusion of the Fifty-Fourth Annual General Meeting to be held in the year 2027.

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.

#### 18. Cost Auditors

The Board of Directors, on the recommendation of the Audit Committee, has appointed M/s S.R. Bhargave & Co., Cost Accountants, Pune for conducting the cost audit of the Company for Financial Year 2024-25.

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

#### 19. Secretarial Audit and Secretarial Standards

Pursuant to provisions of Section 204 of the Companies Act, 2013, the Board had appointed M/s. SVD & Associates, Practicing Company Secretaries, Pune, to undertake Secretarial Audit of the Company for the Financial Year 2023-24. The Secretarial Audit Report for the Financial Year ended March 31, 2024, is annexed herewith as Annexure "D". The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

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

**20. Information pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

The information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, has been provided in Annexure "E".

In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the shareholders excluding the information required under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. Any shareholder interested in obtaining the same may write to the Company Secretary at investor@kalyanisteels.com

**21. Annual Return**

In accordance with Section 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return of the Company as on March 31, 2023, filed with Registrar of Companies, is available on the Website of the Company at www.kalyanisteels.com

**22. Whistle Blower Policy**

The Company believes in conduct of its affairs in a fair and transparent manner by adopting highest standards of professionalism, integrity and ethical behavior and ensures adherence of these principles across the organization.

The Company has a robust vigil mechanism through its Whistle Blower Policy, approved and adopted by the Board of Directors of the Company in compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Whistle Blower Policy is available on the Company's website at the Web-link : [www.kalyanisteels.com/profile/policies/](http://www.kalyanisteels.com/profile/policies/)

The mechanism provides a formal channel whereby 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, report the instances of leakage of unpublished price sensitive information and seek redressal. This mechanism provides appropriate protection to the genuine Whistle Blower, who avails of the mechanism. During the year under review, the Company has not received any complaint under the said mechanism.

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

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

**24. Internal Financial Controls**

Your Company has in place adequate internal financial controls with reference to the Financial Statements. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial information; complying with applicable statutes; safeguarding assets from unauthorized use; ensuring that transactions are carried out with adequate authorization and complying with Corporate Policies and Processes. Such controls have been assessed during the year, after taking into consideration the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India.

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

There are no adverse material changes or commitments that occurred after March 31, 2024, which may affect the financial position of the Company or may require disclosure.

**26. 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.

**27. Familiarization Programme**

The Company believes that well informed / familiarized Board can contribute significantly towards effectively discharging its role of trusteeship in a manner that fulfils stakeholders aspirations. In pursuit of this, the Directors of the Company are updated on material changes / developments in the industry scenario including those pertaining to statutes / legislation & economic environment and on matters significantly affecting the Company, to enable them to take well informed and timely decisions. The Directors are also updated on all business related matters including risk assessment & minimization procedures, new initiatives proposed by the Company.

Detailed presentations are made to the entire Board including independent Directors from time to time on various matters such as the Company's operations and business plans, strategic plans, plant operations, regulatory updates etc. The Functional heads are invited from time to time to present before the Board, key matters pertaining to their area of expertise.

Additionally, plant visits are organized for the new as well as existing Directors to enable them to understand the business better.

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

**28. Subsidiaries, Joint Ventures or Associate Companies**

As on March 31, 2024, the Company has one Subsidiary, one Associate Company and one Joint Venture Company. A statement containing the salient features of the financial statement of the subsidiary, associate and joint venture in the prescribed format AOC - 1 is annexed hereto as Annexure "F".

The Policy for determining 'Material' subsidiaries has been displayed on the Company's website viz. [www.kalyanisteels.com/profile/policies/](http://www.kalyanisteels.com/profile/policies/)

**29. Business Responsibility and Sustainability Report**

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility and Sustainability Report (BRSR) forms a part of this Annual Report describing the initiatives taken by the Company on Environment, Social and Governance (ESG) parameters during the year 2023-24, as annexed hereto as Annexure "G".

**30. Transfer to Investor Education and Protection Fund (IEPF)**

Pursuant to provisions of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (IEPF Rules) the declared dividends, which are unpaid or unclaimed for a period of 7 (seven) years and the shares thereof, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government. The shareholders have an option to claim the amount of the dividend transferred and / or shares from IEPF. No claim shall be entertained against the Company for the dividend amounts and shares so transferred.

During the year, no unpaid or unclaimed dividend and the shares thereof were liable to be transferred to IEPF.

**31. 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 (POSH Act) 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.

The Company has constituted an Internal Complaints Committee under the POSH Act. During the year under review, no complaints were received by the Committee.

**32. Acknowledgement**

The Directors wish to convey their deep appreciation for the support and co-operation received from the Central Government, the Government of Maharashtra, the Government of Karnataka, the Government of Odisha, Karnataka Industrial Area Development Board, various State Governments in India, Financial Institutions and the Bankers.

The Directors appreciate and value the contribution made by all employees at all levels, resulting in the successful performance of the Company during the year.

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

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

for and on behalf of the Board of Directors

Place : Pune

Date : May 10, 2024

B.N. Kalyani

Chairman

## ANNEXURE - A TO DIRECTORS' REPORT

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

#### A. CONSERVATION OF ENERGY :

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

- Sinter Plant - 1 : VFD installed at Secondary Mixing Drum (SMD) with the cost of ₹ 4.7 Lac resulted in energy saving of 350 kWh/day.
- Sinter Plant - 2 : Cooler Blower Fan Drive installed with the cost of ₹ 12.5 Lac resulted in energy saving of 720 kWh/day.
- Blooming Mill : Blower AC Drive installed with cost of ₹ 6.5 Lac resulted in Energy saving of 215 kWh/day.

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

- ~22% of the total power consumed was procured from renewable energy sources.
- Additionally, the company generated and consumed ~23% of power from Waste Heat Recovery (WHR) based power plant from the flue gas of Coke Oven Plant.

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

#### B. TECHNOLOGY ABSORPTION :

##### I. The efforts made towards technology absorption :

- To cater customer requirements, developed a new As Cast section of 180x180 mm.
- Argon is used in Ladle Refining Furnace (LRF) for homogenization of liquid steel. It is, therefore, essential to have very fine control of argon in the Ladle. With newly installed flow control system, we have achieved a very fine control of as low as 1 M3/hr to as high as 20 M3/hr.
- Sinter Plant : Installed bunker fill level management system for bunker position level. This would help in improved accuracy and continuous monitoring of stock level in the bunker.
- SF6 is one of the highest Global Warming Potential (GWP) greenhouse gas. It is widely used in the Circuit breakers. To reduce the consumption of SF6, replaced it with Vacuum Circuit Breakers (VCB).

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

- Technical Performance Evaluation approval received from "Schaeffler Group" for Bearing Grades.
- SKF has recognized the Company as A+ (Excellent) for Quality.

##### Major new certification approvals / recognition in the financial year 2023 - 24

- PED Certification Audit completed successfully.
- Received authorization for self-approval of ZF case hardening steel grades.
- Successfully completed NAMC Audit & recommended for "Gold Award".

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

- Successfully installed New XRF - Perform X Spectrometer.

##### IV. The expenditure incurred on Research and Development : Nil

#### C. FOREIGN EXCHANGE EARNING AND OUTGO :

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

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

Used : ₹ 3,336.47 Million

Earned : ₹ 88.08 Million

for and on behalf of the Board of Directors

Place : Pune  
Date : May 10, 2024

B.N. Kalyani  
Chairman

**ANNEXURE - B TO DIRECTORS' REPORT****ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

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

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

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

2. The composition of the CSR Committee :

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

Note : In view of completion of second term of Mr.B.B. Hattarki, Independent Director on March 31, 2024, the Board of Directors, in its meeting held on February 5, 2024, reconstituted the Corporate Social Responsibility Committee with effect from April 1, 2024 to comprise of Mr.S.G. Joglekar, Chairman, Mrs.Sunita B. Kalyani, Mr.M.U. Takale and Mr.R.K. Goyal as other members of the Committee.

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

Web-link : <https://www.kalyanisteels.com/about-us>  
<https://www.kalyanisteels.com/profile/policies/>

4. Provide the executive summary along with the web-link(s) of Impact assessment of CSR Projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable :

Not Applicable

5. a) Average net profit of the company as per sub-section (5) of Section 135 : ₹ 2,674.20 Million  
 b) Two percent of Average Net Profit of the Company as per sub-section (5) of Section 135 : ₹ 53.48 Million  
 c) Surplus arising out of the CSR Projects or Programmes or Activities of the previous financial years : Not Applicable  
 d) Amount required to be set off for the financial year, if any : ₹ 0.13 Million  
 e) Total CSR obligation for the financial year (5b+5c-5d) : ₹ 53.35 Million
6. a) Amount spent on CSR Projects (including amount available for set off from FY 2022-23) (both Ongoing Project and other than Ongoing Project) : ₹ 53.83 Million  
 b) Amount spent in Administrative Overheads : Not Applicable  
 c) Amount spent on Impact Assessment, if applicable : Not Applicable  
 d) Total amount spent for the Financial Year (6a+6b+6c) : ₹ 53.83 Million

e) CSR amount spent or unspent for the financial year :

Total Amount Spent for the Financial Year (₹ in Million)	Amount Unspent (₹ in Million)				
	Total Amount transferred to Unspent CSR Account as per sub-section 6 of Section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section 5 of Section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
53.83	—	—	—	—	—

f) Excess amount for set off, if any

Sl. No.	Particulars	Amount (₹ in Million)
i)	Two percent of average net profit of the Company as per sub-section 5 of Section 135	53.48
ii)	Total amount spent for the Financial Year (including amount available for set off from FY 2022-23)	53.83
iii)	Excess amount spent for the financial year [(ii)-(i)]	0.35
iv)	Surplus arising out of the CSR Projects or programmes or activities of the previous financial years, if any	—
v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.35

7. Details of Unspent CSR amount for the preceding three financial years :

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section 6 of Section 135 (₹ in Million)	Balance amount in unspent CSR Account under sub-section 6 of Section 135 (₹ in Million)	Amount spent in the reporting Financial Year (₹ in Million)	Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section 5 of Section 135, if any		Amount remaining to be spent in succeeding financial years (₹ in Million)	Deficiency, if any
					Amount (₹ in Million)	Date of Transfer		
1	FY 2022-23	—	—	—	—	—	—	—
2	FY 2021-22	—	—	—	—	—	—	—
3	FY 2020-21	—	—	—	—	—	—	—

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year : No

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

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

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

Place : Pune  
Date : May 10, 2024

R.K. Goyal  
Managing Director

S.G. Joglekar  
Chairman, CSR Committee



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

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

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

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

There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2024, which are not at arm's length basis.

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

a)	Name(s) of the related party and nature of relationship	: Bharat Forge Limited, Company under Common Control	Kalyani Technoforge Limited, Company under Common Control
b)	Nature of contracts / arrangements / transactions	: Sale / supply of goods or materials - Steel, Purchase of scrap, mill scale	Sale / supply of goods or materials - Steel
c)	Duration of contracts / arrangements / transactions	: On on-going basis	On on-going basis
d)	Salient terms of the contracts / arrangements / transactions including the value, if any	: In tune with market parameters. Transaction Value not exceeding ₹ 20,000 Million for each of the Financial Year	In tune with market parameters. Transaction Value not exceeding ₹ 5,000 Million for each of the Financial Year
e)	Date(s) of approval by the Board	: May 18, 2018	May 18, 2019
f)	Amount paid as advance, if any	: Trade Advance of ₹ 470 Million received from Bharat Forge Limited	N.A.

**On behalf of the Board of Directors**

**Place : Pune**

**Mrs.D.R. Puranik**

**B.M. Maheshwari**

**R.K. Goyal**

**B.N. Kalyani**

**Date : May 10, 2024**

**Company Secretary**

**Chief Financial Officer**

**Managing Director**

**Chairman**

**ANNEXURE - D TO DIRECTORS' REPORT**

Form No. MR-3

**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024**

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

and

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

To,

The Members

Kalyani Steels Limited

Mundhwa,

Pune - 411 036

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Kalyani Steels Limited CIN L27104MH1973PLC016350 (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information 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, 2024 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, 2024 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 thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, wherever applicable;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations, 2018 (not applicable to the Company during the audit Period);
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (not applicable to the Company during the audit Period);
  - e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (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 (not applicable to the Company during the audit Period);

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (not applicable to the Company during the audit Period); and
- h) The Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 2018 (not applicable to the Company during the audit Period).
- vi) We further report that having regards to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, no other law was applicable specifically to the Company.

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

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

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

We further report that :

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent 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. Certain decisions are taken by way circular resolutions by Board with the requisite majority.

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 were 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. except :

1. During the year, DGM Realities Private Limited (DGM) became subsidiary of the Company consequent upon conversion of Fully Convertible Debentures into equity shares on March 29, 2024.

**For SVD & Associates  
Company Secretaries**

**Meenakshi R. Deshmukh  
Partner**

**FCS No. : 7364**

**C P No. : 7893**

**Peer Review No. : 669/2020**

**UDIN : F007364F000321986**

**Place : Pune  
Date : May 10, 2024**

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

**ANNEXURE 'A'**

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

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

**Management's Responsibility**

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

**Auditor's Responsibility**

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

**Disclaimer**

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

**Place : Pune**  
**Date : May 10, 2024**

**For SVD & Associates**  
**Company Secretaries**

**Meenakshi R. Deshmukh**  
**Partner**  
**FCS No. : 7364**  
**C P No. : 7893**

**Peer Review No. : 669/2020**  
**UDIN : F007364F000321986**

**ANNEXURE - E TO DIRECTORS' REPORT**

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

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

Sr. No.	Name of the Director	Ratio
1	Mr.B.N. Kalyani	10.60
2	Mrs.Sunita B. Kalyani	1.34
3	Mr.Amit B. Kalyani	10.57
4	Mr.S.M. Kheny	1.07
5	Mr.B.B. Hattarki	1.13
6	Mr.M.U. Takale	0.71
7	Mr.Arun P. Pawar	0.44
8	Mr.Sachin K. Mandlik	1.06
9	Mr.S.K. Adivarekar	1.08
10	Mrs.Shruti A. Shah	1.07
11	Amb.Ahmad Javed	1.06
12	Mr.S.G. Joglekar	0.35
13	Mr.R.K. Goyal	120.95

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

(₹ in Million)

Sr. No.	Name of the Director	Remuneration		%increase / (decrease)
		2023-24	2022-23	
1	Mr.B.N. Kalyani	12.05	7.03	71.51
2	Mrs.Sunita B. Kalyani	1.52	5.02	(69.68)
3	Mr.Amit B. Kalyani	12.02	6.01	99.90
4	Mr.S.M. Kheny	1.22	0.61	98.37
5	Mr.B.B. Hattarki	1.28	0.87	46.91
6	Mr.M.U. Takale	0.81	0.61	32.68
7	Mr.Arun P. Pawar	0.50	0.61	(17.11)
8	Mr.Sachin K. Mandlik	1.21	0.81	49.75
9	Mr.S.K. Adivarekar	1.23	0.83	48.55
10	Mrs.Shruti A. Shah	1.22	0.82	49.26
11	Amb.Ahmad Javed	1.21	0.81	49.75
12	Mr.S.G. Joglekar	0.40	N.A.	N.A.
13	Mr.R.K. Goyal	137.57	116.47	18.12

Percentage increase in remuneration of Mr.B.M. Maheshwari, Chief Financial Officer is 8.03% and of Mrs.D.R. Puranik, Company Secretary is 5.32%.

- c) The percentage increase in the median remuneration of employee(s) in the financial year : (30.57%)  
d) The number of permanent employees on the role of the Company : 75 Employees as on March 31, 2024

- e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :
- Percentage increment at 50th Percentile for Salaries of Non-Managerial Personnel is 5.3%.
- Percentage increment at 50th Percentile for Salaries of Managerial Personnel is 10.7%.
- The increase in remuneration is not solely based on Company performance but also includes various other factors like individual performance, experience, skill sets, academic background, industry trends, economic situation and future growth prospects etc. besides Company performance. There are no exceptional circumstances for increase in managerial remuneration.
- f) The remuneration paid to the Directors is as per the Remuneration Policy of the Company.
- 

for and on behalf of the Board of Directors

Place : Pune  
Date : May 10, 2024

B.N. Kalyani  
Chairman

**ANNEXURE - F TO DIRECTORS' REPORT****FORM AOC-1**

Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014  
Statement containing salient features of the Financial Statement of Subsidiaries / Associate Companies / Joint Ventures

**Part "A" : Subsidiaries**

(₹ in Million)

Name of the Subsidiary	: DGM Realties Private Limited
The Date since when subsidiary was acquired	: March 29, 2024
Reporting Period for the subsidiary concerned, if different from the holding company's reporting period	: March 31, 2024
Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	: Indian Rupees
Share Capital	: ₹ 27.10
Reserves & Surplus	: ₹ 238.21
Total Assets	: ₹ 1,319.35
Total Liabilities	: ₹ 1,054.04
Investments	: ₹ 382.01
Turnover	: Nil
Profit before Taxation	: ₹ 4.27
Provision for Taxation	: (₹ 9.03)
Profit after Taxation	: ₹ 13.30
Proposed Dividend	: Not Applicable
% of shareholding	: 99.63%

**Part "B" : Associates and Joint Ventures**

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

Name of Associate / Joint Venture	Hospet Steels Limited (Joint Venture)	Kalyani Mukand Limited (Associate)
1. Latest Audited Balance Sheet Date	31-03-2024	31-03-2024
2. Date on which the Associate or Joint Venture was associated or acquired	March 27, 1999	January 18, 2000
3. Shares of Associate / Joint Venture held by the Company on the year end		
No.	124,997	1,000,000
Amount of Investment in Associates / Joint Venture	₹ 1.249	₹ 10.05 (Refer Note 5(a) of Separate Financial Statements)
Extend of Holding %	49.99%	50.00%
4. Description of how there is significant influence	Note - A	Note - A
5. Reason why the associate / joint venture is not consolidated	Consolidated	Note - B
6. Networth attributable to Shareholding as per latest Audited Balance Sheet	(2.62)	—
7. Profit / (Loss) for the year		
Considered in Consolidation	—	—
Not Considered in Consolidation	—	—

Notes :

- A. There is Significant Influence due to percentage (%) of Share Capital.  
B. Based on materiality or where control is intended to be temporary.

On behalf of the Board of Directors

Place : Pune  
Date : May 10, 2024

Mrs.D.R. Puranik      B.M. Maheshwari      R.K. Goyal      B.N. Kalyani  
Company Secretary    Chief Financial Officer    Managing Director    Chairman

**ANNEXURE - G TO DIRECTORS' REPORT****BUSINESS RESPONSIBILITY & SUSTAINABILITY REPORT**

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

**SECTION A : GENERAL DISCLOSURES****I. Details of the Listed Entity**

1.	Corporate Identity Number (CIN) of the Listed Entity	L27104MH1973PLC016350
2.	Name of the Listed Entity	Kalyani Steels Limited
3.	Year of incorporation	1973
4.	Registered office address	Mundhwa, Pune - 411036, Maharashtra, India
5.	Corporate address	Mundhwa, Pune - 411036, Maharashtra, India
6.	E-mail	investor@kalyanisteels.com
7.	Telephone	+91-020-66215000
8.	Website	www.kalyanisteels.com
9.	Financial year for which reporting is being done	FY 2023-24
10.	Name of the Stock Exchange(s) where shares are listed	National Stock Exchange of India Limited (NSE) BSE Limited (BSE)
11.	Paid Up Capital	₹ 218.64 Million
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Mrs.D.R. Puranik, Company Secretary Contact No : +91-020-66215000 Email ID : investor@kalyanisteels.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together)	The disclosures under this report are made on a standalone basis.
14.	Name of the assurance provider	Not Applicable
15.	Type of assurance obtained	Not Applicable

**II. Products / services****16. Details of business activities (accounting for 90% of the turnover)**

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacturing	Manufacturing of forging and engineering quality carbon and alloy steel, pig iron and foundry coke	97.67%

**17. Products / Services sold by the entity (accounting for 90% of the entity's Turnover)**

S. No.	Product / Service	NIC Code	% of total Turnover Contributed
1.	Rolled Products As Cast Blooms and Rounds Pig Iron Foundry Coke	24105 24103 24101 19101	97.67%

**III. Operations****18. Number of locations where plants and / or operations / offices of the entity are situated**

Location	Number of plants	Number of offices	Total
National	1	4	5
International	0	0	0



**19. Markets served by the entity****a. Number of locations**

Locations	Number
National (No. of States and Union Territories)	36
International (No. of Countries)	1
<b>b. What is the contribution of exports as a percentage of the total turnover of the entity?</b>	0.46%
<b>c. A brief on types of customers</b>	The forging industry in India is the primary market for the Company's products. Indian and International component manufacturers for commercial vehicles, passenger vehicles, two wheelers, diesel engines, bearings, tractors, turbines, oil and gas and rail form the significant part of the company's clientele. Over the last 5 decades, the Company has earned the status of being the most preferred supplier of steel for critical applications.

**IV. Employees**

The Company's Integrated Steel Manufacturing Facility at Ginigera is under a strategic alliance with Mukand Limited (ML). Under this alliance, the Company and ML share the production in the ratio of 41.38% by the Company and 58.62% by ML.

The said Manufacturing Facility is managed and operated by Hospet Steels Limited (HSL), which is a joint venture between the Company and ML. All employees and workers engaged in Manufacturing Facility are on the roll of HSL.

HSL has 1,105 employees on its roll and 1,447 workers on contract basis. The expenses incurred by HSL are shared by the Company and ML in the production sharing ratio as above. As a result, these employees and workers do not form part of the Company's Business Responsibility and Sustainability Report.

As on March 31, 2024, the Company has 88 employees and 19 workers on its roll and 311 workers on contract basis. These employees and workers form part of the Company's Business Responsibility and Sustainability Report.

**20. Details as at the end of Financial Year****a. Employees and workers (including differently abled) :**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
<b>EMPLOYEES</b>						
1.	Permanent (D)	75	71	94.67	4	5.33
2.	Other than Permanent (E)	13	13	100	0	0
3.	Total employees (D + E)	88	84	95.45	4	4.55
<b>WORKERS</b>						
4.	Permanent (F)	19	18	94.74	1	5.26
5.	Other than Permanent (G)	311	311	100	0	0
6.	Total Workers (F + G)	330	329	99.70	1	0.30

**b. Differently abled Employees and workers :**

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	0	0	0	0	0
2.	Other than Permanent (E)	0	0	0	0	0
3.	Total differently abled employees (D + E)	0	0	0	0	0
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)	0	0	0	0	0
5.	Other than Permanent (G)	0	0	0	0	0
6.	Total differently abled workers (F + G)	0	0	0	0	0

**21. Participation / Inclusion / Representation of Women**

	Total (A)	Number and Percentage of Females	
		No. (B)	% (B/A)
Board of Directors	13	2	15.38%
Key Management Personnel*	8	1	12.50%

\*Key Management Personnel includes Vice President and above

**22. Turnover rate\* for permanent employees and workers**

	FY 2023-24			FY 2022-23			FY 2021-22		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	22.72%	25.00%	22.85%	26.23%	20.00%	25.75%	19.64%	0	18.03%
Permanent Workers	0	0	0	0	0	0	0	0	0

\*includes employees who left voluntarily or due to retirement, dismissal or death.

**V. Holding, Subsidiary and Associate Companies (including Joint Ventures)****23. (a) Names of holding / subsidiary / associate companies / joint ventures**

Please refer to Form AOC-1 (Annexure F to the Directors' Report) for the above information. The Company's Subsidiary Company, Associate Company and Joint Venture Company do not participate in its Business Responsibility initiatives.

**VI. CSR Details**

24. i) Whether CSR is applicable as per Section 135 of Companies Act, 2013 : Yes

ii) Turnover ( in ₹ ) : ₹ 19,595 Million

iii) Net Worth ( in ₹ ) : ₹ 16,914 Million

**VII. Transparency and Disclosures Compliances**

**25. Complaints / grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGRBC)**

Stakeholder group from whom complaint is received	Grievance Redressal Mechanisms in Place (Yes / No) (If yes, then provide web-link for grievance redressal policy)	FY 2023-24			FY 2022-23		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes. <a href="https://www.kalyanisteels.com/contact-us/">https://www.kalyanisteels.com/contact-us/</a>	0	0	—	0	0	—
Investors (other than Shareholders)	NA	0	0	—	0	0	—
Shareholders	Yes. As per SEBI Listing Regulations	1	0	—	5	0	—
Employees and Workers	Yes	0	0	—	0	0	—
Customers	Yes. <a href="https://www.kalyanisteels.com/contact-us/">https://www.kalyanisteels.com/contact-us/</a>	37	0	—	39	0	—
Value Chain Partners	Yes. <a href="https://www.kalyanisteels.com/contact-us/">https://www.kalyanisteels.com/contact-us/</a>	0	0	—	0	0	—

**26. Overview of the entity’s material responsible business conduct issues : Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along with its financial implications, as per the following format**

S. No.	Material issue identified	Indicate whether risk or opportunity (R / O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implication of the risk or opportunity (indicate Positive / Negative implications)
1	Energy Management	Opportunity	Manufacturing of Steel involves high energy consumption. The main thrust of the Company is utilization of renewable energy sources and reuse process waste heat recovered from Blast Furnace, Coke Oven etc.	The Process Waste Heat recovered from Coke Oven is further utilized in the plant. The technology of PCI Coal injection leads to reduction of consumption of blast furnace coke. The Company strives continuously to reduce its consumption of fossil fuel sources.	Positive impact due to optimization of usage of energy.

2	Health and Safety	Risk	Health and Safety is directly related in a labour intensive industry like manufacturing of steel and directly impacts workers, people and community at large.	The Company ensures regular training of its employees and workers on health and safety. Additionally, near-miss and other unsafe conditions and unsafe acts are identified on regular basis to ensure risk mitigation and improvement in processes and procedures.	Interruption in business operations may have negative financial implication.
3	Corporate Governance	Risk	Corporate Governance risk refers to the potential risks associated with the way a company is governed and how it operates. These risks can arise from, the effectiveness of internal controls to name a few.	The company has a strong internal control systems to ensure compliance with rules and regulations. The Company believes in continuous communication with shareholders and provides timely and accurate updates about the company's performance, strategy, and governance practices.	Non-Compliance of Corporate Governance Requirements may lead to negative implications on the Company.
4	Water Stewardship	Risk	The Company emphasizes need to minimize water requirements and maximize water recycling.	Optimum water consumption is ensured by 3 R's (Recycle, Reuse and Reduce). The Company operates a Wastewater Treatment Plant that treats 100% of the wastewater into reusable water.	Shortage of water can have negative implications on the Company.
5.	Supply Chain Management	Opportunity	Maintaining all required information of inward and outward products in a systematic manner.	SAP, which is the Company's Enterprise software enhances traceability of products in efficient manner. SAP also helps in retention of records for a longer period of time.	Positive implication on the Company since it helps segregation and efficient storage of data.

## SECTION B: MANAGEMENT AND PROCESS DISCLOSURES

This section is aimed at helping businesses demonstrate the structures, policies and processes put in place towards adopting the NGRBC Principles and Core Elements.

The National Guidelines for Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates Nine Principles referred to as P1-P9, as given below :

P1	Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent and accountable.
P2	Businesses should provide goods and services in a manner that is sustainable and safe.
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains.
P4	Businesses should respect the interests of and be responsive towards all its stakeholders.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect and make efforts to protect and restore the environment.
P7	Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
P8	Businesses should promote inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their consumers in a responsible manner.

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and management processes</b>									
1. a. Whether your entity's policy / policies cover each principle and its core elements of the NGRBCs. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	Policies on CSR, Prohibition of Insider Trading, RPTs, Whistle Blower are available on the link : <a href="https://www.kalyanisteels.com/profile/policies/">https://www.kalyanisteels.com/profile/policies/</a>								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes / No)	N	N	N	N	N	N	N	N	N
4. Name of the national and international codes certifications / labels / standards adopted by your entity and mapped to each principle.	<p>The National and International Codes / Certifications / Labels / Standards are listed below.</p> <p>a. ISO 9001 : 2015 (Quality Management Certification for Manufacturing of Plain Carbon and Alloy Steel Rolled Products)</p> <p>b. IATF 16949 First Edition (Automotive Quality Management System Certification for Manufacturing of Plain Carbon and Alloy Steel Rolled Products)</p> <p>c. ISO 14001 : 2015 (Environment Management System Certification)</p> <p>d. ISO 45001 : 2018 (Health &amp; Safety Management System Certification)</p> <p>e. IBR Certificate (Well-known Steel Maker Certificate from Central Boilers Board)</p>								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	The Company is in the process of setting up specific goals and targets with defined timelines.								
6. Performance of the entity against the specific commitments, goals and targets alongwith reasons in case the same are not met.	N.A.								
<b>Governance, leadership and oversight</b>									
7. Statement by Director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements The Company is committed to integrating Environmental, Social and Governance (ESG) Principles into its business which is central to improving the life of the communities it serves. The Company is also committed to reduce Carbon Footprint and continuously exploring promising ways to improve operational efficiency, reduce fossil fuel consumption and increase usage of greener materials.									
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy(ies).	Managing Director								
9. Does the entity have a specified Committee of the Board / Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	No.								

**10. Details of Review of NGRBCs by the Company**

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board / Any other Committee	Frequency (Annually / Half Yearly / Quarterly / Any other – please specify)
	P1 to P9	P1 to P9
Performance against above policies and follow up action	Yes	Annually
Compliance with Statutory requirements of relevance to the principles and rectification of any non-compliances	Yes	Annually

**11. Has the entity carried out independent assessment / evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide the name of the agency.**

No

**12. If answer to question (1) above is “No” i.e., not all Principles are covered by a policy, reasons to be stated**

Not applicable

**SECTION C : PRINCIPLE-WISE PERFORMANCE DISCLOSURE**

**Principle 1 : Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable**

**ESSENTIAL INDICATORS**

**1. Percentage coverage by training and awareness programs on any of the Principles during the financial year**

Segment	Total number of training and awareness programmes held	Topics / Principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors & Key Managerial Personnel (KMP) (includes VPs and above)	Nil	Nil	Nil
Employees other than BoD and KMPs	4	Latest Trends in Steel Industry  POSH workshop, Prevention of Disorders through Healthy Living, Pneumocare, Combating Stress through Yoga, Investment planning and secrets of long-term wealth creation.	70%  100%
Workers	4	Various trainings were organized on work ethics, Safety Management, Health & Hygiene, Fire Drills, POSH workshop.	100%

2. **Details of fines / penalties / punishment / award / compounding fees / settlement amount paid in proceedings (by the entity or by Directors / KMPs) with regulators / law enforcement agencies / judicial institutions, in the financial year, in the following format. (Note : the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as disclosed on the entity's website).**

No Fines / Penalties / Punishment / Award / Compounding Fees / Settlement amount were paid in any proceedings (by the entity or by Directors / KMPs) with any regulators / law enforcement agencies / judicial institutions, in the financial year.

3. **Of the instances disclosed in Question 2 above, details of the Appeal / Revision preferred in cases where monetary or non-monetary action has been appealed.**

Not Applicable

4. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

The Company has zero tolerance for any form of corruption or bribery and has an Anti-Corruption and Anti-Bribery Policy. The said Policy commands strict actions against anyone caught engaging in such unethical behaviour. The copy of the said Policy is accessible through the intranet of the Company.

5. **Number of Directors / KMPs / Employees / Workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery / corruption.**

No disciplinary action was taken by any law enforcement agency against any of the Company's Directors, KMPs, Employees or Workers for the charges of bribery or corruption.

6. **Details of complaints regarding conflict of interest.**

No complaints are reported with regard to conflict of interest of Directors as well as KMPs.

7. **Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators / law enforcement agencies / judicial institutions, on cases of corruption and conflicts of interest.**

Not Applicable

8. **Number of days of accounts payables [(Accounts payable \*365) / Cost of goods / services procured] in the following format :**

	FY 2023-24	FY 2022-23
Number of days of accounts payables	65.53	83.09

9. **Openness of Business**

Details of concentration of purchases and sales with trading houses, dealers and related parties along with loans and advances & investments, with related parties :

Parameter	Metrics	FY 2023-24	FY 2022-23
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	58.19%	49.66%
	b. Number of trading houses where purchases are made from	36	34
	c. Purchases from Top 10 trading houses as % of total purchases from trading houses	47.82%	41.46%

Parameter	Metrics	FY 2023-24	FY 2022-23
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	The Company supplies its finished products (steel and speciality alloy steel) to the vendors of Original Equipment Manufacturers who use the same as raw material. Hence, it does not have any sale / supply to dealers and distributors.	
	b. Number of dealers / distributors to whom sales are made		
	c. Sales to Top 10 dealers / distributors as % of total sales to dealers / distributors		
Share of RPTs in (as respective %)	a. Purchases (purchases with related parties / total purchases)	1.76%	1.98%
	b. Sales (sales to related parties / total sales)	55.61%	58.38%
	c. Loans & Advances (loans & advances given to related parties / total loans & advances)	—	—
	d. Investments (investments in related parties / total investments made)	100%	100%

## Principle 2 : Businesses should provide goods and services in a manner that is sustainable and safe

### ESSENTIAL INDICATORS

- Percentage of R&D and capital expenditure (Capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2023-24	FY 2022-23	Details of Improvements environmental and social impacts	
			FY 2023-24	FY 2022-23
R&D	—	—	—	—
Capex	1.83%	0.30%	<ul style="list-style-type: none"> <li>a) Wind Breaker Sheets along the periphery of RM Yard.</li> <li>b) Canon Mist Fogger</li> <li>c) Construction of approach road (subway to diesel yard)</li> <li>d) Construction of RM yard storm water pits / Coke fines yard entry drain / Construction of MBF Ground Hopper Ramp and Dust Settling Tank</li> <li>e) Construction of subway</li> <li>f) Concreting of subway approach road</li> <li>g) Concreting of RM yard.</li> <li>h) Construction of new Coal Shed.</li> <li>i) Improved raw material vehicle tyre washing facility.</li> <li>j) Installation of Rain Gun &amp; Sprinkler System.</li> </ul>	<ul style="list-style-type: none"> <li>a) Wind Breaker Sheets along the periphery of RM Yard.</li> <li>b) Canon Mist Fogger</li> <li>c) Revamping of Air Pollution Control Equipment</li> <li>d) Concreting of Coke yard.</li> </ul>

- Does the entity have procedures in place for sustainable sourcing?

Yes. Steel is fifth largest carbon emitting industry in the world. Globally, research and development is underway to de-carbonize the steel making process. However, the development of such technology is yet to be matured for a large commercial scale operations. Considering this, sustainable sourcing of input raw materials (major carbon emitting materials) is a significant challenge. Nonetheless, the Company is working with few suppliers to have sustainable sourcing of some of the key input materials.

- If yes, what percentage of inputs were sourced sustainably?

Not Applicable

- Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

The Company manufactures products (steel and speciality steel) which are intermediate products (input materials) for customers who in turn finally produce finished products. End-of-life steel or scrap steel, generated



internally, is not considered as waste product by the Company, instead used as input product by recycling, which shows the Company's commitment to the principle of 'recycle, reuse and reduce.' The steel slag generated during the production is sold to cement manufacturers which helps to make the cement more durable and workable. The Company has system in place to recycle plastics, e-waste and hazardous waste in a safe manner. The Company also has implemented waste segregation mechanism at its office as well as in the manufacturing plant.

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Not Applicable

**Principle 3 : Businesses should respect and promote the well-being of all employees, including those in their value chains**

**ESSENTIAL INDICATORS**

**1. a. Details of measures for well-being of employees :**

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent employees</b>											
Male	71	71	100	71	100	0	0	0	0	0	0
Female	4	4	100	4	100	4	100	0	0	0	0
<b>Total</b>	<b>75</b>	<b>75</b>	<b>100</b>	<b>75</b>	<b>100</b>	<b>4</b>	<b>5.33</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other than Permanent employees</b>											
Male	13	13	100	13	100	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>13</b>	<b>13</b>	<b>100</b>	<b>13</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**b. Details of measures for the well-being of workers :**

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day Care Facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent workers</b>											
Male	18	18	100	18	100	0	0	0	0	0	0
Female	1	1	100	1	100	1	100	0	0	0	0
<b>Total</b>	<b>19</b>	<b>19</b>	<b>100</b>	<b>19</b>	<b>100</b>	<b>1</b>	<b>5.26</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other than Permanent workers</b>											
Male	311	311	100	311	100	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>311</b>	<b>311</b>	<b>100</b>	<b>311</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) :**

	FY 2023-24	FY 2022-23
Cost incurred on well-being measures as a % of total revenue of the Company	0.16%	0.15%

**2. Details of retirement benefits, for Current and Previous Financial Year :**

Benefits	FY 2023-24			FY 2022-23		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	100	Y	100	100	Y
Gratuity	100	100	Y	100	100	Y
ESI	0	100	Y	0	100	N.A.

**3. Accessibility of workplaces**

**Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

The Company's various locations, including the offices / premises have been equipped with lifts and handrails for stairwells to facilitate the movement of differently abled individuals. Thus, Company's premises has been made access friendly.

**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

The Company provides equal employment opportunities, without any discrimination on the grounds of age, colour, disability, marital status, nationality, race, religion, sex, sexual orientation. The Company strives to maintain a work environment that is free from any harassment based on above considerations. This Equal Opportunities Policy is subject to applicable regulations, qualifications and merit of the individual and the same is available on the intranet of the Company.

**5. Return to work and Retention rates of permanent employees and workers that took parental leave :**

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	0	0	0	0
Female	0	0	0	0
<b>Total</b>	0	0	0	0

Parental leave was not availed by any of the permanent employees / workers during the year.

**6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.**

	Yes / No (If yes, give details of the mechanism)
<b>Permanent Workers</b>	Yes - HR Department has established a grievance handling mechanism.
<b>Other than Permanent Workers</b>	Yes - HR Department has established a grievance handling mechanism.
<b>Permanent Employees</b>	Yes - HR Department has established a grievance handling mechanism.
<b>Other than Permanent Employees</b>	Yes - HR Department has established a grievance handling mechanism.

7. Membership of employees and worker in association(s) or Unions recognized by the listed entity :

Category	FY 2023-24			FY 2022-23		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
<b>Total Permanent Employees</b>	75	0	0	70	0	0
Male	71	0	0	66	0	0
Female	4	0	0	4	0	0
<b>Total Permanent Workers</b>	19	0	0	0	0	0
Male	18	0	0	0	0	0
Female	1	0	0	0	0	0

8. Details of training given to employees and workers :

Cat-egory	FY 2023-24					FY 2022-23				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees</b>										
Male	84	84	100	44	52.38	67	67	100	25	37.31
Female	4	4	100	1	25.00	4	4	100	0	0
<b>Total</b>	88	88	100	45	51.14	71	71	100	25	35.21
<b>Workers</b>										
Male	329	329	100	329	100	214	214	100	214	100
Female	1	1	100	1	100	0	0	0	0	0
<b>Total</b>	330	330	100	330	100	214	214	100	214	100

9. Details of performance and career development reviews of employees and workers :

Category	FY 2023-24			FY 2022-23		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
<b>Employees</b>						
Male	84	84	100	67	67	100
Female	4	4	100	4	4	100
<b>Total</b>	88	88	100	71	71	100
<b>Workers</b>						
Male	18	18	100	0	0	0
Female	1	1	100	0	0	0
<b>Total</b>	19	19	100	0	0	0

**10. Health and safety management system :****a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system.**

Yes. The health and safety management systems of the Company has been designed so as to ensure that the Company meets EHSMS (Environmental, Health, and Safety Management System) related legal obligations and provides a safe and healthy working environment for its workers and employees.

**b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

The Company places highest importance for health and safety of employees and workers and hence, has undertaken the following steps to identify work-related hazards and risk assessment :

- Internal Safety visits, which involve regular inspections of the workplace to identify potential hazards and unsafe practices.
- Elimination of Commonly Accepted Unsafe Practices.
- Third Party Safety Audits.

**c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks ? (Yes/ No)**

Yes. The Company has put in place Safety Observation and Near Miss Reporting System to identify unsafe conditions and practices. The Company also conducts regular safety audits, safety assessments and safety walk-downs to identify and address any safety risks in the workplace.

**d. Do the employees / workers of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

All the employees are offered a variety of health and wellness benefits, including medical insurance and accident insurance. Regular medical consultation is provided on weekly basis.

**11. Details of safety related incidents, in the following format :**

Safety Incident / Number	Category*	FY 2023-24	FY 2022-23
Lost Time Injury Frequency Rate (LTIFR) (per one million person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

\* including in the contract workforce.

**12. Describe the measures taken by the entity to ensure a safe and healthy work place.**

The Company considers employees as its most valued asset and hence prioritizes their health and safety. The Company has created extensive compliant measures at all touch points to safeguard everyone's safety in the work place and ensure safe working environment. The Company has taken the following measures to ensure a safe and healthy work place :

- The Company has taken measures which are compliant with all statutory preventive healthcare and occupational health and safety requirements.
- The Company provides training on health and safety measures to all employees on a periodic basis.
- The Company has benchmarked its practices against the best practices of the industry that are regularly shared across the business units.
- The Company has deployed Safe and Healthy system of work through periodic safety audits.

**13. Number of Complaints on the working conditions, health and safety made by employees and workers**

No complaints were made by any employee or worker, on the working conditions and / or health and safety practices of the Company.

**14. Assessments for the year :**

	<b>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
Health and safety practices	100%
Working Conditions	100%

**15. Provide details of any corrective action taken or underway to address safety related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

Safety related incidences, if any, are studied in detail by internal / external audits. Corrective and preventive action plans are implemented to avoid re-occurrence of similar incidents.

**Principle 4 : Businesses should respect the interests of and be responsive to all its stakeholders**

**ESSENTIAL INDICATORS**

**1. Describe the processes for identifying key stakeholder groups of the entity.**

Internal and External group of stakeholders have been identified. Presently the said stakeholders’ group have the immediate impact on the working and operations of the Company which includes employees, investors, suppliers and service providers, customers and community.

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

<b>Stakeholder Group</b>	<b>Whether identified as Vulnerable and Marginalized Group (Yes / No)</b>	<b>Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other</b>	<b>Frequency of engagement (Annually / Half yearly / Quarterly / others – please specify)</b>	<b>Purpose and scope of engagement including key topics and concerns raised during such engagement</b>
Employees	No	Performance Dialogue and Appraisals, Employee Feedback Programs, Conferences and Town Hall Briefings.	Annually	<ul style="list-style-type: none"> <li>• Help the employees to meet business goals with collective knowledge and experience.</li> <li>• Create an encouraging and empowering work environment.</li> <li>• Getting employee feedback and resolving their issues.</li> </ul>
Investors	No	Annual Report, Company’s Website, Quarterly & Annual Results, Annual General Meeting	Annually, Quarterly, Periodically as applicable	Investors prefer to invest in the organizations that have sound corporate governance mechanisms in place and also are compliant with applicable laws.
Suppliers and Service providers	No	Contract Agreements, Regular discussions with Supplier and Vendors, Membership in industry associations.	Continuous and Ongoing	<ul style="list-style-type: none"> <li>• Timely payments schedule and supply of materials and services.</li> <li>• Regular communication &amp; updates on business plans.</li> <li>• Feedback on quality of supplies.</li> </ul>
Customers	No	Personal visits, Plant visits, Emails, Conferences and events	Continuous and Ongoing	<ul style="list-style-type: none"> <li>• Sale of materials and services, product quality and timely delivery of products.</li> <li>• Address key concerns, if any.</li> </ul>
Community	No	Personal meetings / training / workshops	Continuous and Ongoing	CSR obligations

**Principle 5 : Businesses should respect and promote human rights.****ESSENTIAL INDICATORS**

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format :

Category	FY 2023-24			FY 2022-23		
	Total (A)	No of employees / workers covered (B)	% (B / A)	Total (C)	No of employees / workers covered (D)	% (D / C)
<b>EMPLOYEES</b>						
Permanent	75	75	100	70	70	100
Other than permanent	13	13	100	1	1	100
<b>Total Employees</b>	<b>88</b>	<b>88</b>	<b>100</b>	<b>71</b>	<b>71</b>	<b>100</b>
<b>WORKERS</b>						
Permanent	19	19	100	0	0	0
Other than permanent	311	311	100	214	214	100
<b>Total Workers</b>	<b>330</b>	<b>330</b>	<b>100</b>	<b>214</b>	<b>214</b>	<b>100</b>

2. Details of minimum wages paid to employees and workers, in the following format :

Category	FY 2023-24					FY 2022-23				
	Total (A)	Equal to Minimum Wage		More than Minimum Wage		Total (D)	Equal to Minimum Wage		More than Minimum Wage	
		No. (B)	% (B/A)	No. (C)	% (C /A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>EMPLOYEES</b>										
<b>Permanent</b>										
Male	71	0	0	71	100	66	0	0	66	100
Female	4	0	0	4	100	4	0	0	4	100
<b>Other than Permanent</b>										
Male	13	0	0	13	100	1	0	0	1	100
Female	0	0	0	0	0	0	0	0	0	0
<b>WORKERS</b>										
<b>Permanent</b>										
Male	18	0	0	18	100	0	0	0	0	0
Female	1	0	0	1	100	0	0	0	0	0
<b>Other than Permanent</b>										
Male	311	0	0	311	100	214	62	28.97	152	71.03
Female	0	0	0	0	0	0	0	0	0	0

## 3. Details of remuneration / salary / wages, in the following format :

## a. Median remuneration / wages :

	Male		Female	
	Number	Median remuneration / salary / wages of respective category (₹ in Million)	Number	Median remuneration / salary / wages of respective category (₹ in Million)
Board of Directors (BoD) (Only Executive Directors)	1	137.57	0	0
Key Managerial Personnel (includes VPs and above)	7	11.50	1	7.66
Employees other than BoD and KMP	63	1.01	3	1.00
Workers (Permanent)	18	0.20	1	0.19

## b. Gross Wages paid to female as % of total wages paid by the entity, in the following format :

	FY 2023-24	FY 2022-23
Gross wages paid to females as a % of total wages	4.27%	4.00%

## 4. Do you have a focal point (Individual / Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes. The Company has formulated a Human Rights Policy which states that the employees can address their complaints or grievances to the Human Resource Department. There shall be no retaliation taken against any employee who raises concern in accordance with the policy. Human Resource Department is responsible to investigate the reported issues and ensure that they are addressed and rectified.

## 5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company is actively involved in the protection and enhancement of human rights and is fully committed in promoting inclusivity and equality and prohibiting any discrimination. The Company has formulated Human Rights Policy which works in combination with the Grievance Policy to ensure that grievances are addressed promptly and effectively.

## 6. Number of Complaints on the following made by employees and workers :

	FY 2023-24			FY 2022-23		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	—	0	0	—
Discrimination at workplace	0	0	—	0	0	—
Child Labour	0	0	—	0	0	—
Forced Labour / Involuntary Labour	0	0	—	0	0	—
Wages	0	0	—	0	0	—
Other Human Rights related issues	0	0	—	0	0	—

## 7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format :

	FY 2023-24	FY 2022-23
Total Complaints reported under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013	0	0
Complaints on POSH as a % of female employees / workers	0	0
Complaints on POSH upheld	0	0

**8. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

The Company underscores that any form of retaliation against any individual raising legitimate concerns will not be tolerated. The Company is committed to the protection of the identity of the complainant and all such matters related to discrimination / harassment are dealt with in strict confidence, with appropriate measures taken to maintain such confidentiality.

**9. Do human rights requirements form part of your business agreements and contracts? (Yes / No)**

Yes, human rights requirements form part of Supplier Code of Conduct, whereby suppliers are insisted to respect human rights standards and work towards them in all business activities.

**10. Assessments for the year :**

	<b>% of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
Child labour	100%
Forced / involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	

**11. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 10 above**

The Plant and Offices of the Company were found to be having no significant risks / concerns and as a result, no corrective actions were required on the criteria stated above.

**Principle 6 : Businesses should respect and make efforts to protect and restore the environment**

**ESSENTIAL INDICATORS**

**1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format :**

Parameter	Unit	FY 2023-24	FY 2022-23
<b>From Renewable Sources</b>			
Total electricity consumption (A)	GJ	143,223	172,554
Total fuel consumption (B)	—	0	0
Energy consumption through other sources (C)	—	0	0
Total energy consumed from renewable sources (A+B+C)	GJ	143,223	172,554
<b>From Non-Renewable Sources</b>			
Total electricity consumption (D)	GJ	226,149	185,174
Total fuel consumption (E)	GJ	8,290,827	7,455,803
Energy consumption through other sources (F)	—	0	0
Total energy consumed from non-renewable sources (D+E+F)	GJ	8,516,976	7,640,977
<b>Total Energy Consumed (A+B+C+D+E+F)</b>	GJ	8,660,199	7,813,531
Energy intensity per rupee of turnover (Total energy consumed / Revenue from operations)		0.00044	0.00041
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)* (Total energy consumed / Revenue from operations adjusted for PPP)		0.00990	0.00912
Energy intensity in terms of physical output		—	—

\*PPP Conversion factor for 2024 is 22.4 & for 2023 is 22.17 as per implied PPP Conversion rate of IMF.

**Note : Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No



2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Yes. The target under PAT Scheme is for FY 2024-25. The Company is working to reduce its specific energy consumption by increasing the operational efficiency, reducing usage of fuel consumption etc.

3. Provide details of the following disclosures related to water, in the following format :

Parameter	FY 2023-24	FY 2022-23
<b>Water withdrawal by the source in Kilolitres (KLs)</b>		
i) Surface Water	607,415	1,085,271
ii) Ground water	0	0
iii) Third party water	0	0
iv) Sea water / Desalinated water	0	0
v) Other	0	0
<b>Total volume of water withdrawal (in Kilolitres) (i + ii + iii + iv + v)</b>	607,415	1,085,271
<b>Total volume of water consumption (in Kilolitres)</b>	950,628	681,278
Water intensity per rupee of turnover (Water consumed / turnover)	0.000049	0.000036
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)* (Total water consumption / Revenue from operations adjusted for PPP)	0.00011	0.00080
Water intensity in terms of physical output	—	—

\* PPP Conversion factor for 2024 is 22.4 & for 2023 is 22.17 as per implied PPP Conversion rate of IMF.

**Note :** Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

4. Provide the following details related to water discharged :

Parameter	FY 2023-24	FY 2022-23
<b>Water discharge by destination and level of treatment in Kilolitres (KLs)</b>		
(i) To Surface water No treatment With treatment (specify the level of treatment)	N.A.	N.A.
(ii) To Groundwater No treatment With treatment (specify the level of treatment)	N.A.	N.A.
(iii) To Seawater No treatment With treatment (specify the level of treatment)	N.A.	N.A.
(iv) Sent to Third Parties No treatment With treatment (specify the level of treatment)	N.A.	N.A.
(v) Others No treatment With treatment (specify the level of treatment)	N.A.	N.A.

**Note :** Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

**5. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.**

Yes, the Company acknowledges the importance of effective water resource management both inside and outside of its operational sites. The Company is committed to improving water use efficiency while ensuring that water is available to all stakeholders. The Company, at its plant at Hospet, operates a Wastewater Treatment System which treats 100% of waste water into re-usable water. The treated wastewater is then used to reduce the consumption of freshwater and also used in various areas of the Plant like recreational garden. As a result the company operates on Zero Liquid Discharge (ZLD).

**6. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format :**

Parameter	Unit	FY 2023-24	FY 2022-23
NOx	µgm/m <sup>3</sup>	20.20	16.96
SOx	µgm/m <sup>3</sup>	19.99	17.15
Particulate matter (PM)	µgm/m <sup>3</sup>	46.54	45.27
Persistent organic pollutants (POP)	—	—	—
Volatile organic compounds (VOC)	—	—	—
Hazardous Air Pollutants (HAP)	—	—	—

**Note : Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No.

**7. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity, in the following format :**

Parameter	Unit	FY 2023-24	FY 2022-23
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	609,370	592,624
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	8,282	21,876
Total Scope 1 and Scope 2 emissions per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	Metric tonnes of CO <sub>2</sub> equivalent / rupee turnover	0.000032	0.000032
Total Scope 1 and Scope 2 emissions intensity per rupee of turnover adjusted for Purchasing Power Parity. (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)*		0.000706	0.000717
Total Scope 1 and Scope 2 emissions intensity in terms of physical output		—	—

\* PPP Conversion factor for 2024 is 22.4 & for 2023 is 22.17 as per implied PPP Conversion rate of IMF.

**Note : Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

Yes. Deutsch Quality Systems (India) Private Limited

**8. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.**

The Company continuously strives to track all of its energy consumption to identify avenues of energy conservation which creates a positive impact for the community and environment in which it operates.

The Company used 39.8 million kWh of renewable energy to replace equivalent number of units from Karnataka Power Transmission Corporation Limited (KPTCL) Grid Power. Various other initiatives include introduction of Energy Efficient Pump for mould and spray cooling in caster that saves power. Energy saving is also achieved by installing VFD in Sinter cooler motor, for adjusting speed with sinter discharge temperature.

## 9. Provide details related to waste management by the entity, in the following format :

Parameter	FY 2023-24	FY 2022-23
<b>Total Waste Generated (in metric tonnes)</b>		
Plastic waste (A)	0	0
E-waste (B)	10.02	10.25
Bio-medical waste (C)	0.023	0.025
Construction and Demolition Waste (D)	0	0
Battery waste (E)	0	178
Radioactive waste (F)	0	0
Other Hazardous waste (Used Oil / Waste Oil) (G)	0.55 KL	0.264 KL
Other Non-hazardous waste generated (H) Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	208,221	206,356
i) Granulated Slag	111,230	106,741
ii) MBF Slag	1,281	1,330
iii) Iron Powder	829	997
iv) Pig Iron Scrap	6,227	6,475
v) GCP Dust	6,344	4,759
vi) RMS Mill Scale	3,230	2,816
vii) RMS End Cuts	5,726	5,543
viii) SMS End Cuts	5,164	5,457
ix) Iron Ore Fines	58,243	59,735
x) Coke Fines	9,947	12,503
<b>Total (A+B + C + D + E + F + G + H)</b>	<b>208,221 MTs and 0.55 KL</b>	<b>206,356 MTs and 0.264 KL</b>
<b>Waste intensity per rupee of turnover (Total waste generated / Revenue from operations)</b>	0.000011	0.000011
<b>Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)*</b> (Total waste generated / Revenue from operations adjusted for PPP)	0.00024	0.00024
<b>Waste intensity in terms of physical output</b>	—	—

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Category of Waste		
(i) Recycled	95,709	98,285
(ii) Re-used	0	0
(iii) Other recovery operations	0	0
<b>Total</b>	<b>95,709</b>	<b>98,285</b>

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Category of Waste		
(i) Incineration	0	0
(ii) Landfilling	0	0
(iii) Other disposal operations	112,511	108,071
<b>Total</b>	<b>112,511</b>	<b>108,071</b>

\* PPP Conversion factor for 2024 is 22.4 & for 2023 is 22.17 as per implied PPP Conversion rate of IMF.

**Note :** Indicate if any independent assessment / evaluation / assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

10. **Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.**

Hazardous wastes and other wastes that include e-waste, are stored in a designated place and they are safely disposed as per the norms laid by Karnataka State Pollution Control Board (KSPCB).

11. **If the entity has operations / offices in / around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format :**

Not Applicable.

12. **Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year :**

Not Applicable

13. **Is the entity compliant with the applicable environmental law / regulations / guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format :**

The Company is in compliance with all applicable environmental laws.

**Principle 7 : Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.**

**ESSENTIAL INDICATORS**

1. a. **Number of affiliations with trade and industry chambers / associations :**

The Company is a member of 8 Trade Associations.

- b. **List the top 10 trade and industry chambers / associations (determined based on the total members of such body) the entity is a member of / affiliated to**

Sr. No.	Name of the trade and industry chambers / associations	Reach of trade and industry chambers / associations (State / National)
1.	Confederation of Indian Industry	National
2.	The Alloy Steel Producers Association of India	National
3.	Associated Chamber of Commerce & Industries of India	National
4.	Indian Stainless Steel Development Association	National
5.	Steel Furnace Association of India	National
6.	Engineering Export Promotion Council	National
7.	Federation of Indian Export Association	National
8.	Thane Belapur Industrial Association	State

2. **Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.**

There were no incidents of anti-competitive behaviour, abuse of dominant position or unfair trade practices involving the Company during the reporting period i.e. FY 2023-24.

**Principle 8 : Businesses should promote inclusive growth and equitable development.**

**ESSENTIAL INDICATORS**

1. **Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.**

Not Applicable

2. **Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format :**

Not Applicable

3. **Describe the mechanisms to receive and redress grievances of the community.**

The Company has regular engagement with key community institutions and representatives from key neighbourhood areas. The Company has provided e-mail ID and drop box system for grievance redressal, to enable the stakeholders to easily communicate their concerns and suggestions.

**4. Percentage of input material (Inputs to total inputs by value) sourced from suppliers**

	FY 2023-24	FY 2022-23
Directly sourced from MSMEs / small producers	10.76%	2.72%
Directly from within India	37.01%	29.86%

**5. Job creation in smaller towns (Wages paid to persons employed [including employees or workers employed on a permanent or non-permanent / on contract basis] in the following locations as % of total wage cost to be disclosed)**

Location	FY 2023-24	FY 2022-23
Rural	43.63%	75.99%
Semi Urban	—	—
Urban	56.37%	24.01%
Metropolitan	—	—

**Principle 9 : Businesses should engage with and provide value to their customers in a responsible manner.****ESSENTIAL INDICATORS****1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.**

Customer complaints are captured through e-mails and personal meetings and the same are addressed as per documented procedure.

**2. Turnover of products and / services as a percentage of turnover from all products / service that carry information about Environmental and social parameters relevant to the product, Safe and responsible usage, Recycling and / or safe disposal**

Not Applicable

**3. Number of consumer complaints in respect of the following :**

	FY 2023-24			FY 2022-23		
	Received during the year	Pending resolution at end of year	Remarks	Received during the year	Pending resolution at end of year	Remarks
Data Privacy	0	0	—	0	0	—
Advertising	0	0	—	0	0	—
Cyber Security	0	0	—	0	0	—
Delivery of essential services	0	0	—	0	0	—
Restrictive Trade Practices	0	0	—	0	0	—
Unfair Trade Practices	0	0	—	0	0	—
Others	0	0	—	0	0	—

**4. Details of instances of product recalls on account of safety issues**

Not Applicable

**5. Does the entity have a framework / policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

Yes. The Company has a formal policy on Data Protection and Privacy and a copy of the same is available on the Intranet of the Company.

**6. Provide details of any corrective actions taken or underway on issues relating to advertising and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.**

Not Applicable

**7. Provide the following information relating to data breaches**

a. Number of instances of data breaches : No instances of data breaches were recorded.

b. Percentage of data breaches involving personally identifiable information of customers : Not Applicable

c. Impact, if any, of the data breaches : Not Applicable

## INDEPENDENT AUDITOR'S REPORT

### on the Audit of Standalone Financial Statements

To the Members of Kalyani Steels Limited

#### Opinion

We have audited the accompanying Standalone Financial Statements of Kalyani Steels Limited ("the Company"), which comprise the Balance sheet as at March 31, 2024, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information. These financial statements include the Company's proportionate share of a Joint Operation.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of the other auditor on financial statements of the Joint Operation, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Standalone Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of the report of the other auditor referred to in the "Other Matters" paragraph is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Financial Statements.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	How our audit addressed the Key Audit Matter
1.	<p><b>Accounting of joint operation</b></p> <p>As explained in Note 2.A.3, the Company's composite steel manufacturing facility at Ginigera is under a strategic alliance arrangement with a joint venture partner. The facility is managed by Hospet Steels Limited. The alliance confers Kalyani Steels Limited (KSL) and Mukand Limited (ML) with rights to assets, obligations for liabilities, sharing of expenses / profit / loss in the proportion of product sharing ratio (viz. 41.38% by KSL and 58.62% by ML). Thus, KSL and ML have right to the assets and obligations for the liabilities of this arrangement.</p> <p>The strategic alliance is a joint arrangement in the nature of joint operation and accordingly, the Company has recognized its share of revenue and expenses and assets and liabilities from joint operation in its separate financial statements. Due to the nature and complexities involved in accounting of strategic alliance arrangement as joint operation, this is a key audit matter.</p>	<p>As part of our audit procedures :</p> <ul style="list-style-type: none"> <li>● We have obtained the said strategic alliance agreement and read the terms and conditions mentioned therein.</li> <li>● Assessed the management's judgement of concluding the arrangement as joint operation as per the principles laid down under Ind AS 111.</li> <li>● We have tested the controls and procedures established by the management relating to accounting of joint venture.</li> <li>● Read report of the auditors of the joint operation. Further, obtained confirmation from auditors of the joint operation on specific procedures performed and outcome thereof in respect of significant accounting matters, significant events and unusual transactions.</li> </ul> <p>The accounting for joint operation requires the Company to recognize only its share of expenses from the joint operation, therefore we have verified if the amount charged to ML (joint venture partner) are as per the terms and conditions of strategic alliance arrangement and have been offset against the respective expense line items. Similarly, the expenses incurred by the ML (joint venture partner) and charged to the Company have been reclassified to the respective expense line items based on the nature of such expense.</p>

Sr. No.	Key Audit Matters	How our audit addressed the Key Audit Matter
2.	<p><b>Valuation of inventory</b></p> <p>As on March 31, 2024, the Company has inventory of INR 2,024.30 Million as disclosed in Note 9. The inventory is valued at cost or net realizable value whichever is lower. Costs include direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but does not include borrowing costs. Cost of work-in-progress and finished goods are determined on a weighted average basis. The Company's composite steel manufacturing involves processes such as Mini Blast Furnace (MBF), Steel Melting Shop (SMS) and Rolling Mill Shop (RMS). Production is carried out continuously, by way of the simultaneous, standardized and sequential process. The output of a process is the input of another. The production from the last process is transferred to finished stock. Both direct and indirect costs are charged to the processes. Production results in joint and by-products. Losses, both normal and abnormal losses, occur at different stages of production, which are also taken into consideration while calculating the unit cost. Considering the calculation of process cost at each stage, accounting of joint product and by-product, normal / abnormal losses and allocation of overheads, the valuation of inventory is regarded as a key audit matter.</p>	<p>As a part of our audit procedures over valuation of inventory we have performed the following procedures :</p> <ul style="list-style-type: none"> <li>● assessed the design and performed tests of the design and operating effectiveness of the key controls over inventory valuation.</li> <li>● obtained understanding of production process at each stage.</li> <li>● obtained and tested on sample basis the process cost of each production process.</li> <li>● verified the calculations, accounting of joint and by-product and allocation basis of overhead as per costing principles.</li> <li>● tested the assumptions such as allocation percentages of fixed and variable overheads and yield rate at each production stage with source data.</li> <li>● Further, we have tested on sample basis, net realizable value of finished goods based on subsequent sale value.</li> <li>● We have also checked the aging report for identification of non-moving / slow moving finished goods on a sample basis.</li> <li>● Analytical review of production quantity and cost of finished goods.</li> </ul>

#### Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance and Shareholder's Information and other information included in the Company's annual report but does not include the Standalone Financial Statements and our Auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained during our audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done / audit report of the other auditor, 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 Board of Directors' for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the ability of each Company 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 respective Board of Directors of the Company and its joint operation are also responsible for overseeing the financial reporting process of each company.

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

Our objectives are to obtain reasonable assurance about whether the Standalone Financial Statements 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Standalone Financial Statements.

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

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

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not



be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matters

We did not audit the financial information of joint operation included in the Standalone Financial Statements on proportionate basis whose financial statements reflect total revenue of ₹ Nil, total comprehensive income / loss of ₹ Nil for the year ended March 31, 2024 and Company's share of expenditure of ₹ 736.78 Million. The joint operation has total assets of ₹ 289.83 Million as on March 31, 2024 and net cash (Inflow) of ₹ 9.52 Million for the year ended March 31, 2024.

The financial statements of this joint operation has been audited by the other auditor whose report has been furnished to us and our opinion in so far as it relates to the amounts and disclosures included in respect of this joint operation, is based solely on the report of such other auditor.

Our opinion is not modified in respect of the above matters.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on financial statements of a joint operation that was audited by the other auditor, as noted in the "Other Matters" paragraph, we report that :
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company and its Joint Operation so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors and the report of other auditor of the Joint Operation, none of the directors is disqualified as on March 31, 2024 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 over financial reporting of the Company and its Joint Operation and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor on financial statements of a joint operation, as noted in the "Other Matters" paragraph :
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring the amounts required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv. With respect to clause (e) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended :
      - a. The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or

invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- b. Management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our attention that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11 (e) as provided under (a) and (b) above, contain any material misstatement.
- v. Dividend declared and paid during the year by the company is in compliance with Section 123 of the Companies Act, 2013 to the extent it applies to payment of dividend.
- vi. Based on our examination, which included test checks, the company has used accounting softwares for maintaining its books of accounts for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the softwares. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.  
As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.
- h) As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended :

In our opinion and according to information and explanation provided to us, the remuneration paid by the Company to its Directors is in accordance with the provisions of Section 197 of the Act and remuneration paid to Directors is not in excess of the limit laid down under this Section. As per the report of the auditor of the Joint Operation, the remuneration paid / provided by the Company to its directors during the year is in accordance with the provisions of Section 197 of the act.

**For Kirtane & Pandit LLP**  
**Chartered Accountants**  
**Firm Registration No.105215W/W100057**

**Anand Jog**  
**Partner**  
**Membership No.108177**  
**UDIN : 24108177BKAKJJ1548**

**Pune,**  
**May 10, 2024**

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Kalyani Steels Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

### Opinion

We have audited the internal financial controls over financial reporting of Kalyani Steels Limited (“the Company”) as of March 31, 2024, in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date which includes internal financial controls with reference to financial statements of the Company’s joint operation which is a company incorporated in India.

In our opinion, the Company and its joint operation which is a company incorporated in India has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”).

### Management’s Responsibility for Internal Financial Controls

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

### Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Standalone Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the Auditor’s judgement, 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 internal financial controls system over financial reporting of the Company.

### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Standalone Financial Statements in accordance with generally accepted accounting principles and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company’s assets that could have a material effect on the Standalone Financial Statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Other Matter**

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

**For Kirtane & Pandit LLP**  
**Chartered Accountants**  
**Firm Registration No.105215W/W100057**

**Anand Jog**  
**Partner**  
**Membership No.108177**  
**UDIN : 24108177BKAKJJ1548**

**Pune,**  
**May 10, 2024**

**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

(Referred to in paragraph 1(h) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Kalyani Steels Limited of even date)

- (i) In respect of the Company’s fixed assets (Property, plant and equipment) :
- (a) i) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
  - ii) The Company has maintained proper records showing full particulars of intangible assets.
  - (b) The Property, plant and equipment are physically verified by the management according to a phased programme designed to cover all the items over a period of four years which, in our opinion, is reasonable having regards to size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets have been physically verified by the management during the year and no material discrepancies have been noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties as disclosed in the Financial Statements are held in the name of the Company.
  - (d) Based on the records examined by us and information and explanation given to us the Company has not revalued its Property, plant and equipment or intangible assets or both during the year. Accordingly, the reporting requirements of clause (i) (d) of paragraph 3 of the Order is not applicable to the Company.
  - (e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and Rules made thereunder. Accordingly, the reporting requirements of clause (i) (e) of paragraph 3 of the Order is not applicable to the Company.
- (ii) (a) According to the information and explanation given to us and records examined by us, the inventory, other than stocks lying with third parties, has been physically verified by the management during the year. In our opinion, the frequency, coverage and procedure of such verification is reasonable and appropriate. In respect of inventory lying with third parties at the year end, written confirmations have been obtained. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory.
- (b) During the year, the Company has been sanctioned working capital limits in excess of ₹ 5 crore, in aggregate, from banks on the basis of security of current assets. The Company has filed monthly returns or statements with such banks, which are in agreement with the books of accounts.
- (iii) (a) On the basis of examination of records of the Company and information and explanation given to us, the Company has not provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. The company has made investment in eleven mutual fund schemes during the year.
- (b) Based on the information and explanations provided to us, In respect of the aforesaid investments the terms and conditions under which such investments were made are not prejudicial to the Company’s interest.
  - (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loan to Companies, Firms, Limited Liability Partnerships or other parties. Accordingly, the reporting requirement of clause (iii) (c) of paragraph 3 of the Order is not applicable to the Company.
  - (d) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the company has not granted any loans or advances in the nature of loan to Companies, Firms, Limited Liability Partnerships or other parties. Accordingly, the reporting under clause 3(iii)(d) of the Order is not applicable to the Company.
  - (e) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loan to Companies, Firms, Limited Liability Partnerships or other parties. Accordingly, the reporting under clause 3(iii)(e) of the Order is not applicable to the Company.
  - (f) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loan to Companies, Firms, Limited Liability Partnerships or other parties. Accordingly, the reporting under clause 3(iii)(f) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not provided any guarantee or security as specified under

Section 186 of the Companies Act, 2013. Further, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in relation to loans given and investments made.

- (v) According to the information and explanation given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Sections 73 to 76 of the Act and the Rules framed there under to the extent applicable. No order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal for contravention of these sections or any other relevant provision(s) of the Act and the relevant rules. Accordingly, reporting requirement of clause (v) of paragraph 3 of the order is not applicable to the company.
- (vi) Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective July 1, 2017, these statutory dues has been subsumed into GST.
- According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax, Provident Fund, Employees State Insurance, Income Tax, and any other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
- According to the information and explanations given to us and on the basis of our examination of records of the company, no undisputed amounts payable in respect of these statutory dues were outstanding as at March 31, 2024, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the Statute	Nature of dues	Amount (₹ in Million)	Period for which the amount relates	Forum where the dispute is pending
Goods and Service Tax Act, 2017	Goods and Service Tax	187.37	FY 2017-18	The Deputy Commissioner of Commercial Taxes
Goods and Service Tax Act, 2017	Goods and Service Tax	60.28	FY 2018-19	The Deputy Commissioner of Commercial Taxes
Income Tax Act, 1961	Income Tax	0.24	AY 2016-17	CIT Appeals
Income Tax Act, 1961*	Income Tax	4.93	AY 2017-18	CIT Appeals
Income Tax Act, 1961	Income Tax	6.29	AY 2018-19	CIT Appeals
Income Tax Act, 1961	Income Tax	28.98	AY 2020-21	CIT Appeals

\* Out of above ₹ 0.99 Million were paid under protest.

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly reporting requirement of clause (viii) of paragraph 3 of the order is not applicable to the company.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us, the term loans have been applied, on an overall basis, for the purposes for which they were obtained.

- (d) On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, funds raised on short-term basis have, to the extent of ₹ 4,314.88 Million, been utilized for long-term investment (as bridge finance for purchase of fixed assets).
- (e) According to the information and explanations given to us and based on our audit procedures, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its Associate and Joint Operation (as defined under the Act). Accordingly, reporting requirement of clause (ix)(e) of paragraph 3 of the Order is not applicable to the Company.
- (f) According to the information and explanations given to us and based on our audit procedures, the Company has not raised loans during the year on the pledge of securities held in Joint Operation (as defined under the Act). Accordingly, reporting requirement of clause (ix)(f) of paragraph 3 of the Order is not applicable to the company.
- (x) (a) In our opinion and according to the information and explanations given to us, the Company had not raised money by way of initial public offer or further public offer (including debt instruments) during the current financial year. Accordingly, the reporting requirement of clause (x)(a) of paragraph 3 of the Order is not applicable to the Company.
- (b) According to the information and explanation given to us and on the basis of our examination of records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the reporting requirement of clause (x)(b) of paragraph 3 of the Order is not applicable to the Company.
- (xi) (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, a report under Section 143(12) of the Act in Form ADT-4, as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting requirement of clause (xi)(b) of paragraph 3 of the Order is not applicable to the Company.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, the Company has not received any whistle-blower complaints during the year.
- (xii) As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting of clause (xii) of paragraph 3 of the Order is not applicable to the Company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Financial Statements as required under Indian Accounting Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) The reports of the Internal Auditor for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting requirement of clause (xv) of paragraph 3 of the Order is not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting requirement of clause (xvi)(a) of paragraph 3 the Order is not applicable to the Company.
- (b) On the basis of examination of records and according to the information and explanation given to us by the Company, the Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting requirement of clause (xvi)(b) of paragraph 3 of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting requirement of clause (xvi)(c) of paragraph 3 of the Order is not applicable to the Company.
- (d) According to the information and explanations given to us, there are two Core Investment Companies within the Group.
- (xvii) Based on the examination of the records, the Company has not incurred any cash losses in the financial year and in the immediately preceding financial year.

- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, the reporting requirement of clause (xviii) of paragraph 3 of the order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, the reporting requirement of clause 3(xx)(a) and 3(xx)(b) of paragraph 3 of the order is not applicable to the Company.
- (xxi) In our opinion and according to the information and explanations given to us, the auditor of joint operation company incorporated in India and included in the Financial Statements, in their report under the Companies (Auditor's Report) Order, 2020 (CARO) have not given any unfavourable remarks, qualifications or adverse remarks.

**For Kirtane & Pandit LLP**  
**Chartered Accountants**  
**Firm Registration No.105215W/W100057**

**Anand Jog**  
**Partner**  
**Membership No.108177**  
**UDIN : 24108177BKAKJJ1548**

**Pune,**  
**May 10, 2024**



**BALANCE SHEET AS AT MARCH 31, 2024**

(₹ in Million)

	Notes	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	3	7,335.72	5,991.24
(b) Capital work-in-progress	3	3,811.54	178.68
(c) Intangible assets	4	2.63	3.18
(d) Financial assets			
(i) Equity Investment held in subsidiary and associate	5.a	1,430.00	1,439.61
(ii) Investments	5.b	23.83	21.65
(iii) Other financial assets	6.a	266.89	143.43
(e) Income Tax assets (net)	7	8.62	8.62
(f) Other non-current assets	8.a	557.15	16.42
	Total	<b>13,436.38</b>	<b>7,802.83</b>
<b>Current assets</b>			
(a) Inventories	9	2,024.30	3,239.01
(b) Financial assets			
(i) Trade receivables	10	4,208.42	4,047.04
(ii) Cash and cash equivalents	11	193.11	105.07
(iii) Bank balances other than (ii) above	12	5,217.39	7,389.74
(iv) Other financial assets	6.b	268.47	292.78
(c) Other current assets	8.b	495.75	628.93
	Total	<b>12,407.44</b>	<b>15,702.57</b>
		<b>25,843.82</b>	<b>23,505.40</b>
<b>Total Assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	13	218.64	218.64
(b) Other equity	14		
(i) Reserves and surplus		16,617.53	14,596.53
(ii) Other reserves		78.27	79.61
		<b>16,914.44</b>	<b>14,894.78</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	15	833.74	1,644.34
(b) Provisions	17.a	52.21	50.59
(c) Deferred tax liabilities (net)	18	204.87	162.60
(d) Other non-current liabilities	19	25.47	38.41
	Total	<b>1,116.29</b>	<b>1,895.94</b>
	Carried Over	<u>1,116.29</u>	<u>1,895.94</u>
	Carried Over	<u>16,914.44</u>	<u>14,894.78</u>

**BALANCE SHEET AS AT MARCH 31, 2024**

		( ₹ in Million)	
		As at March 31, 2024	As at March 31, 2023
	Notes		
	Carried Over	16,914.44	14,894.78
	Carried Over	1,116.29	1,895.94
<b>Current liabilities</b>			
(a) Financial liabilities			
(i)	20	5,128.62	3,419.10
(ii)	21		
		- total outstanding dues of micro enterprises and small enterprises	159.39
		- total outstanding dues of creditors other than micro enterprises and small enterprises	1,905.19
(iii)	16	336.11	412.88
(b)	17.b	27.67	18.60
(c)	22	199.35	211.12
(d)	23	56.76	35.30
		<b>Total</b>	<b>6,714.68</b>
		<b>7,813.09</b>	<b>8,610.62</b>
<b>Total liabilities</b>			
<b>Total Equity and Liabilities</b>			
		<b>25,843.82</b>	<b>23,505.40</b>

Material Accounting Policies 1  
 Material 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 KIRTANE & PANDIT LLP  
 Chartered Accountants  
 Firm Registration No.105215W/W100057

On behalf of the Board of Directors

Anand Jog  
 Partner  
 Membership No.108177

Mrs.D.R. Puranik  
 Company  
 Secretary

B.M. Maheshwari  
 Chief Financial  
 Officer

R.K. Goyal  
 Managing  
 Director

B.N. Kalyani  
 Chairman

Membership  
 Number : ACS7475

Membership  
 Number : 047903

DIN : 03050193 DIN : 00089380

Pune  
 Date : May 10, 2024

Pune  
 Date : May 10, 2024

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024**

(₹ in Million)

	Notes	Year ended March 31, 2024	Year ended March 31, 2023
<b>Income</b>			
Revenue from operations	24	19,594.92	18,993.54
Other Income	25	468.11	564.04
<b>Total Income</b>		<b>20,063.03</b>	<b>19,557.58</b>
<b>Expenses</b>			
Cost of raw materials consumed	26	11,044.41	11,732.39
Purchase of traded goods	27	139.87	142.46
Manufacturing Expenses	32.a	3,010.68	2,863.96
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	23.64	(25.17)
Employee benefits expense	29	783.64	649.76
Finance costs	30	245.46	280.96
Depreciation and amortization expense	31	607.51	489.02
Other expenses	32.b	881.06	1,173.60
<b>Total expenses</b>		<b>16,736.27</b>	<b>17,306.98</b>
Profit before exceptional items and tax		3,326.76	2,250.60
Exceptional items		—	—
<b>Profit before tax</b>		<b>3,326.76</b>	<b>2,250.60</b>
Tax expense			
Current tax		807.00	632.50
Deferred tax		45.21	(52.42)
Taxation in respect of earlier years		—	0.25
Total tax expense	34	852.21	580.33
<b>Profit for the year</b>		<b>2,474.55</b>	<b>1,670.27</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss in subsequent year			
(a) Re-measurement of post employment benefit plans		(11.67)	2.30
Tax on above		2.93	(0.58)
		(8.74)	1.72
(b) Changes in fair value of equity instruments (compulsorily convertible debentures)		(9.61)	(15.30)
Total other comprehensive income for the year (net)		(18.35)	(13.58)
<b>Total comprehensive income for the year</b>		<b>2,456.20</b>	<b>1,656.69</b>
<b>Earnings per share (of ₹ 5/- each)</b>	35		
Basic and Diluted		56.69	38.26
Material Accounting Policies	1		
Material 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 KIRTANE & PANDIT LLP  
Chartered Accountants  
Firm Registration No.105215W/W100057

On behalf of the Board of Directors

Anand Jog  
Partner  
Membership No.108177

Mrs.D.R. Puranik  
Company  
Secretary

B.M. Maheshwari  
Chief Financial  
Officer

R.K. Goyal  
Managing  
Director

B.N. Kalyani  
Chairman

Membership  
Number : ACS7475

Membership  
Number : 047903

DIN : 03050193 DIN : 00089380

Pune  
Date : May 10, 2024

Pune  
Date : May 10, 2024

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024****A. Equity Share Capital**

(₹ in Million)

Particulars	Notes	No. of shares	Amount
<b>As at March 31, 2022</b>		<b>43,653,060</b>	<b>218.64</b>
Changes in equity share capital	13	—	—
<b>As at March 31, 2023</b>		<b>43,653,060</b>	<b>218.64</b>
Changes in equity share capital	13	—	—
<b>As at March 31, 2024</b>		<b>43,653,060</b>	<b>218.64</b>

**B. Other Equity**

(₹ in Million)

Particulars	Notes	Reserves and Surplus		Other Reserve	Other Equity
		Retained Earnings	General Reserve	FVTOCI Equity	
<b>Balance As at April 1, 2022</b>	14	<b>12,941.80</b>	<b>419.27</b>	<b>94.91</b>	<b>13,455.98</b>
Profit for the year		1,670.27	—	—	1,670.27
Other Comprehensive Income :					
Remeasurements of post-employment benefit plans (net of tax)	1.72	—	—	—	1.72
Changes in fair value of equity instruments (compulsorily convertible debentures)		—	—	(15.30)	(15.30)
Equity Dividend for the year ended March 31, 2022		(436.53)	—	—	(436.53)
Total Comprehensive Income for the year		1,235.46	—	(15.30)	1,220.16
<b>Balance As at March 31, 2023</b>		<b>14,177.26</b>	<b>419.27</b>	<b>79.61</b>	<b>14,676.14</b>
<b>Balance As at April 1, 2023</b>	14	<b>14,177.26</b>	<b>419.27</b>	<b>79.61</b>	<b>14,676.14</b>
Profit for the year		2,474.55	—	—	2,474.55
Other Comprehensive Income :					
Remeasurements of post-employment benefit plans (net of tax)	(8.74)	—	—	—	(8.74)
Transfer from OCI to retained earnings	(8.27)	—	—	8.27	—
Changes in fair value of equity instruments (compulsorily convertible debentures)		—	—	(9.61)	(9.61)
Equity Dividend for the year ended March 31, 2023		(436.53)	—	—	(436.53)
Total Comprehensive Income for the year		2,021.01	—	(1.34)	2,019.67
<b>Balance As at March 31, 2024</b>		<b>16,198.27</b>	<b>419.27</b>	<b>78.27</b>	<b>16,695.81</b>

Material Accounting Policies

1

Material 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 KIRTANE & PANDIT LLP**  
**Chartered Accountants**  
**Firm Registration No.105215W/W100057**

**On behalf of the Board of Directors**

**Anand Jog**  
**Partner**  
**Membership No.108177**

**Mrs.D.R. Puranik**  
**Company**  
**Secretary**

**B.M. Maheshwari**  
**Chief Financial**  
**Officer**

**R.K. Goyal**  
**Managing**  
**Director**

**B.N. Kalyani**  
**Chairman**

**Membership**  
**Number : ACS7475**

**Membership**  
**Number : 047903**

**DIN : 03050193** **DIN : 00089380**

**Pune**  
**Date : May 10, 2024**

**Pune**  
**Date : May 10, 2024**

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024**

(₹ in Million)

	Year ended March 31, 2024	Year ended March 31, 2023
<b>A. Cash Flows from Operating Activities :</b>		
<b>Profit before income tax</b>	<b>3,326.76</b>	<b>2,250.60</b>
<b>Adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation and amortization	607.51	489.02
Unrealized foreign exchange loss / (gain) etc., net	20.21	179.14
Interest expense	245.46	280.96
Profit on sale of property, plant and equipment	—	(0.33)
Profit on sale of Investment	(8.25)	(4.04)
Interest from deposits	(443.88)	(551.37)
Provisions written back	(36.53)	(11.59)
Provision for doubtful debts (includes expected credit loss) (net)	1.23	—
Fair value Loss / (Gain) on investments measured at FVTPL	(2.18)	(1.97)
<b>Cash Generated from Operations before working capital changes</b>	<b>3,710.33</b>	<b>2,630.42</b>
<b>Adjustments for changes in working capital</b>		
(Increase) / Decrease in inventories	1,214.71	(1,062.90)
(Increase) / Decrease in trade receivables	(162.61)	117.39
(Increase) / Decrease in other assets / other financial assets	(439.19)	(400.74)
Increase / (Decrease) in provisions	(0.98)	1.81
Increase / (Decrease) in trade payables	(513.65)	(1,944.84)
Increase / (Decrease) in other financial liabilities	17.26	31.60
Increase / (Decrease) in other current liabilities	(11.77)	30.60
Increase / (Decrease) in other non-current liabilities	(12.95)	(25.02)
<b>Cash generated from Operations</b>	<b>3,801.15</b>	<b>(621.68)</b>
Income taxes paid (net of refunds)	(785.54)	(635.63)
<b>Net Cash Flow from Operating Activities</b>	<b>3,015.61</b>	<b>(1,257.31)</b>
<b>B. Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	(5,599.24)	(1,114.23)
Sale of assets property, plant and equipment	—	0.33
Proceeds / (Investments) in deposits (net)	2,051.94	2,131.47
Proceeds from Sale of Investment in Mutual Fund	12,262.64	8,266.21
Purchase of Investment in Mutual Fund	(12,254.39)	(8,262.17)
Interest received	494.96	509.77
<b>Net Cash Flows from Investing Activities</b>	<b>(3,044.09)</b>	<b>1,531.38</b>

**STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024**

(₹ in Million)

	Year ended March 31, 2024	Year ended March 31, 2023
<b>C. Cash Flows from Financing Activities</b>		
Repayment of borrowings - Non-current (including current maturities)	(411.08)	—
Proceeds from borrowings - Current (including Bill Discounting)	9,920.61	11,434.63
Repayment of borrowings - Current (including Bill Discounting)	(8,633.75)	(10,913.79)
Interest paid	(322.73)	(474.79)
Dividend paid	(436.53)	(436.53)
<b>Net Cash Flows from Financing Activities</b>	<b>116.52</b>	<b>(390.48)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>88.04</b>	<b>(116.41)</b>
<b>Cash and cash equivalents at the beginning of the year (refer Note 11)*</b>	<b>105.07</b>	<b>221.48</b>
<b>Cash and cash equivalents at the end of the year (refer Note 11)*</b>	<b>193.11</b>	<b>105.07</b>

\* Excluding earmarked balances (on unclaimed dividend accounts)

**1. Cash and Cash equivalents for the purpose of Cash Flow Statement**

	Year ended March 31, 2024	Year ended March 31, 2023
Balances with Banks (refer Note 11)		
In cash credit and current accounts	193.11	105.07
Cash on Hand	—	—
<b>Total</b>	<b>193.11</b>	<b>105.07</b>

**2. Change in Liability Arising from Financing Activities**

Particulars	April 1, 2023	Cash flow	Foreign exchange movement	March 31, 2024
Borrowing - Non-Current (including current maturities) (refer Note 15)	2,055.42	(411.08)	23.14	1,667.48
Borrowing - Current (refer Note 20)	3,008.02	1,286.86	—	4,294.88
<b>Total</b>	<b>5,063.44</b>	<b>875.78</b>	<b>23.14</b>	<b>5,962.36</b>

Particulars	April 1, 2022	Cash flow	Foreign exchange movement	March 31, 2023
Borrowing - Non-Current (including current maturities) (refer Note 15)	1,895.17	—	160.25	2,055.42
Borrowing - Current (refer Note 20)	2,487.18	520.84	—	3,008.02
<b>Total</b>	<b>4,382.35</b>	<b>520.84</b>	<b>160.25</b>	<b>5,063.44</b>

3. The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

Material accounting policies 1  
Material 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 KIRTANE & PANDIT LLP**  
Chartered Accountants  
Firm Registration No.105215W/W100057

**On behalf of the Board of Directors**

**Anand Jog**  
Partner  
Membership No.108177

**Mrs.D.R. Puranik**  
Company  
Secretary

Membership  
Number : ACS7475

**B.M. Maheshwari**  
Chief Financial  
Officer

Membership  
Number : 047903

**R.K. Goyal**  
Managing  
Director

DIN : 03050193

**B.N. Kalyani**  
Chairman

DIN : 00089380

Pune  
Date : May 10, 2024

Pune  
Date : May 10, 2024

## NOTES FORMING PART OF FINANCIAL STATEMENTS

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

### Background

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

These standalone financial statements for the year ended March 31, 2024 were approved by the Board of Directors and authorized for issue on May 10, 2024.

### 1 Material Accounting Policies

This note provides a list of the material 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 and measurement

##### Compliance with Ind AS

Standalone Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation and disclosures requirement of Division II of revised Schedule III of the Companies Act, 2013 (Ind AS Compliant Schedule III), as applicable to standalone financial statement.

Accordingly, the Company has prepared these Standalone Financial Statements which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended as on that date and accounting policies and other explanatory information (together hereinafter referred to as “Standalone Financial Statements” or “financial statements”).

##### Joint operations

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

##### Historical cost convention

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

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

##### 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.

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

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.

### (b) Foreign currency translation

#### 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

At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

#### Exchange Differences

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

### (c) Revenue from Contract with Customers

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of returns, trade allowances, rebates, value added taxes & goods and services tax offered by the Company as part of the contract.

#### Sale of goods and rendering of services

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



## NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

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

Revenue from services is recognized as the related services are performed.

### (d) Other Income

#### 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 using the effective interest rate, 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 or where appropriate, a shorter period to that asset's net gross carrying amount.

#### 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.

### (e) Taxes

#### Current income tax

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

Current income tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss (either in other Comprehensive Income or in Equity) in co-relation to the underlying transaction. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred Tax

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

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

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

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

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

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

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

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

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

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

**Indirect taxes paid on acquisition of assets or on incurring expenses**

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

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included, the net amount of tax recoverable from or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

**(f) 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.

**(g) Trade receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before the payment of the consideration is due). Financial assets in the form of trade receivables that do not contain a significant financing component, determined in accordance with Ind AS 115 are initially measured at their transaction price.

**Contract Liabilities (Advances from customers)**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration in the form of advance from the customer (or an amount of consideration is due). If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs the obligation as per the contract.

**(h) Inventories**

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

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

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

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

Scrap is valued at net realizable value.

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

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

### (i) Investment in subsidiary and associate

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

### (j) Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### (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.

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

### (I) 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. However, trade receivables that do not contain a significant financing component are measured at transaction price.

#### 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 of the following conditions are met :

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

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

#### Financial assets at fair value through other comprehensive income

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

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

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

#### Financial assets at fair value through profit or loss

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

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

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

#### Equity Instrument

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

#### De-recognition of financial assets

A financial asset is de-recognized when :

- The contractual rights to receive cash flows from the financial asset have expired or

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

- 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
- Lease receivables
- Trade receivables or any contractual rights to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

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

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

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

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

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

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

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

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

- Financial assets measured as at amortized cost and contractual revenue receivables.

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.

### (m) Financial Liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss,

## NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

### Subsequent measurement

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

#### Financial liabilities at fair value through profit or loss

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

#### 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) Loans and Borrowings at amortized Cost

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

#### (o) Borrowing costs

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

The Company determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the year less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Company borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalization are determined by applying a capitalization rate to the expenditures on that asset.

Borrowing Cost includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the finance cost.

#### (p) 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.

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****(q) Property, plant and equipment**

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

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

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

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

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.

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

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

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

Asset Category	Life In Years
Factory Buildings	30
Office Building	60
Plant and Equipment - Continuous Process	20
Plant and Equipment - other than continuous process	13
Plant and Equipment – Power Plant	40
MBF Relining	4
Electrical Installations	10
Computers	3
Servers	6
Furniture and Fixtures	10
Office Equipment	5
Vehicles	8
Helicopter	20

Freehold land is carried at historical cost.

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

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

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Transition to Ind AS**

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

**Intangible assets**

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

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

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

**Transition to Ind AS**

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

**(r) Impairment of non-financial assets**

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

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

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

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

**(s) 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.

**(t) 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 embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined based on the best estimate required to settle the obligation at the Balance Sheet date. Provisions are reviewed at each Balance Sheet date and adjusted to reflect current best estimates.

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



## NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

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.

### (u) Employee Benefits

#### (i) Short-term Employee Benefits

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

#### (ii) Post-Employment benefits

##### 1. Defined Contribution plan

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

##### 2. Defined Benefit plan

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

#### (iii) Long term Employment benefits

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

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

#### Gratuity

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

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

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

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

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

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

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

**Provident Fund**

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

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

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

**Superannuation**

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

**iv) Termination benefits**

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

**(v) 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.

**(w) 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.

**(x) Dividends to equity holders of the Company**

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.

**(y) 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.

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

**(z) 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.

**2. Material accounting judgements, estimates and assumptions**

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

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

**A. Judgements**

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

**1. Legal Contingencies**

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

**2. Segment Reporting**

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

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

**3. Joint operation**

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

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****B. 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 standalone 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 37.

**2. Fair value measurement of unquoted financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments and estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 39 for further disclosures.

**3. Impairment of Financial Assets**

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

**4. Deferred Tax**

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

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 3 : Property, plant and equipment**

Particulars	(₹ in Million)							Capital work in progress
	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles & Aircrafts	Total	
<b>Gross Block as at March 31, 2022</b>	<b>1,035.66</b>	<b>1,050.53</b>	<b>7,171.00</b>	<b>153.18</b>	<b>30.89</b>	<b>62.58</b>	<b>9,503.84</b>	<b>1,543.26</b>
Additions	—	374.59	2,244.78	17.67	6.94	14.37	2,658.35	99.71
Borrowing Cost Capitalized	—	—	240.84	—	—	—	240.84	—
Transfers	—	—	—	—	—	—	—	(1,464.29)
Disposals / Adjustments	—	—	—	—	—	(2.75)	(2.75)	—
<b>Gross Block as at March 31, 2023</b>	<b>1,035.66</b>	<b>1,425.12</b>	<b>9,656.62</b>	<b>170.85</b>	<b>37.83</b>	<b>74.20</b>	<b>12,400.28</b>	<b>178.68</b>
Additions	829.60	77.83	262.14	7.63	0.97	761.19	1,939.36	3,710.58
Borrowing Cost Capitalized	—	—	—	—	—	11.70	11.70	51.36
Transfers	—	—	—	—	—	—	—	(129.08)
<b>Gross Block as at March 31, 2024</b>	<b>1,865.26</b>	<b>1,502.95</b>	<b>9,918.76</b>	<b>178.48</b>	<b>38.80</b>	<b>847.09</b>	<b>14,351.34</b>	<b>3,811.54</b>

(₹ in Million)

Particulars	(₹ in Million)							Total
	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles & Aircrafts	Total	
<b>Accumulated Depreciation :</b>								
<b>As at March 31, 2022</b>	—	445.22	5,312.46	104.90	23.69	37.54	5,923.81	
For the year	—	45.15	419.35	14.93	2.62	5.93	487.98	
Disposals / Adjustments	—	—	—	—	—	(2.75)	(2.75)	
<b>As at March 31, 2023</b>	—	490.37	5,731.81	119.83	26.31	40.72	6,409.04	
For the year	—	61.89	513.22	16.32	3.07	12.08	606.58	
Disposals / Adjustments	—	—	—	—	—	—	—	
<b>As at March 31, 2024</b>	—	552.26	6,245.03	136.15	29.38	52.80	7,015.62	

(₹ in Million)

Particulars	(₹ in Million)							Total
	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles & Aircrafts	Total	
<b>Net Block</b>								
<b>As at March 31, 2023</b>	1,035.66	934.75	3,924.81	51.02	11.52	33.48	5,991.24	
<b>As at March 31, 2024</b>	1,865.26	950.69	3,673.73	42.33	9.42	794.29	7,335.72	

i) For Depreciation and amortization refer accounting policy (refer Note 1).

ii) The Company had adopted deemed cost exemption under Ind AS 101, on transition date April 1, 2015. The information of Gross Block and accumulated depreciation as on April 1, 2015 is carried forward for disclosures.

iii) Capital work-in-progress as on March 31, 2024 mainly comprises acquisition of Kamineni Steel Plant.

iv) Contractual obligations - Refer Note 36-B for disclosure of contractual commitments for the acquisition of Property, plant and equipment.

v) Property, Plant and equipment pledged as security, refer Note 46.

vi) Title Deeds of Immovable properties are held in the name of the Company.

vii) The Company has not revalued any Property, plant and equipment during the year.

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 3 : Property, plant and equipment (Contd...)**

viii) There are no proceeding which has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ix) Ageing Schedule for Assets under development as on March 31, 2024 :

Name of Project	to be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Kamineni Steel Plant	3,731.05	—	—	—	3,731.05
Others	80.49	—	—	—	80.49
<b>Total</b>	<b>3,811.54</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,811.54</b>

x) Completion Schedule for Projects Overdue or Exceeded Cost Estimate as on March 31, 2024 :

Name of Project	to be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Kamineni Steel Plant	—	—	—	3,731.05	3,731.05
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,731.05</b>	<b>3,731.05</b>

xi) Ageing Schedule for Assets under development as on March 31, 2023 :

Name of Project	to be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Heat Recovery Power Plant Auxiliary	142.78	—	—	—	142.78
Others	35.90	—	—	—	35.90
<b>Total</b>	<b>178.68</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>178.68</b>

xii) Completion Schedule for Projects Overdue or Exceeded Cost Estimate as on March 31, 2023 :

Name of Project	to be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Heat Recovery Power Plant Auxiliary	142.78	—	—	—	142.78
<b>Total</b>	<b>142.78</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>142.78</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 4 : Intangible assets**

(₹ in Million)

Particulars	Computer software
<b>Gross Block as at March 31, 2022</b>	<b>61.60</b>
Additions	—
Disposals / Adjustments	—
<b>Gross Block as at March 31, 2023</b>	<b>61.60</b>
Additions	0.38
Disposals / Adjustments	—
<b>Gross Block as at March 31, 2024</b>	<b>61.98</b>

(₹ in Million)

Particulars	Computer software
<b>Accumulated Amortization :</b>	
<b>Gross Block as at March 31, 2022</b>	<b>57.38</b>
For the year	1.04
Disposals / Adjustments	—
<b>Gross Block as at March 31, 2023</b>	<b>58.42</b>
For the year	0.93
Disposals / Adjustments	—
<b>Gross Block as at March 31, 2024</b>	<b>59.35</b>

(₹ in Million)

Net Block	
<b>As at March 31, 2023</b>	<b>3.18</b>
<b>As at March 31, 2024</b>	<b>2.63</b>

- i) Intangible Assets are amortized on Straight Line method
- ii) For Depreciation and amortization refer accounting policy (Note 1).
- iii) The Company had adopted deemed cost exemption under Ind AS 101, on transition date April 1, 2015. The information of Gross Block and accumulated depreciation as on April 1, 2015 is carried forward for disclosures.
- iv) The Company has not revalued its intangible asset during the year.

**Note 5 (a) : Investment in Subsidiary and Associate**

(₹ in Million)

Particulars	Face value per unit in ₹	Number of shares		Amount	
		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
<b>A. Investment in Associates (Unquoted) :</b>					
<b>Equity Shares in Associate at cost (fully paid)</b>					
Kalyani Mukand Limited	10	1,000,000	1,000,000	10.05	10.05
				10.05	10.05
Aggregate provision for impairment in value of investments				(10.05)	(10.05)
Total				—	—
<b>B. Investment in Subsidiaries where Company holds 51% or more of the Equity Share Capital (Unquoted) :</b>					
<b>Equity shares in Subsidiary valued at cost (fully paid) :</b>					
Equity Shares in DGM Realties Private Limited	10	2,700,000	—	270.00	—
Aggregate provision for impairment in value of investments				—	—
Total				270.00	—

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

(₹ in Million)

Particulars	Face value per unit in ₹	Number of shares		Amount	
		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
<b>C. Investment in Subsidiaries where Company holds 51% or more of the Equity Share Capital (Unquoted) :</b>					
Convertible Debentures at fair value through other comprehensive income					
0% Fully Convertible Debentures in DGM Realties Private Limited*	100	10,496,000	13,196,000	1,160.00	1,439.61
Aggregate provision for impairment in value of investments				—	—
Total				<b>1,160.00</b>	<b>1,439.61</b>
<b>Total Non-current investments in subsidiary and Associate</b>				<b>1,430.00</b>	<b>1,439.61</b>
Aggregate amount of quoted investments				—	—
Aggregate amount of unquoted investments				1,440.05	1,449.66
Aggregate amount of impairment in the value of investments				(10.05)	(10.05)

## (a) Investment in Equity Shares of DGM Realties Private Limited

The Company has invested in Fully Convertible Debentures (FCDs) of DGM Realties Private Limited (DGM) of face value of ₹ 1,319.60 Million. As per the terms of allotment of the said FCDs, each FCD of ₹ 100/- each is convertible into 1 (One) Equity Share of ₹ 10/- each of DGM at a premium of ₹ 90/- per Share. On first tranche of conversion, 2,700,000 Equity Shares were allotted to the Company by DGM on March 29, 2024 representing 99.63% of the paid-up capital of DGM. Consequently, the Company has become the Holding Company of DGM.

\* Upon conversion of debentures into Equity Shares, the Company has de-recognized 2.7 Million debentures of face value ₹ 100/- per debenture. The fair value of de-recognized debentures as on the date of de-recognition i.e. March 29, 2024 amounts to ₹ 300.05 Million and cumulative loss on de-recognition amount to ₹ 30.05 Million.

## (b) Compliance with a number of layers

The Company has invested funds in Subsidiaries & Associates directly. The Company has complied with the number of layers prescribed under Section 2 (87) of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.

**Note 5 (b) Non-current investments**

(₹ in Million)

Particulars	Face value per unit in ₹	Number of shares / Debentures		Amount	
		As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
<b>Investments in Preference shares (Unquoted) :</b>					
Investments at fair value through profit or loss (fully paid)					
10% Non-Cumulative Redeemable in Baramati Speciality Steels Limited	10	5,926,000	5,926,000	23.83	21.65
				23.83	21.65
Aggregate provision for impairment in value of investments				—	—
Total				<b>23.83</b>	<b>21.65</b>
<b>Total Non-current investments</b>				<b>23.83</b>	<b>21.65</b>
Aggregate amount of quoted investments				—	—
Aggregate amount of unquoted investments				23.83	21.65
Aggregate amount of impairment in the value of investments				—	—



**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 6 : Other financial assets****a. Non-current**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Security deposits		
Unsecured, considered good	126.80	125.60
Unsecured, considered doubtful	2.09	2.09
Less : Allowance for credit losses	(2.09)	(2.09)
Bank deposits with maturity more than twelve months	140.09	17.83
Total	<b>266.89</b>	<b>143.43</b>

**b. Current**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Interest accrued on fixed deposits	217.49	268.58
Other Receivables	50.98	24.20
Total	<b>268.47</b>	<b>292.78</b>

**Note 7 : Non-Current Income tax assets (net)**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Tax paid in advance (net of provisions)	8.62	8.62
Total	<b>8.62</b>	<b>8.62</b>

**Note 8 : Other assets****a. Non-current**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Capital advances		
Considered good	1.56	3.37
Balances with government authorities		
Considered good	547.20	1.04
Considered doubtful	—	—
Less : Allowance for losses	—	—
Prepaid expenses	8.39	12.01
Total	<b>557.15</b>	<b>16.42</b>

No advances are due from Directors or other officers of the Company, firms in which a Director is a partner or private companies in which Director is a Director or a member either severally or jointly with any other person except as disclosed in Note 38.

**b. Current**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Prepaid expenses	33.80	16.41
Advance to suppliers		
Considered good	395.99	546.12
Considered doubtful	(5.09)	5.15
Less : Allowance for losses	5.09	(5.15)
Balances with government authorities	64.74	64.79
Other advances	1.22	1.61
Total	<b>495.75</b>	<b>628.93</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 9 : Inventories**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
(at lower of cost or net realizable value)		
Raw materials*	1,057.14	2,241.49
Work-in-progress (includes items lying with third parties)	245.92	217.41
Finished goods (includes items lying with third parties)	343.74	365.44
Finished goods (in transit)	204.52	234.49
	548.26	599.93
Scrap at estimated realisable value	5.01	5.49
Stores and spares	167.97	174.69
<b>Total</b>	<b>2,024.30</b>	<b>3,239.01</b>

\* includes goods in transit as on March 31, 2024 ₹ 49.13 Million.

The value of inventories above is stated after write down of ₹ 17.42 Million (March 31, 2023 : ₹ 12.89 Million) to net realizable value and provision for slow moving and obsolete items.

**a) Details of raw material inventory**

(₹ in Million)

As at March 31, 2024	MTs	Amount
Coke / Coal / Coke Fines	28,198	655.06
Iron Ore / Iron Ore Fines / Mill Scale	26,149	156.00
Ferro Alloys		194.24
Others		51.84
<b>Total</b>		<b>1,057.14</b>

(₹ in Million)

As at March 31, 2023	MTs	Amount
Coke / Coal / Coke Fines	66,291	1,855.92
Iron Ore / Iron Ore Fines / Mill Scale	27,624	129.82
Ferro Alloys		198.88
Others		56.87
<b>Total</b>		<b>2,241.49</b>

**b) Details of work-in-progress**

(₹ in Million)

As at March 31, 2024	MTs	Amount
Blooms & Rounds	4,335	234.25
Others		11.67
<b>Total</b>		<b>245.92</b>

(₹ in Million)

As at March 31, 2023	MTs	Amount
Blooms & Rounds	3,027	152.62
Others		64.79
<b>Total</b>		<b>217.41</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****c) Details of finished goods**

(₹ in Million)

As at March 31, 2024	MTs	Amount
Rolled Products	9,556	548.26
Others (Scrap)		5.01
Total		<b>553.27</b>

(₹ in Million)

As at March 31, 2023	MTs	Amount
Rolled Products	11,154	599.93
Others (Scrap)		5.49
Total		<b>605.42</b>

**Note 10 : Trade receivables**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Trade Receivable	1,561.96	1,717.10
Receivables from related parties (refer Note 38)	2,673.19	2,355.43
Less : Allowance for doubtful debts	(26.73)	(25.49)
	4,208.42	4,047.04
Break up of security details		
Secured, considered good	—	—
Unsecured, considered good	4,208.42	4,047.04
Doubtful	26.73	25.49
Total	4,235.15	4,072.53
Allowance for doubtful debts	(26.73)	(25.49)
Total	<b>4,208.42</b>	<b>4,047.04</b>

- Trade receivable are non-interest bearing and are generally on terms of 30-90 days upon delivery.
- The amount receivable from related parties is disclosed net of advance of ₹ 470 Million (March 31, 2023 : ₹ 470 Million) as the Company has a legally enforceable right to set off the said advance against the receivable and the Company intends to do so.
- For details of debts due from companies in which any Director is a partner, a director or a member, refer Note 38 of related party transactions.
- No Trade Receivables are due from Directors or other officers of the Company either severally or jointly.
- Expected credit loss for Trade Receivables under simplified approach :

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Considered goods - Secured	—	—
Considered goods - Unsecured	4,235.15	4,072.53
Trade Receivables which have significant increase in credit risk	—	—
Trade Receivables - Credit Impaired	26.73	25.49
Expected loss rate	0.63%	0.63%
Expected credit losses (loss allowance provision)	26.73	25.49
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>4,208.42</b>	<b>4,047.04</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Trade receivables ageing schedule as at March 31, 2024**

(₹ in Million)

Particulars	Outstanding for following period from Due Date of Payment						
	Not Due	Less than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
(i) Undisputed Trade Receivables - Considered Good	4,457.62	413.09	—	—	—	—	4,870.71
(ii) Undisputed Trade Receivables - which have significant increase in Credit Risk	—	—	—	—	—	—	—
(iii) Undisputed Trade Receivables - Credit Impaired	—	—	—	—	—	—	—
(iv) Disputed Trade Receivables - Considered Not Good	—	—	—	—	—	26.73	26.73
(v) Disputed Trade Receivables - which have significant increase in Credit Risk	—	—	—	—	—	—	—
(vi) Disputed Trade Receivables - Credit Impaired	—	—	—	—	—	—	—
<b>Total</b>	<b>4,457.62</b>	<b>413.09</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>26.73</b>	<b>4,897.44</b>
Unbilled							(662.29)
Loss Allowance							(26.73)
<b>Net Trade Receivables</b>							<b>4,208.42</b>

**Trade receivables ageing schedule as at March 31, 2023**

(₹ in Million)

Particulars	Outstanding for following period from Due Date of Payment						
	Not Due	Less than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	Total
(i) Undisputed Trade Receivables - Considered Good	4,401.51	222.91	79.38	1.12	0.09	0.01	4,705.02
(ii) Undisputed Trade Receivables - which have significant increase in Credit Risk	—	—	—	—	—	—	—
(iii) Undisputed Trade Receivables - Credit Impaired	—	—	—	—	—	—	—
(iv) Disputed Trade Receivables - Considered Not Good	—	—	—	—	—	25.50	25.50
(v) Disputed Trade Receivables - which have significant increase in Credit Risk	—	—	—	—	—	—	—
(vi) Disputed Trade Receivables - Credit Impaired	—	—	—	—	—	—	—
<b>Total</b>	<b>4,401.51</b>	<b>222.91</b>	<b>79.38</b>	<b>1.12</b>	<b>0.09</b>	<b>25.51</b>	<b>4,730.52</b>
Unbilled							(657.99)
Loss Allowance							(25.49)
<b>Net Trade Receivables</b>							<b>4,047.04</b>

From opening balances of unbilled revenue, amount of ₹ 176.61 Million has been recognized as revenue during the year 2023-24. (Previous year : ₹ 117.99 Million.)

6. The amount repayable under the bill discounting arrangement is presented as borrowing. The relevant carrying amounts are as follows :

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Transferred receivables	1,774.88	968.26
Associated secured borrowing [bank loans - refer Note 20]	1,774.88	968.26

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 11 : Cash and cash equivalents**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash on hand	—	—
Balances with Banks		
In current and cash credit accounts	193.11	105.07
In deposit accounts		
Term deposits with original maturity of less than three months	—	—
<b>Total</b>	<b>193.11</b>	<b>105.07</b>

**Note 12 : Bank balances other than cash and cash equivalents**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Earmarked balances (unclaimed dividend accounts)	12.07	10.22
Deposits with original maturity of more than three months but less than twelve months	5,205.32	7,379.52
<b>Total</b>	<b>5,217.39</b>	<b>7,389.74</b>

**Note 13 : Share capital****(a) Authorized share capital**

Particulars	Equity shares	Cumulative redeemable preference shares	Unclassified shares
<b>As at March 31, 2023 :</b>			
Number of shares	95,000,000	3,010,000	2,400,000
Face value per share	₹ 5/-	₹ 100/-	₹ 10/-
Amount (₹ in Million)	475.00	301.00	24.00
<b>As at March 31, 2024 :</b>			
Number of shares	95,000,000	3,010,000	2,400,000
Face value per share	₹ 5/-	₹ 100/-	₹ 10/-
Amount (₹ in Million)	475.00	301.00	24.00

**(b) Terms / rights attached to equity shares**

The Company has only one class of issued equity shares having a par value of ₹ 5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Issued and subscribed equity share capital**

(₹ in Million)

Particulars	Number of shares	Amount
<b>As at March 31, 2022</b>	<b>43,759,380</b>	<b>218.80</b>
Changes in equity share capital	—	—
<b>As at March 31, 2023</b>	<b>43,759,380</b>	<b>218.80</b>
Changes in equity share capital	—	—
<b>As at March 31, 2024</b>	<b>43,759,380</b>	<b>218.80</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****(d) Subscribed and fully paid up equity share capital**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Equity Shares of ₹ 5/- each fully paid	218.27	218.27
Add : Forfeited Equity Shares (amount paid up)	0.37	0.37
<b>Subscribed and paid up equity share capital</b>	<b>218.64</b>	<b>218.64</b>
Number of Equity Shares of ₹ 5/- each fully paid	43,653,060	43,653,060
Add : Forfeited Equity Shares	106,320	106,320
<b>Number of shares</b>	<b>43,759,380</b>	<b>43,759,380</b>

**(e) Details of shareholders holding more than 5% Equity Shares in the Company**

Particulars	Ajinkya Investment & Trading Company	Sundaram Trading & Investment Private Limited	BF Investment Limited	DSP Small Capital Fund
<b>As at March 31, 2023</b>				
% of holding	7.47%	17.79%	39.06%	8.60%
Number of shares	3,261,822	7,766,758	17,052,421	3,753,185
<b>As at March 31, 2024</b>				
% of holding	7.47%	17.79%	39.06%	7.06%
Number of shares	3,261,822	7,766,758	17,052,421	3,080,999

**(f) Details of Equity Shares held by Promoter and Promoter Group**

Name of the Promoter / Promoter Group Member	As at March 31, 2024		As at March 31, 2023		% Change during the year
	No. of shares	% of total shares	No. of shares	% of total shares	
Mr.B.N. Kalyani - Promoter	1,118	—	1,118	—	—
Mrs.Sunita B. Kalyani	54,650	0.13	54,650	0.13	—
Mr.Amit B. Kalyani	31,644	0.07	31,644	0.07	—
Mrs.Deeksha A. Kalyani	50	—	50	—	—
Mrs.Sugandha J. Hiremath & Mr.Jai V. Hiremath	3,179	0.01	3,179	0.01	—
Ajinkya Investment & Trading Company	3,261,822	7.47	3,261,822	7.47	—
Sundaram Trading & Investment Private Limited	7,766,758	17.79	7,766,758	17.79	—
Ajinkyatara Trading Company Limited	2,560	0.01	2,560	0.01	—
Lohgaon Trading Company Private Limited	70,000	0.16	70,000	0.16	—
BF Investment Limited	17,052,421	39.06	17,052,421	39.06	—
Babasaheb Kalyani Family Trust	—	—	—	—	—
Total	<b>28,244,202</b>	<b>64.70</b>	<b>28,244,202</b>	<b>64.70</b>	

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 14 : Other equity**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>A) Reserves and Surplus</b>		
<b>i) Retained earnings in the statement of profit &amp; loss</b>		
Balance at the beginning of the year	14,177.26	12,941.80
Add : Profit for the year	2,474.55	1,670.27
Add : Other Comprehensive Income being remeasurements of post-employment benefit plans (net of tax)	(8.74)	1.72
Transfer from OCI to retained earnings	(8.27)	—
Total	2,457.54	1,671.99
Less :		
Final equity dividend of previous year	436.53	436.53
Total	436.53	436.53
<b>Balance at the end of the year</b>	<b>16,198.27</b>	<b>14,177.26</b>
<b>ii) General reserve</b>		
<b>Balance at the beginning and end of the year</b>	<b>419.27</b>	<b>419.27</b>
<b>B) Other reserve</b>		
<b>FVTOCI Equity investment reserve</b>		
Balance at the beginning of the year	79.61	94.91
Fair value changes for the year	20.44	(15.30)
OCI on conversion of debentures in equity shares	(30.05)	—
Transfer of OCI to retained earnings	8.27	—
<b>Balance at the end of the year</b>	<b>78.27</b>	<b>79.61</b>
Total	<b>16,695.81</b>	<b>14,676.14</b>

**Nature and purpose of reserves :****i) Retained earnings in the statement of profit & loss**

Surplus in statement of profit & loss represents the undistributed profit of the company as on balance sheet date.

**ii) 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.

**iii) FVTOCI Equity investment reserve**

The Company has elected to recognize changes in the fair value of investment in compulsorily convertible debentures in other comprehensive income being in substance equity instruments. These changes are accumulated within the FVTOCI investment reserve within equity. The Company will transfer amounts from the said reserve to retained earnings when the relevant debentures are de-recognized.

**iv) Dividend distribution made and proposed :**

(₹ in Million)

Particulars	2023-24	2022-23
<b>Cash Dividend on Equity shares declared and paid</b>		
<b>Final Dividend :</b>		
For the year ended March 31, 2023 : ₹ 10/- per equity share (March 31, 2022 : ₹ 10/- per equity share)	436.53	436.53
<b>Proposed dividends on Equity Shares</b>		
<b>Final Dividend :</b>		
For the year ended March 31, 2024 : ₹ 10/- per equity share ( March 31, 2023 : ₹ 10 /- per equity share )	436.53	436.53

Proposed dividend on equity shares is subject to approval of the shareholders of the Company at the annual general meeting and is not recognized as a liability as at year end.

The Company has complied with the provisions of Section 123 of the Companies Act, 2013 related to dividend declared and paid.

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 15 : Non-current borrowings**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Secured :</b>		
<b>Foreign currency term loans from bank :</b>		
MUFG Bank, Ltd. Singapore (refer note (i) below)	1,667.48	2,055.42
<b>Total non-current borrowings</b>	<b>1,667.48</b>	<b>2,055.42</b>
Less : amount disclosed as current maturities of non-current borrowings (refer Note 20)		
MUFG Bank, Ltd. Singapore (refer note (i) below)	833.74	411.08
<b>Total current maturities of non-current borrowings</b>	<b>833.74</b>	<b>411.08</b>
<b>Total</b>	<b>833.74</b>	<b>1,644.34</b>

**Foreign currency term loans :**

i) From MUFG Bank, Ltd. Singapore

External Commercial Borrowing (ECB) Term Loan balance outstanding is USD 20,000,000/-. The loan is repayable in ten equal quarterly installments, repayment commenced from December 29, 2023, carrying interest at SOFR plus 115 bps p.a. payable quarterly.

ii) The Company has utilized the borrowings for the purpose for which they were obtained.

**Details of security**

Above Foreign Currency Term Loan is secured by First Pari-passu Charge on the Movable Fixed Assets of the Company i.e. hypothecation of the entire Plant and Machineries, machinery spares, tools and accessories, furniture and fixtures and other movable accessories both present and future, ranking pari-passu with charges created and / or to be created in favour of Banks / Financial Institutions for their term / foreign currency loans. The Company has registered all required charges with Registrar of Companies.

**Note 16 : Other Current financial liabilities**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Interest accrued but not due	2.51	16.72
Unclaimed dividend payable	12.07	10.22
Creditors for capital goods	196.62	276.45
Employee benefits payable	124.91	109.49
<b>Total</b>	<b>336.11</b>	<b>412.88</b>

**Note 17 : Provisions****a. Non-current**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits (refer Note 37)		
Provision for compensated absences	52.21	50.59
<b>Total</b>	<b>52.21</b>	<b>50.59</b>

**b. Current**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits (refer Note 37)		
Provision for gratuity	12.67	7.50
Provision for compensated absences	15.00	11.10
<b>Total</b>	<b>27.67</b>	<b>18.60</b>



**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 18 : Deferred tax liabilities (net)**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Deferred tax liabilities</b>		
Depreciation and amortization	235.86	189.57
Total deferred tax liabilities	235.86	189.57
<b>Deferred tax assets</b>		
Disallowance u/s 43B of the Income Tax Act	12.40	11.67
Provision for doubtful debts	6.73	6.42
Other Comprehensive income	2.94	(0.58)
Fair valuation of investment	8.92	9.46
Total deferred tax assets	30.99	26.97
Total	<b>204.87</b>	<b>162.60</b>

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

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Deferred tax liabilities</b>		
Depreciation and amortization	(46.29)	(52.63)
<b>Deferred tax assets</b>		
Disallowance u/s 43B of the Income Tax Act	0.73	(0.06)
Provision for doubtful debts	0.31	—
Fair valuation of investment	(0.55)	0.50
Total	<b>(45.80)</b>	<b>(52.19)</b>

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

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Remeasurements of post-employment benefit plans	3.51	0.35
Total	<b>3.51</b>	<b>0.35</b>

**Note 19 : Other Liabilities Non-current**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Advance received as a part of strategic alliance	25.47	38.41
Total	<b>25.47</b>	<b>38.41</b>

**Note 20 : Current borrowings**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Unsecured borrowing from bank*</b>		
Bill Discounting with banks***	1,774.88	968.26
<b>Secured borrowing from bank*</b>		
Overdraft against Bank Deposits**	2,520.00	2,039.76
Current maturity of term loans from Bank	833.74	411.08
Total	<b>5,128.62</b>	<b>3,419.10</b>

\* Borrowing carries interest rate ranges between 7.58% to 8.08% p.a.

\*\* Overdraft against Fixed Deposits : The Company has availed overdraft facility against Fixed Deposits (FDs) kept with various nationalized / private sector banks. The applicable average rate of interest is 8.08%. The overdraft facility is secured by charge on the Fixed Deposit Certificates and all charges are registered with the Registrar of Companies.

\*\*\* Bill Discounting : The Company has availed unsecured Bill Discounting facilities from various banks, which are repayable within 90 days. The applicable average interest rate is 7.58%.p.a. (previous year 5.5% p.a.).

The Company does not have any charges or satisfaction which is yet to be registered with the ROC beyond the statutory period.

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 21 : Trade payables**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro enterprises and small enterprises	159.39	101.02
Total outstanding dues of creditors other than micro enterprises and small enterprises		
i) Acceptances (see note (i) below)	560.68	1,202.24
ii) Related Parties	106.79	92.22
iii) Others	1,237.72	1,222.20
Total	<b>2,064.58</b>	<b>2,617.68</b>

i) Acceptances include credit availed by the Company from banks for payment to suppliers for raw materials purchased by the Company. The arrangements are interest-bearing and are payable within one year.

ii) Trade payables are non interest bearing and generally settled within 90 days.

iii) The Company has compiled this information based on the current information in its possession as at March 31, 2024.

**Disclosures required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are given as follows :**

(₹ in Million)

Dues to Micro, Small and Medium Enterprises ( MSMEs)	As at March 31, 2024	As at March 31, 2023
Total amount dues to MSMEs as on Balance Sheet date		
- Principal amount due to MSMEs	159.39	101.02
- Interest on principal amount due to MSMEs	0.11	0.11
Total delayed payments to MSMEs during the year		
- Principal amount	—	—
- Interest on Principal amount	—	—
Total amount of interest paid to MSMEs during the year	—	—
Total interest accrued and remaining unpaid at the end of the year under MSMED Act	0.11	0.11
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23	0.11	0.11

**Trade payables ageing schedule as at March 31, 2024**

(₹ in Million)

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	8.40	150.99	—	—	—	159.39
(ii) Others	289.72	1,250.44	3.39	3.69	0.83	1,548.07
(iii) Disputed Dues - MSME	—	—	—	—	—	—
(iv) Disputed Dues - Others	—	—	—	—	—	—
Total	<b>298.12</b>	<b>1,401.43</b>	<b>3.39</b>	<b>3.69</b>	<b>0.83</b>	<b>1,707.46</b>
(v) Unbilled Dues*	—	—	—	—	—	357.12
Total						<b>2,064.58</b>

\* Unbilled represent accruals for expenses.

**Trade payables ageing schedule as at March 31, 2023**

(₹ in Million)

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	—	101.02	—	—	—	101.02
(ii) Others	130.03	1,980.60	7.04	9.26	—	2,126.93
(iii) Disputed Dues - MSME	—	—	—	—	—	—
(iv) Disputed Dues - Others	—	—	—	—	—	—
Total	<b>130.03</b>	<b>2,081.62</b>	<b>7.04</b>	<b>9.26</b>	—	<b>2,227.95</b>
(v) Unbilled Dues*	—	—	—	—	—	389.73
Total						<b>2,617.68</b>

\* Unbilled represent accruals for expenses.

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 22 : Other current liabilities**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Statutory dues payable*	168.03	170.51
Contract liabilities (advances from customers)**	18.37	15.59
Advance received as a part of strategic alliance	12.95	25.02
Total	<b>199.35</b>	<b>211.12</b>

\*Statutory dues payable includes Goods and Service Tax, Tax deducted at Source etc.

\*\* Revenue recognized in relation to contract liabilities.

**Movement of contract liabilities for the reporting period given below :**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Contract Liabilities at the beginning of the year</b>	<b>15.59</b>	<b>10.13</b>
Add / (Less) :		
Consideration received during the year as advance	650.12	191.58
Written back / refund / cancellation	(3.86)	—
Revenue recognized from contract liability	(643.48)	(186.12)
<b>Contract Liabilities at the end of the year</b>	<b>18.37</b>	<b>15.59</b>

**Note 23 : Current tax liabilities (net)**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for income tax (net of advance tax)	56.76	35.30
Total	<b>56.76</b>	<b>35.30</b>

**Note 24 : Revenue from operations**

(₹ in Million)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Revenue from contracts with customers</b>		
<b>Sale of Products</b>		
Finished Goods	19,138.80	18,568.24
Traded Goods	157.86	173.43
<b>Other Operating Revenue</b>		
Scrap Sales	258.28	228.00
Export incentives	0.35	7.20
Processing charges for job work	3.10	5.08
Provisions written back	36.53	11.59
Total	<b>19,594.92</b>	<b>18,993.54</b>

**Details of finished goods sold**

(₹ in Million)

Year ended March 31, 2024	Quantity in MTs	Amount
Foundry Coke	6,917	265.95
Pig Iron	12,804	506.93
Blooms and Rounds	20,834	1,735.64
Rolled Products	220,449	16,630.28
Total		<b>19,138.80</b>

(₹ in Million)

Year ended March 31, 2023	Quantity in MTs	Amount
Pig Iron	6,126	250.74
Blooms and Rounds	11,103	888.35
Rolled Products	234,261	17,429.15
Total		<b>18,568.24</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Details of traded goods sold**

(₹ in Million)

Year ended March 31, 2024	Quantity in MTs	Amount
Rolled Products	1,582	157.86
Total		<b>157.86</b>

(₹ in Million)

Year ended March 31, 2023	Quantity in MTs	Amount
Rolled Products	1,881	173.43
Total		<b>173.43</b>

**Reconciliation of contract price with revenue**

(₹ in Million)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
Contract price	19,306.45	18,753.93
Adjustment for :		
Contract liabilities : Discounts, incentives & late delivery charges	(6.69)	(7.18)
Revenue from contracts with customers	<b>19,299.76</b>	<b>18,746.75</b>

**Details of amount of revenue recognized from opening contract liabilities**

(₹ in Million)

Particulars	Year Ended March 31, 2024	Year Ended March 31, 2023
Contract liabilities at the beginning of the year	15.59	10.13
Revenue recognized from opening contract liabilities	8.96	9.65

**Note 25 : Other income**

(₹ in Million)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest from deposits and loans, being financial assets carried at amortized cost	443.88	551.37
Gain on foreign exchange (net)	8.38	—
Profit on sale of Investments measured at FVTPL	8.25	4.04
Profit on sale of property, plant and equipment	—	0.33
Net gain / (loss) on investments measured at FVTPL	2.18	1.97
Miscellaneous receipts*	5.42	6.33
Total	<b>468.11</b>	<b>564.04</b>

\*Miscellaneous receipts includes VAT refund, rent received etc.

**Note 26 : Cost of raw materials consumed**

(₹ in Million)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Raw material at the beginning of the year	2,241.49	1,224.97
Add : Purchases	9,896.47	12,759.95
Less : Sale of Raw Material	36.41	11.04
Less : Raw material at the end of the year	1,057.14	2,241.49
Total	<b>11,044.41</b>	<b>11,732.39</b>

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Details of raw materials consumed**

(₹ in Million)

<b>Year ended March 31, 2024</b>	<b>Quantity in MTs</b>	<b>Amount</b>
Coke / Coal / Coke Fines	171,769	6,230.85
Iron Ore / Iron Ore Fines / Mill Scale	413,176	2,337.38
Ferro Alloys		2,174.56
Others		301.62
Total		<b>11,044.41</b>

(₹ in Million)

<b>Year ended March 31, 2023</b>	<b>Quantity in MTs</b>	<b>Amount</b>
Coke / Coal / Coke Fines	168,693	7,120.66
Iron Ore / Iron Ore Fines / Mill Scale	401,074	2,044.98
Ferro Alloys		1,927.67
Others		639.08
Total		<b>11,732.39</b>

**Note 27 : Purchases of traded goods**

(₹ in Million)

<b>Particulars</b>	<b>Year ended March 31, 2024</b>	<b>Year ended March 31, 2023</b>
Rolled Products	139.87	142.46
Total	<b>139.87</b>	<b>142.46</b>

**Note 28 : Changes in inventories of finished goods (including stock-in-trade) and work-in-progress**

(₹ in Million)

<b>Particulars</b>	<b>Year ended March 31, 2024</b>	<b>Year ended March 31, 2023</b>
Inventories at the end of the year		
Work in Progress	245.92	217.41
Finished Goods	548.26	599.93
Finished Goods - Traded	—	—
Scrap at estimated realizable value	5.01	5.49
	799.19	822.83
Inventories at the beginning of the year		
Work in Progress	217.41	150.30
Finished Goods	599.93	644.18
Finished Goods - Traded	—	—
Scrap at estimated realizable value	5.49	3.18
	822.83	797.66
Total	<b>23.64</b>	<b>(25.17)</b>

**Note 29 : Employee benefits expense**

(₹ in Million)

<b>Particulars</b>	<b>Year ended March 31, 2024</b>	<b>Year ended March 31, 2023</b>
Salaries, wages and bonus	691.89	567.37
Gratuity (refer Note 37)	12.62	13.06
Contribution to provident fund and other funds*	47.26	39.75
Workmen and staff welfare expenses	31.87	29.58
Total	<b>783.64</b>	<b>649.76</b>

\* Other funds include contribution towards employee state insurance scheme and profession tax.

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 30 : Finance costs**

(₹ in Million)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Interest expenses	240.93	272.69
Other borrowing costs*	4.53	8.27
Total	<b>245.46</b>	<b>280.96</b>

\* Other borrowing costs includes L/C charges, Bank processing charges etc.

**Note 31 : Depreciation and amortization expense**

(₹ in Million)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Depreciation on Property, plant and equipment (refer Note 3)	606.58	487.98
Amortization of intangible assets (refer Note 4)	0.93	1.04
Total	<b>607.51</b>	<b>489.02</b>

**Note 32 : Other expenses**

(₹ in Million)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>a) Manufacturing expenses :</b>		
Stores and spares consumed	1,570.04	1,351.43
Job work and manufacturing charges	610.59	513.77
Power and fuel	631.72	831.52
Building and road repairs	28.82	19.50
Machinery repairs	111.43	89.66
Facility charges under strategic alliance	58.08	58.08
Total (a)	<b>3,010.68</b>	<b>2,863.96</b>
<b>b) Other expenses :</b>		
Rent (short term or low value)	2.05	0.88
Rates and taxes	1.04	2.52
Insurance	27.68	21.35
Legal and Professional charges	30.50	32.69
Travelling and conveyance	27.21	23.26
Security Services	21.06	14.11
Branding Fees	66.43	64.54
CSR expenditure (refer Note 43)	53.83	50.35
Donations	0.57	1.27
Freight outward	505.55	519.01
Brokerage and commission	3.05	—
Payment to auditor (refer Note 33)	4.18	4.53
Directors' fees and travelling expenses	2.25	2.32
Directors' commission	34.40	23.80
Loss on Foreign Exchange Fluctuation (net)	—	339.92
Provision for Doubtful Debts (net of reversal)	1.23	—
Miscellaneous expenses*	100.03	73.05
Total (b)	<b>881.06</b>	<b>1,173.60</b>
Total ( a + b )	<b>3,891.74</b>	<b>4,037.56</b>

\* Miscellaneous expenses includes printing, stationery, postage, telephone etc.

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 33 : Payment to auditors**

(₹ in Million)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Statutory audit	1.65	1.50
Tax audit	0.30	0.73
Limited reviews	1.80	1.80
Certifications	0.23	0.21
Out of pocket expenses reimbursed	0.20	0.29
Total	<b>4.18</b>	<b>4.53</b>

**Note 34 : Income tax expense**

(₹ in Million)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Current tax expense	807.00	632.50
Deferred tax expense	45.21	(52.42)
Taxation in respect of earlier years	—	0.25
Total	<b>852.21</b>	<b>580.33</b>

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

(₹ in Million)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit before tax	3,326.76	2,250.60
Applicable Statutory tax rate	25.168%	25.168%
Computed tax expense	837.28	566.43
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
CSR Expenses	13.69	12.66
Interest on Income Tax	—	0.51
Taxation in respect of earlier years	—	0.25
Others	1.24	0.48
<b>Income tax expense</b>	<b>852.21</b>	<b>580.33</b>

**Note 35 : Earnings per Share**

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Net profit after tax (₹ in Million)	2,474.55	1,670.27
Weighted average number of equity shares	43,653,060	43,653,060
Basic and diluted earning per share of nominal value of ₹ 5/- each	56.69	38.26

The Company does not have any potential equity shares that would have a dilutive effect on the Earnings Per Share.

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 36 : Contingencies and commitments****A Contingent liabilities**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
i) Claims against the Company not acknowledged as debts	89.82	86.64
ii) Customs duty, excise duty and service tax, Goods and Service Tax - matter under appeal	247.65	29.82
iii) Income tax matters under appeal	40.44	40.20
iv) Iron ore supplier - rate difference claim - disputed	255.20	255.20
v) Reimbursement for Forest Development Tax on Iron Ore claimed by supplier	33.49	33.49
vi) Forest Development Tax / Fees*	923.45	711.06
Total	<b>1,590.05</b>	<b>1,156.41</b>

\* In response to a petition filed by the iron ore mine owners and purchasers (including the Company) contesting the levy of Forest Development Tax (FDT) on iron ore on the ground that the State does not have jurisdiction to legislate in the field of major minerals which is a central subject, the Honourable High Court of Karnataka vide its judgement dated December 3, 2015 directed refund of the entire amount of FDT collected by Karnataka State Government on sale of iron ore by private lease operators and National Mineral Development Corporation Limited (NMDC). The Karnataka State Government has filed an appeal before the Supreme Court of India ("SCI"). SCI has not granted stay on the judgement but stayed refund of FDT. The matter is yet to be heard by SCI. Based on merits of the case and supported by a legal opinion, the Company has not recognized provision for FDT of ₹ 923.45 Million as at March 31, 2024 (₹ 711.06 Million as at March 31, 2023) and treated it as a contingent liability.

**B Capital and other commitments**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
1 a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances)	16.05	87.14
b) Supply of Gases - Minimum Take over Price	203.26	261.34
Total	<b>219.31</b>	<b>348.48</b>

**Note 37 : Provision for Employee benefits**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Compensated absences (refer Note A)</b>		
Non-current	52.21	50.59
Current	15.00	11.10
<b>Gratuity (refer Note B)</b>		
Current	12.67	7.50

**A) Compensated absences**

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

**I) Significant assumptions**

The significant actuarial assumptions were as follows :

**Kalyani Steels Limited**

Particulars	March 31, 2024	March 31, 2023
Discount rate	7.20%	7.40%
Salary escalation rate	8.00%	8.00%
Retirement age	VP and above - 60 years Whole time Director - 68 years Others - 55 years	VP and above - 60 years Whole time Director - 68 years Others - 55 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Attrition rate	7.00%	7.00%



**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Hospet Steels Limited (Joint Operation)**

Particulars	March 31, 2024	March 31, 2023
Discount rate	7.20%	7.60%
Salary escalation rate	8.00%	8.00%
Retirement age	Staff - 58 years Workers - 60 years	Staff - 58 years Workers - 60 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate
Attrition rate	1.00-3.00%	1.00-3.00%

**B) Gratuity**

The Company has formed “Kalyani Steels Limited Employees’ Group Gratuity cum Life Assurance Scheme” to manage its gratuity obligations. The joint operation at Hospet Steels Limited has formed “Hospet Steels Limited Employees Gratuity Trust” to manage its gratuity obligations. The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to an insurance company - Life Insurance Corporation of India. Every permanent employee is entitled to a benefit as per policy of the Company of the last drawn salary for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. There is no compulsion on the part of the Company to fully pre fund the liability of the Plan. The Company’s philosophy is to fund the benefits based on its own liquidity as well as level of under funding of the plan.

**I) The amounts recognized in balance sheet and movements in the net benefit obligation over the year are as follows :**  
(₹ in Million)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>April 1, 2022</b>	<b>149.74</b>	<b>(139.34)</b>	<b>10.40</b>
Current service cost	12.85	—	12.85
Interest expense / (income)	10.17	(9.96)	0.21
Total amount recognized in Statement of Profit and Loss	23.02	(9.96)	13.06
Experience gain / loss	(3.24)	0.94	(2.30)
Total amount recognized in Other Comprehensive Income	(3.24)	0.94	(2.30)
Benefits paid	(8.09)	7.50	(0.59)
Contribution	—	(13.20)	(13.20)
Mortality	—	0.13	0.13
<b>March 31, 2023</b>	<b>161.43</b>	<b>(153.93)</b>	<b>7.50</b>
Provision for Gratuity refer Note 17(b)			7.50

(₹ in Million)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>April 1, 2023</b>	<b>161.43</b>	<b>(153.93)</b>	<b>7.50</b>
Current service cost	12.80	—	12.80
Interest expense / (income)	11.80	(11.98)	(0.18)
Total amount recognized in Statement of Profit and Loss	24.60	(11.98)	12.62
Experience gain / loss	12.10	(0.43)	11.67
Total amount recognized in Other Comprehensive Income	12.10	(0.43)	11.67
Benefits paid	(8.03)	6.97	(1.06)
Contribution	—	(18.60)	(18.60)
Mortality	—	0.54	0.54
<b>March 31, 2024</b>	<b>190.10</b>	<b>(177.43)</b>	<b>12.67</b>
Provisions for Gratuity refer Note 17(b)			12.67

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

II) The net liability disclosed above relates to funded plans (including Joint Operations ) are as follows :

(₹ in Million)

Particulars	March 31, 2024	March 31, 2023
Present value of funded obligation	190.10	161.43
Fair value of plan assets	(177.43)	(153.93)
<b>Deficit of funded plan</b>	<b>12.67</b>	<b>7.50</b>

III) Significant estimates :

The significant actuarial assumptions were as follows :

**Kalyani Steels Limited**

Particulars	March 31, 2024	March 31, 2023
Discount rate	7.20%	7.40%
Salary growth rate	8.00%	8.00%
Attrition rate	7.00%	7.00%
Retirement age	M1 category - 60 years Whole time Director - 68 years Others - 55 years	M1 category - 60 years Whole time Director - 68 years Others - 55 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

**Hospet Steels Limited (Joint operation)**

Particulars	March 31, 2024	March 31, 2023
Discount rate	7.20%	7.60%
Salary growth rate	8.00%	8.00%
Attrition rate	1 - 3%	1 - 3%
Retirement age	Staff - 58 years Workers - 60 years	Staff - 58 years Workers - 60 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

IV) Sensitivity analysis :

The sensitivity of defined obligation to changes in the weighted principal assumptions (including Joint Operations) is :

(₹ in Million)

Assumption	Impact on defined benefit obligation	
	March 31, 2024	March 31, 2023
Discount rate		
1% decrease	7.79	9.82
1% increase	(7.12)	(8.73)
Future salary increase		
1% decrease	(5.60)	(7.46)
1% increase	6.02	8.22
Attrition rate		
1% decrease	0.36	0.30
1% increase	(0.33)	(0.27)

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognized in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

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

The following payments are expected future benefit payments (including Joint Operations) :

(₹ in Million)

Particulars	March 31, 2024	March 31, 2023
Less than a year	49.71	24.13
Between 1 - 2 years	59.93	24.27
Between 2 - 5 years	56.44	74.84
Over 5 years	92.19	92.40
Total	<b>258.27</b>	<b>215.64</b>

The weighted duration of the defined obligation is 11.09 years (March 31, 2023 - 8.85 years)

**V) The major categories of plan assets are as follows :**

Particulars	March 31, 2024	March 31, 2023
Unquoted - Insurer managed funds*	100.00%	100.00%

\*The Company maintains gratuity fund, which is being administered by LIC. Fund value confirmed by LIC as at March 31, 2024 is considered to be the fair value

**VI) The Company expects to contribute ₹ 8.50 Million to the gratuity fund in the next year.****C) Superannuation plan**

The Company and its Joint Operation has formed “Kalyani Steels Limited Officers’ Superannuation Scheme” and “Hospet Steels Limited Employees Superannuation Trust” respectively to manage its superannuation scheme through Life Insurance Corporation of India. Contributions are made at 15% of basic salary for employees covered under the superannuation scheme. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognized during the period towards defined contribution plan is ₹ 11.44 Million (March 31, 2023 : ₹ 10.96 Million).

**D) Risk Exposure**

Through its defined benefit plan, the Company is exposed to a number of risks, the most significant of which are detailed below :

**Asset Volatility :** All plan assets for gratuity and superannuation are maintained in a trust managed by a public sector insurer viz. LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The company has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The company has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

**Asset volatility risk for provident fund :** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income fund, manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The Company has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The Company intends to maintain the above investment mix in the continuing years.

**Changes in bond yields :** A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of plans’ bond holdings.

**Life expectancy :** This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

**Future salary increase and inflation risk :** Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management’s discretion may lead to uncertainties in estimating this increasing risk.

**Asset-Liability mismatch risk :** Risk arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Company is successfully able to neutralize valuation swings caused by interest rate movements. The Company ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans.

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 38 : Related party transactions****A) Name of the related parties and nature of relationship****(i) Where control exists**

Subsidiary	Ownership interest held by the Company	
	March 31, 2024	March 31, 2023
DGM Realties Private Limited	99.63%	—

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

Joint operation	Ownership interest held by the Company	
	March 31, 2024	March 31, 2023
Hospet Steels Limited	49.99%	49.99%

The principal place of business of the joint operation is India. The principal business is to act as a management company for strategic alliance arrangement between Kalyani Steels Limited and Mukand Limited.

**Other related parties****a) Structured entities**

- i) Kalyani Steels Limited Non Bargainable Staff Provident Fund
- ii) Kalyani Steels Limited Officers' Superannuation Scheme
- iii) Kalyani Steels Limited Employees' Group Gratuity cum Life Assurance Scheme
- iv) Hospet Steels Limited Employees Gratuity Trust
- v) Hospet Steels Limited Employees Superannuation Trust

**b) Enterprise where in the Company is an Associate :**

BF Investment Limited

Associate	Ownership interest held by the Company	
	March 31, 2024	March 31, 2023
Kalyani Mukand Limited	50.00%	50.00%

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

**B) Other related parties with whom transactions have taken place during the year :****Entities under common control**

- i) Bharat Forge Limited
- ii) Kalyani Technoforge Limited
- iii) Kalyani Transmission Technologies Private Limited
- iv) Saarloha Advanced Materials Private Limited
- v) Baramati Speciality Steels Limited
- vi) Kalyani Investment Company Limited

**C) Promoter / Promoter Group having 10% or more shareholding**

- i) Sundaram Trading & Investment Private Limited
- ii) BF Investment Limited

**Key Management Personnel**

- i) Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director
- ii) Mrs.Sunita B. Kalyani, Non-Executive Director
- iii) Mr.Amit B. Kalyani, Non-Executive Director
- iv) Mr.S.M. Kheny, Non-Executive Director
- v) Mr.B.B. Hattarki, Independent Director (up to March 31, 2024)
- vi) Mr.M.U. Takale, Non-Executive Director
- vii) Mr.Arun P. Pawar, Independent Director
- viii) Mr.Sachin K. Mandlik, Independent Director
- ix) Mr.S.K. Adivarekar, Independent Director
- x) Mrs.Shruti A. Shah, Independent Director
- xi) Amb.Ahmad Javed, Independent Director
- xii) Mr.S.G. Joglekar, Independent Director (w.e.f. February 5, 2024)
- xiii) Mr.Bal Mukand Maheshwari, Chief Financial Officer
- xiv) Mrs.Deepti R. Puranik, Company Secretary
- xv) Mr.R.K. Goyal, Managing Director

**Entities in which KMPs have significant influence**

- i) Kalyani Strategic Management Services Private Limited
- ii) Kalyani Center for Precision Technology Limited

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

(₹ in Million)

<b>I</b>	<b>Key management personnel compensation</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
i)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	12.05	7.03
ii)	Mrs.Sunita B. Kalyani, Non-Executive Director	1.52	5.02
iii)	Mr.Amit B. Kalyani, Non-Executive Director	12.02	6.01
iv)	Mr.S.M. Kheny, Non-Executive Director	1.22	0.61
v)	Mr.B.B. Hattarki, Independent Director (up to March 31, 2024)	1.28	0.87
vi)	Mr.M.U. Takale, Non-Executive Director	0.81	0.61
vii)	Mr.Arun P. Pawar, Independent Director	0.50	0.61
viii)	Mr.Sachin K. Mandlik, Independent Director	1.21	0.81
ix)	Mr.S.K. Adivarekar, Independent Director	1.23	0.83
x)	Mrs.Shruti A. Shah, Independent Director	1.22	0.82
xi)	Amb.Ahmad Javed, Independent Director	1.21	0.81
xii)	Mr.S.G. Joglekar, Independent Director (w.e.f. February 5, 2024)	0.40	—
xiii)	Mr.Bal Mukand Maheshwari, Chief Financial Officer	12.08	11.18
xiv)	Mrs.Deepthi R. Puranik, Company Secretary	7.42	7.05
xv)	Mr.R.K. Goyal, Managing Director	137.57	116.47
	<b>Total</b>	<b>191.74</b>	<b>158.73</b>

(₹ in Million)

<b>II</b>	<b>Dividend Paid</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
i)	Sundaram Trading & Investment Private Limited	77.67	77.67
ii)	BF Investment Limited	170.52	170.52
iii)	Ajinkya Investment and Trading Company	32.62	32.62
iv)	Lohgaon Trading Company Private Limited	0.70	0.70
v)	Ajinkyatara Trading Company Limited	0.03	0.03
vi)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	0.01	0.01
vii)	Mrs.Sunita B. Kalyani, Non-Executive Director	0.55	0.55
viii)	Mr.Amit B. Kalyani, Non-Executive Director	0.32	0.32
ix)	Mrs.Deeksha A. Kalyani	—	—
x)	Mr.S.M. Kheny, Non-Executive Director	—	—
xi)	Mr.M.U. Takale, Non-Executive Director	0.03	0.03
xiii)	Mrs.Sugandha J. Hiremath & Mr.Jai V. Hiremath	0.03	0.03
	<b>Total</b>	<b>282.48</b>	<b>282.48</b>

(₹ in Million)

<b>III</b>	<b>Transactions with related parties</b>	<b>March 31, 2024</b>	<b>March 31, 2023</b>
<b>A</b>	<b>Sale of goods</b>		
i)	Bharat Forge Limited	5,086.59	5,934.43
ii)	Kalyani Technoforge Limited	3,429.90	3,253.13
iii)	Kalyani Transmission Technologies Private Limited	1,521.17	1,329.04
iv)	Saarloha Advanced Materials Private Limited	692.53	361.01
v)	Baramati Speciality Steels Limited	1.39	63.98
<b>B</b>	<b>Purchase of goods</b>		
i)	Bharat Forge Limited	12.43	12.84
ii)	Saarloha Advanced Materials Private Limited	164.11	241.90
iii)	Baramati Speciality Steels Limited	0.04	—
iv)	Kalyani Center for Precision Technology Limited	0.10	0.11
<b>C</b>	<b>Reimbursement of expenses received</b>		
i)	Kalyani Investment Company Limited	3.39	4.69
ii)	Saarloha Advanced Materials Private Limited	9.95	8.89
iii)	Baramati Speciality Steels Limited	0.02	—
<b>D</b>	<b>Conversion charges paid</b>		
i)	Saarloha Advanced Materials Private Limited	166.84	167.82
ii)	Baramati Speciality Steels Limited	75.03	89.49
<b>E</b>	<b>Reimbursement of expenses paid</b>		
i)	Bharat Forge Limited	0.41	0.31
ii)	Saarloha Advanced Materials Private Limited	1.39	2.54
<b>F</b>	<b>Branding Fees paid</b>		
i)	Kalyani Strategic Management Services Private Limited	67.12	64.55
<b>G</b>	<b>Computer hardware purchase</b>		
i)	Kalyani Strategic Management Services Private Limited	0.19	1.56
<b>H</b>	<b>Computer hardware purchase</b>		
i)	Peach Blossom Investment Private Limited	0.01	—

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

(₹ in Million)

III	Transactions with related parties	March 31, 2024	March 31, 2023
<b>I</b>	<b>CSR expenses</b>		
i)	Akutai Kalyani Charitable Trust	52.00	37.10
<b>J</b>	<b>Employee benefit expense</b>		
i)	Kalyani Steels Limited Officers' Superannuation Scheme	2.32	2.47
ii)	Kalyani Steels Limited Employees' Group Gratuity cum Life Assurance Scheme	10.06	9.65
iii)	Hospet Steels Limited Employees Gratuity Trust	8.62	3.61
iv)	Hospet Steels Limited Employees Superannuation Trust	5.42	6.79

(₹ in Million)

IV	Outstanding balances	As at March 31, 2024	As at March 31, 2023
<b>A</b>	<b>Trade Payables</b>		
i)	Bharat Forge Limited	1.81	3.60
ii)	Saarloha Advanced Materials Private Limited	75.40	43.26
iii)	Baramati Speciality Steels Limited	14.32	23.18
iv)	Kalyani Strategic Management Services Private Limited	15.23	22.14
v)	Kalyani Center for Precision Technology Limited	0.02	0.04
vi)	Peach Blossom Investment Private Limited	0.01	—
	Total trade payables from related parties	106.79	92.22
<b>B</b>	<b>Trade Receivables</b>		
i)	Bharat Forge Limited	842.07	986.16
ii)	Kalyani Technoforge Limited	1,155.25	913.56
iii)	Kalyani Transmission Technologies Private Limited	534.17	423.32
iv)	Saarloha Advanced Materials Private Limited	141.26	31.16
v)	Baramati Speciality Steels Limited	0.02	0.55
vi)	Kalyani Investment Company Limited	0.42	0.68
	Total trade receivables from related parties	2,673.19	2,355.43
<b>C</b>	<b>Outstanding balances Key management personnel compensation payable</b>		
i)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	12.00	7.00
ii)	Mrs.Sunita B. Kalyani, Non-Executive Director	1.50	5.00
iii)	Mr.Amit B. Kalyani, Non-Executive Director	12.00	6.00
iv)	Mr.S.M. Kheny, Non-Executive Director	1.20	0.60
v)	Mr.B.B. Hattarki, Independent Director (up to March 31, 2024)	1.20	0.80
vi)	Mr.M.U. Takale, Non-Executive Director	0.80	0.60
vii)	Mr.Arun P. Pawar, Independent Director	0.50	0.60
viii)	Mr.Sachin K. Mandlik, Independent Director	1.20	0.80
ix)	Mr.S.K. Adivarekar, Independent Director	1.20	0.80
x)	Mrs.Shruti A. Shah, Independent Director	1.20	0.80
xi)	Amb.Ahmad Javed, Independent Director	1.20	0.80
xii)	Mr.S.G. Joglekar, Independent Director (w.e.f. February 5, 2024)	0.40	—
xiii)	Mr.Bal Mukand Maheshwari, Chief Financial Officer	0.68	0.68
xiv)	Mrs.Deepti R. Puranik, Company Secretary	0.37	0.34
xv)	Mr.R.K. Goyal, Managing Director	59.64	49.74
	Total	95.09	74.56

(₹ in Million)

V	Compensation to key management personnel	Year Ended March 31, 2024	Year Ended March 31, 2023
	Short-term employee benefits	151.68	129.99
	Post-employment benefits	5.39	4.71

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

**VI Terms and conditions for outstanding balances**

Transactions relating to dividends were on the same terms and conditions that applied to other shareholders. The sale and purchase transactions were on the normal commercial terms and at market rates. The outstanding balances as on year end are unsecured and will be settled in monetary terms.

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 39 : Fair value measurements****Financial assets and liabilities at amortized cost**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Financial assets</b>		
Security deposits	126.80	125.60
Trade receivables	4,208.42	4,047.04
Cash and cash equivalents	193.11	105.07
Other Bank Balances	5,217.39	7,389.74
Interest Accrued and Others	268.47	292.78
Bank deposits with maturity more than twelve months	140.09	17.83
<b>Total financial assets</b>	<b>10,154.28</b>	<b>11,978.06</b>
<b>Financial liabilities</b>		
Borrowings	5,962.36	5,063.44
Trade payables	2,064.58	2,617.68
Other financial liabilities	336.11	412.88
<b>Total financial liabilities</b>	<b>8,363.05</b>	<b>8,094.00</b>

**Financial assets and liabilities classified as FVTPL**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Investment in 10% Non-Cumulative Redeemable Preference shares	23.83	21.65

**Financial assets and liabilities classified as FVTOCI**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Investment in 0% Compulsorily Convertible Debentures	1,160.00	1,439.61

**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 amortized 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
<b>Investment in Preference shares</b>			
March 31, 2024	—	—	23.83
March 31, 2023	—	—	21.65
<b>Investment in Debentures</b>			
March 31, 2024	—	—	1,160.00
March 31, 2023	—	—	1,439.61

Investments do not include investments in subsidiaries, joint ventures and associates which are carried at cost and hence are not required to be disclosed as per Ind AS 107 "Financial Instruments Disclosures".

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 maximize 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 FINANCIAL STATEMENTS (Continued) :****ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include :

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value for preference shares is determined using discounted cash flow analysis (Baramati Speciality Steels Limited).
- The fair value for compulsorily convertible debentures is determined using asset approach (replacement value method).

**iii) Valuation process :**

The finance department of the Company includes a team that performs the valuations of assets and liabilities required for financial reporting purposes. This team appoints external valuation experts whenever the need arises for level 3 fair valuation. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every year, in line with the Company's annual reporting period.

**iv) Fair value of financial assets and liabilities measured at amortized cost**

The carrying amounts of such financial assets and liabilities are a reasonable approximation of their fair values.

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

The following table presents the changes in Level 3 items :

( ₹ in Million)

Particulars	Preference shares	Debentures	Total
As at April 1, 2023	21.65	1,439.61	1,461.26
Gains / (losses) recognized in profit or loss	2.18	—	2.18
Gains / (losses) recognized in other comprehensive income	—	(9.61)	(9.61)
De-recognition of Debentures	—	(270.00)	(270.00)
<b>As at March 31, 2024</b>	<b>23.83</b>	<b>1,160.00</b>	<b>1,183.83</b>

**vi) Valuation inputs and relationships to fair value**

The following table summarizes the quantitative information about the significant unobservable inputs used in Level 3 fair value :

Particulars	Significant unobservable input	
	March 31, 2024	March 31, 2023
1) Preference shares		
i) Discount rate	10.00%	10.00%
2) Compulsory convertible debentures		
i) Discount rate	7.00%	7.22%
ii) Inflation rate	6.58%	6.05%

Change by 100 bps in interest rate does not have any material impact on value of investments in preference shares and compulsory convertible debentures.

**Note 40 : Financial risk management**

The Company is exposed to risks such as changes in foreign currency exchange rates and interest rates. Presented below is a description of the risks (market risk, credit risk and liquidity risk) together with a sensitivity analysis, performed annually, of each of these risks based on selected changes in market rates and prices. These analyses reflect management's view of changes which are reasonably possible to occur over a one-year period.

**I) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Company is exposed in the ordinary course of business to risks related to changes in foreign currency exchanges rates, commodity prices and interest rates.

**A) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is engaged in international trade and thereby exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency (INR).



**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****i) Foreign currency risk exposure**

The Company's exposure to foreign currency risk (in USD) at the end of reporting period in INR (Million), is as follows :  
(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Financial assets</b>		
Trade receivables	—	—
<b>Net exposure to foreign currency risk (assets)</b>	—	—
<b>Financial liabilities</b>		
Borrowings	1,667.48	2,055.42
Trade payables	556.85	1,237.51
Interest accrued	2.52	10.31
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>2,226.85</b>	<b>3,303.24</b>

The sensitivity of pre tax profit or loss and pre tax equity to changes in foreign exchange rates with respect to year end payable / receivable balances in INR (Million) is as follows :

Particulars	Impact on pre tax profit or loss and pre tax equity	
	March 31, 2024	March 31, 2023
USD		
Increase by 1%*	22.27	33.03
Decrease by 1%*	(22.27)	(33.03)

\*Holding all other variables constant

**ii) Commodity Price risk :**

The Company's revenue is exposed to the market risk of price fluctuations related to the sale of its steel products. Market forces generally determine prices for the steel products sold by the Company. These prices may be influenced by factors such as supply and demand, production costs (including the cost of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the Company earns from the sale of its steel products. The Company is also subject to fluctuations in prices for the purchase of iron ore, metallurgical coke, coking coal, ferro alloys, scrap and other raw material inputs.

**Commodity Price Sensitivity :**

The Company has a back to back pass through arrangement for volatility in raw material prices for most of the customers. The selling prices of steel and the prices of input raw material move in the same direction. However in few cases there may be a lag effect in case of such pass through arrangements and might have some effect on the Company's profit and equity.

**B) Interest risk**

The Company has borrowings at variable interest rates. Profit or loss and equity are sensitive to higher / lower interest expense from borrowings as a result of change in the interest rates. The following sensitivity analysis has been performed for non-current and current borrowings.

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Total borrowings at variable interest rate	1,667.48	2,055.42
Interest rate swaps	—	—
Net exposure to interest rate risk	1,667.48	2,055.42
Particulars	Impact on pre tax profit or loss and pre tax equity	
	March 31, 2024	March 31, 2023
Increase of interest rate by 0.5%*	9.31	9.87
Decrease of interest rate by 0.5%*	(9.31)	(9.87)

\*Holding all other variables constant

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

March 31, 2024	Less than 1 year	More than 1 year
<b>Non-derivative</b>		
Borrowings	5,128.62	833.74
Trade payables	2,064.58	—
Other financial liabilities	336.11	—

(₹ in Million)

March 31, 2023	Less than 1 year	More than 1 year
<b>Non-derivative</b>		
Borrowings	3,419.10	1,644.34
Trade payables	2,617.68	—
Other financial liabilities	412.88	—

(₹ in Million)

**III) Credit risk**

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

The balances with banks, loans given to employees and associated company, security deposits are subject to low credit risk since the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil. Hence, no provision has been created for expected credit loss for credit risk arising from these financial assets.

**A Trade receivables**

Senior management is responsible for managing and analyzing the credit risk for each of their new clients before standard payment, delivery terms and conditions are offered. The Company assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment. The utilization of credit limits is regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for all customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 10.

**i) Expected credit loss for trade receivables under simplified approach :**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Considered goods - Secured	—	—
Considered goods - Unsecured	4,235.15	4,072.53
Trade Receivables which have significant increase in credit risk	—	—
Trade Receivables - Credit Impaired	26.73	25.49
Expected loss rate	0.63%	0.63%
Expected credit losses (loss allowance provision)*	26.73	25.49
Carrying amount of trade receivables (net of impairment)	4,208.42	4,047.04

\* The Loss allowance provision represents provision against specific customer and Expected Credit Loss based on analysis of historical ageing trends.

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****ii) Reconciliation of loss allowance provision - trade receivables**

(₹ in Million)

<b>Loss allowance as on March 31, 2022</b>	<b>25.49</b>
Changes in loss allowance	—
<b>Loss allowance as on March 31, 2023</b>	<b>25.49</b>
Changes in loss allowance	1.24
<b>Loss allowance as on March 31, 2024</b>	<b>26.73</b>

**Note 41 : Capital management**

The Company's objective when managing capital is to

- safeguard its ability to continue as a going concern, so that the Company can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

The Company determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long term and short term borrowings. The Company's policy is aimed at combination of short-term and long-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total debt includes all long and short-term debts as disclosed in Note 15 and Note 20 to the financial statements.

The capital structure of the Company is as follows :

(₹ in Million)

<b>Particulars</b>	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
Borrowings	5,962.36	5,063.44
Equity	16,914.44	14,894.78
Debt equity ratio	0.35	0.34

- In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.
- There have been no breaches in the Financial covenants of any interest bearing loans and borrowings in the current period.

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 42 : Ratios**

The following are analytical ratios for the year ended March 31, 2024 and March 31, 2023

Sr. No.	Particulars	Numerator	Denominator	March 31, 2024	March 31, 2023	Variance
1	Current Ratio (in times) <sup>1</sup>	Current Assets	Current Liabilities	1.59	2.34	(32%)
2	Debt-Equity Ratio (in times)	Debt	Equity	0.35	0.34	4%
3	Debt Service Coverage Ratio (in times)	Earnings for Debt Service*	Debt Service**	3.08	3.53	(13%)
4	Return on equity (in %) <sup>2</sup>	Net Profit After Tax	Average Shareholders Equity	15.56%	11.69%	33%
5	Inventory Turnover Ratio (in times)	Cost of goods sold	Average Inventory	4.26	4.38	(3%)
6	Trade Receivable Turnover Ratio (in times)	Net sales	Average Accounts Receivable	4.67	4.56	2%
7	Trade Payable Turnover Ratio (in times) <sup>3</sup>	Net Purchases	Average Accounts Payable	5.56	4.39	27%
8	Net Capital Turnover Ratio (in times) <sup>4</sup>	Net sales	Working Capital	4.20	2.09	101%
9	Net Profit Ratio (in %) <sup>5</sup>	Net Profit	Net Sales	12.82%	8.91%	44%
10	Return on Capital Employed (in %)	Earning Before Interest & Tax	Capital Employed	15.48%	12.58%	23%
11	Return on Investment (Quoted) (in %)	Income Earned from Investment	Time Weighted average investment	6.86%	5.98%	15%
12	Return on Investment (Unquoted) (in %) <sup>6</sup>	Income Earned from Investment	Time Weighted average investment	(0.51%)	(0.91%)	44%

\* Earnings for Debt Service : Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.

\*\* Debt Service : Interest on borrowings and other finance charges

1 During the year working capital position have been improved.

2 Increase in profits during the year due to lower cost of consumption, finance charges and decrease in foreign exchange fluctuation losses.

3 Decrease in average payable days during the year due to lower imports as compared to previous year.

4 During the year working capital position have been improved.

5 Increase in profits during the year due to lower cost of consumption, finance charges and decrease in foreign exchange fluctuation losses.

6 Increase in fair valuation of investment.

**Note 43 : Corporate social responsibility (CSR)**

(₹ in Million)

Sr. No.	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
i)	Amount required to be spent by the Company during the year	53.48	50.22
ii)	Amount of expenditure incurred (including set off availed)	53.83	50.35
iii)	Shortfall / (Excess) at the end of the year	(0.35)	(0.13)
iv)	Total of previous years shortfall / (excess)	(0.13)	(11.69)
v)	Nature of shortfall	NA	NA
vi)	Nature of CSR activities	Health and Education	Health and Education
vii)	Details of related party transactions, e.g. contribution to a trust controlled by the Company in relation to CSR expenditure as per relevant Accounting Standard	Akutai Kalyani Charitable Trust	Akutai Kalyani Charitable Trust
viii)	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	NA	NA

**NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :****Note 44 : Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors has been identified as the chief operating decision maker.

The Company has organized its operating segments based on product groupings. These operating segments have been aggregated into one reportable business segment : 'Forging and Engineering quality carbon and alloy steels'. Following are major customers, which contribute more than 10% to the Revenues of the Company. The details are as under :

(₹ in Million)

Name of Customer	2023-24	2022-23
Bharat Forge Limited	5,086.59	5,934.43
Kalyani Technoforge Limited and its subsidiary	4,951.07	4,582.17

Total revenues from sales to customers outside India for the year ended March 31, 2024 and March 31, 2023 was ₹ 88.08 Million and ₹ 196.77 Million respectively.

All assets are in India.

**Note 45 : (Net Debt) / Surplus reconciliation**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents	193.11	105.07
Current borrowings	(5,128.62)	(3,419.10)
Non-current borrowings	(833.74)	(1,644.34)
<b>(Net Debt) / Surplus</b>	<b>(5,769.25)</b>	<b>(4,958.37)</b>

**Note 46 : Assets hypothecated as security**

(₹ in Million)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>First charge</b>		
Property, plant and equipment (Machineries)	3,673.73	3,924.81

**Note 47 :** There is no proceeding initiated or pending against the Company for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

**Note 48 :** During the year ended March 31, 2024, the Company was not party to any approved scheme which needs approval from competent authority in terms of Sections 230 to 237 of the Companies Act, 2013.

**Note 49 :** As per the information available with the Company, no transactions have been entered with any company struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the year.

**Note 50 :** The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

**Note 51 :** The Company has not surrendered or disclosed any income during the year in the tax assessments under the Income Tax Act, 1961.

**Note 52 :** The Company has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts) has been made in the books of accounts.

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

**Note 53 :** The Company has not been declared as a wilful defaulter by any lender who has powers to declare a Company as a wilful defaulter at any time during the financial year or after the end of reporting period but before the date when financial statements are approved.

**Note 54 :** The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall :

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**Note 55 :** 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 KIRTANE & PANDIT LLP  
Chartered Accountants  
Firm Registration No.105215W/W100057

On behalf of the Board of Directors

Anand Jog  
Partner  
Membership No.108177

Mrs.D.R. Puranik  
Company  
Secretary

B.M. Maheshwari  
Chief Financial  
Officer

R.K. Goyal  
Managing  
Director

B.N. Kalyani  
Chairman

Membership  
Number : ACS7475

Membership  
Number : 047903

DIN : 03050193 DIN : 00089380

Pune  
Date : May 10, 2024

Pune  
Date : May 10, 2024

## INDEPENDENT AUDITOR'S REPORT

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

### Opinion

We have audited the accompanying Consolidated Financial Statements of Kalyani Steels Limited (hereinafter referred to as "the Holding Company"), its subsidiary DGM Realties Private Limited and joint operation Hospet Steels Limited (the Holding Company, its subsidiary and Joint Operation together referred to as "the Group"), comprising of the consolidated Balance sheet as at March 31, 2024, the consolidated Statement of Profit and Loss, including other comprehensive loss, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiary and Joint Operation, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2024, their consolidated profit including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date

### Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Consolidated Financial Statements' section of our report. We are independent of the Group 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 financial statements under the provisions of the Act and the Rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
1.	<p><b>Accounting of joint operation</b></p> <p>As explained in Note 2.A.3, the Company's composite steel manufacturing facility at Ginigera is under a strategic alliance arrangement with a joint venture partner. The facility is managed by Hospet Steels Limited. The alliance confers Kalyani Steels Limited (KSL) and Mukand Limited (ML) with rights to assets, obligations for liabilities, sharing of expenses / profit / loss in the proportion of product sharing ratio (viz. 41.38% by KSL and 58.62% by ML). Thus, KSL and ML have right to the assets and obligations for the liabilities of this arrangement.</p> <p>The strategic alliance is a joint arrangement in the nature of joint operation and accordingly, the Holding Company has recognized its share of revenue and expenses and assets and liabilities from joint operation in its financial statements. Due to the nature and complexities involved in accounting of strategic alliance arrangement as joint operation, this is a key audit matter.</p>	<p>As part of our audit procedures :</p> <ul style="list-style-type: none"> <li>● We have obtained the said strategic alliance agreement and read the terms and conditions mentioned therein.</li> <li>● Assessed the management's judgement of concluding the arrangement as joint operation as per the principles laid down under Ind AS 111.</li> <li>● We have tested the controls and procedures established by the management relating to accounting of joint venture.</li> <li>● Read report of the auditors of the joint operation. Further, obtained confirmation from auditors of the joint operation on specific procedures performed and outcome thereof in respect of significant accounting matters, significant events and unusual transactions.</li> </ul> <p>The accounting for joint operation requires the Holding Company to recognize only its share of expenses from the joint operation, therefore we have verified if the amount charged to ML (joint venture partner) are as per the terms and conditions of strategic alliance arrangement and have been offset against the respective expense line items. Similarly, the expenses incurred by the ML (joint venture partner) and charged to the Company have been reclassified to the respective expense line items based on the nature of such expense.</p>

Sr. No.	Key Audit Matter	How our audit addressed the key audit matter
2.	<p><b>Valuation of inventory of the Holding Company</b></p> <p>As on March 31, 2024, the Holding Company has inventory of INR 2,024.30 Million as disclosed in Note 9.</p> <p>The inventory is valued at cost or net realizable value whichever is lower. Costs include direct materials and Labour and a proportion of manufacturing overheads based on normal operating capacity but does not include borrowing costs. Cost of work-in-progress and finished goods are determined on a weighted average basis.</p> <p>The Holding Company's composite steel manufacturing involves processes such as Mini Blast Furnace (MBF), Steel Melting Shop (SMS) and Rolling Mill Shop (RMS). Production is carried out continuously, by way of the simultaneous, standardized and sequential process. The output of a process is the input of another. The production from the last process is transferred to finished stock. Both direct and indirect costs are charged to the processes. Production results in joint and by-products. Losses, both normal and abnormal losses, occur at different stages of production, which are also taken into consideration while calculating the unit cost.</p> <p>Considering the calculation of process cost at each stage, accounting of joint product and by-product, normal / abnormal losses and allocation of overheads, the valuation of inventory is regarded as a key audit matter.</p>	<p>As a part of our audit procedures over valuation of inventory we have performed the following procedures :</p> <ul style="list-style-type: none"> <li>● assessed the design and performed tests of the design and operating effectiveness of the key controls over inventory valuation.</li> <li>● obtained understanding of production process at each stage.</li> <li>● obtained and tested on sample basis the process cost of each production process.</li> <li>● verified the calculations, accounting of joint and by-product and allocation basis of overhead as per costing principles.</li> <li>● tested the assumptions such as allocation percentages of fixed and variable overheads and yield rate at each production stage with source data.</li> <li>● Further, we have tested on sample basis, net realizable value of finished goods based on subsequent sale value.</li> <li>● We have also checked the aging report for identification of non-moving / slow moving finished goods on a sample basis.</li> <li>● Analytical review of production quantity and cost of finished goods.</li> </ul>

#### Information Other than the Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and in doing so, consider whether such other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of Managements and Board of Directors for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective management and 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 of the assets of their respective companies 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of their respective companies 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.

Those respective Managements and Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of their respective companies.

#### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (j) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls 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 ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group, to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the financial year ended March 31, 2024 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Other Matters

1. We did not audit the financial statements and other financial information, in respect of subsidiary (DGM Realities Private Limited), whose financial statements and other financial information include total assets of ₹ 1,319.35 Million as at March 31, 2024 and total revenues of ₹ 5.71 Million and net cash inflows of ₹ 13.68 Million for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management.
2. We also did not audit the financial statements of joint operation (Hospet Steels Limited) included in the Consolidated Financial Statements on proportionate basis whose financial statements and other financial information include total assets of ₹ 289.83 Million as at March 31, 2024 and total revenues of ₹ Nil Million and net cash inflows of ₹ 9.52 Million for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management.

Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and joint operation and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and joint operation, is based solely on the reports of such other auditors.

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

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiary and joint operation, as noted in the 'Other Matter' paragraph we report, to the extent applicable, that :
  - a) We / the other auditors whose report we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Consolidated Financial Statements;
  - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of

- its subsidiary company, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2024 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 Consolidated Financial Statements of the Holding Company and its subsidiary company and joint operation incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" to this report;
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary and joint operation, as noted in the 'Other matter' paragraph :
- i. The Consolidated Financial Statements disclose the impact of pending litigations on its consolidated financial position of the Group in its Consolidated Financial Statements – Refer Note 36 to the Consolidated Financial Statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2024;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group during the year ended March 31, 2024;
  - iv. With respect to clause (e) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended :
    - a. The respective managements of the Holding Company and its subsidiary and joint operation which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary and joint operation respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary and joint operation to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the respective Holding Company or any of such subsidiary and joint operation ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
    - b. The respective managements of the Holding Company and its subsidiary and joint operation which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary and joint operation respectively that, to the best of its knowledge and belief, no funds have been received by the respective Holding Company or any of such subsidiary and joint operation from any person(s) or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary and joint operation shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
    - c. Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary and joint operation which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
  - v. The dividend paid and proposed by the Holding Company, its subsidiary and joint operation during the year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.
  - vi. Based on our examination which included test checks, the Company, subsidiary and joint venture have used accounting softwares for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit, we and respective auditors of the above referred subsidiary and joint operation did not come across any instance of audit trail feature being tampered with.
- As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 01, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024
- h) As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary and joint operation, incorporated in India, as noted in the 'Other Matter' paragraph we give in the "Annexure B" a statement on the matters specified in paragraph 3(xxii) of the Order.
2. In our opinion and based on the consideration of reports of other statutory auditors of the subsidiary and joint operation incorporated in India, the managerial remuneration for the year ended March 31, 2024 has been paid / provided by the Holding Company, its subsidiaries and joint operations incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

For Kirtane & Pandit LLP  
Chartered Accountants  
Firm Registration No.105215W/W100057

Anand Jog  
Partner  
Membership No.: 108177  
UDIN : 24108177BKAKJK2919

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Kalyani Steels Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Kalyani Steels Limited (“the Holding Company”), its subsidiary DGM Realties Private Limited and joint operation Hospet Steels Limited (the Holding Company, its subsidiary and Joint Operation together referred to as “the Group”), which are incorporated in India, as of March 31, 2024 in conjunction with our audit of the Consolidated Financial Statements of the Holding Company for the year ended on that date.

### Responsibilities of Managements and Board of Directors for Internal Financial Controls

The respective Board of Directors and Management of the companies included in the Group, 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 Holding 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 the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor’s Responsibility for the audit of Internal Financial Controls

Our responsibility is to express an opinion on the Holding Company’s internal financial controls with reference to Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing specified under Section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both, issued by ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

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

### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control with reference to Consolidated 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 Consolidated 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 Over Financial Reporting

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

### Opinion

In our opinion, the Group, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls with reference to Consolidated Financial Statements were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

**Other Matter**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Financial Statements of the Holding Company, in so far as it relates to one subsidiary and one joint operation which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary and joint operation incorporated in India.

**For Kirtane & Pandit LLP  
Chartered Accountants  
Firm Registration No.105215W/W100057**

**Anand Jog  
Partner  
Membership No.: 108177  
UDIN : 24108177BKAKJK2919**

**Pune,  
May 10, 2024**

**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Kalyani Steels Limited of even date)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that :

Qualifications or adverse remarks by the respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the Consolidated Financial Statements are :

Entity Name	CIN	Holding / Subsidiary / Joint Operation	Clause number of the CARO report which is qualified or is adverse
Kalyani Steels Limited	L27104MH1973PLC016350	Holding Company	(ix) (d)

**For Kirtane & Pandit LLP  
Chartered Accountants  
Firm Registration No.105215W/W100057**

**Anand Jog  
Partner  
Membership No.: 108177  
UDIN : 24108177BKAKJK2919**

**Pune,  
May 10, 2024**

**CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2024**

		( ₹ in Million)
		As at March 31, 2024
<b>ASSETS</b>		
<b>Non-current assets</b>		
(a) Property, plant and equipment	3	7,335.72
(b) Capital work-in-progress	3	3,811.54
(c) Intangible assets	4	2.63
(d) Financial assets		
(i) Equity Investment held in subsidiary and associate	5.a	—
(ii) Investments	5.b	23.83
(iii) Other financial assets	6.a	266.89
(e) Income Tax assets (net)	7	8.62
(f) Other non-current assets	8.a	557.15
		Total
		<b>12,006.38</b>
<b>Current assets</b>		
(a) Inventories	9	2,869.63
(b) Financial assets		
(i) Investments	5.c	382.01
(ii) Trade receivables	10	4,208.42
(iii) Cash and cash equivalents	11	193.68
(iv) Bank balances other than (ii) above	12	5,306.61
(v) Other financial assets	6.b	270.69
(c) Other current assets	8.b	495.75
		Total
		<b>13,726.79</b>
		<b>25,733.17</b>
<b>Total Assets</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
(a) Equity share capital	13	218.64
(b) Other equity	14	
(i) Reserves and surplus		16,621.11
(ii) Other reserves		(41.36)
Equity attributable to owners of parent		16,798.39
(c) Non-controlling interest		1.06
<b>Total equity</b>		<b>16,799.45</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	15	833.74
(b) Provisions	17.a	52.21
(c) Deferred tax liabilities (net)	18	208.23
(d) Other non-current Liabilities	19	25.47
		Total
		<b>1,119.65</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	20	5,128.62
(ii) Trade payables	21	
- total outstanding dues of micro enterprises and small enterprises		159.39
- total outstanding dues of creditors other than micro enterprises and small enterprises		1,905.21
(iii) Other financial liabilities	16	336.11
(b) Provisions	17.b	27.67
(c) Other current liabilities	22	199.35
(d) Current tax liabilities (net)	23	57.72
		Total
		<b>7,814.07</b>
		<b>8,933.72</b>
		<b>25,733.17</b>
<b>Total liabilities</b>		
<b>Total Equity and Liabilities</b>		
Material Accounting Policies	1	
Material 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 KIRTANE & PANDIT LLP  
Chartered Accountants  
Firm Registration No.105215W/W100057

On behalf of the Board of Directors

Anand Jorg  
Partner  
Membership No.108177

Mrs.D.R. Puranik  
Company  
Secretary

B.M. Maheshwari  
Chief Financial  
Officer

R.K. Goyal  
Managing  
Director

B.N. Kalyani  
Chairman

Membership  
Number : ACS7475

Membership  
Number : 047903

DIN : 03050193

DIN : 00089380

Pune  
Date : May 10, 2024

Pune  
Date : May 10, 2024

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024**

(₹ in Million)

	Notes	Year ended March 31, 2024
<b>Income</b>		
Revenue from operations	24	19,594.92
Other Income	25	468.31
<b>Total Income</b>		<b>20,063.23</b>
<b>Expenses</b>		
Cost of raw materials consumed	26	11,044.41
Purchase of traded goods	27	139.87
Manufacturing Expenses	32.a	3,010.68
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	23.64
Employee benefits expense	29	783.64
Finance costs	30	258.13
Depreciation and amortization expense	31	607.51
Other expenses	32.b	882.63
<b>Total expenses</b>		<b>16,750.51</b>
Profit before exceptional items and tax		3,312.72
Exceptional items		18.31
<b>Profit before tax</b>		<b>3,331.03</b>
Tax expense		
Current tax		808.50
Deferred tax		44.68
Taxation in respect of earlier years		(10.00)
Total tax expense	34	<b>843.18</b>
<b>Profit for the year</b>		<b>2,487.85</b>
<b>Other comprehensive income</b>		
Items that will not be reclassified to profit or loss in subsequent year		
(a) Re-measurement of post employment benefit plans		(11.67)
Tax on above		2.93
Total other comprehensive income for the year (net)		(8.74)
Total comprehensive income for the year		<b>2,479.11</b>
Profit attributable to :		
Equity holders of parent		2,487.84
Non-controlling interest		0.01
Other comprehensive income attributable to :		
Equity holders of parent		(8.74)
Non-controlling interest		—
<b>Total comprehensive income attributable to :</b>		
Equity holders of parent		2,479.10
Non-controlling interest		0.01
<b>Earnings per share (of ₹ 5 /- each)</b>	35	
Basic and Diluted		56.99
Material accounting policies	1	
Material 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 KIRTANE & PANDIT LLP  
Chartered Accountants  
Firm Registration No.105215W/W100057

On behalf of the Board of Directors

Anand Jog  
Partner  
Membership No.108177

Mrs.D.R. Puranik  
Company  
Secretary

B.M. Maheshwari  
Chief Financial  
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Pune  
Date : May 10, 2024

Pune  
Date : May 10, 2024

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024****A. Equity Share Capital**

(₹ in Million)

Particulars	Notes	No. of shares	Amount
<b>As at March 31, 2023</b>		<b>43,653,060</b>	<b>218.64</b>
Changes in equity share capital	13	—	—
<b>As at March 31, 2024</b>		<b>43,653,060</b>	<b>218.64</b>

**B. Other Equity**

(₹ in Million)

Particulars	Notes	Reserves and Surplus		Capital Reserve on consolidation	Other Equity Total
		Retained Earnings	General Reserve		
<b>Balance as at April 1, 2023</b>	<b>14</b>	<b>14,159.27</b>	<b>419.27</b>	<b>(41.36)</b>	<b>14,537.18</b>
Profit for the year		2,487.85	—	—	2,487.85
Other Comprehensive Income : Remeasurements of post-employment benefit plans (net of tax)		(8.74)	—	—	(8.74)
Equity Dividend for the year ended March 31, 2023		(436.53)	—	—	(436.53)
Total		<b>2,042.58</b>	<b>—</b>	<b>—</b>	<b>2,042.58</b>
<b>Balance as at March 31, 2024</b>		<b>16,201.85</b>	<b>419.27</b>	<b>(41.36)</b>	<b>16,579.76</b>

Material accounting policies

1

Material 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 KIRTANE & PANDIT LLP**  
Chartered Accountants  
Firm Registration No.105215W/W100057

**On behalf of the Board of Directors**

**Anand Jog**  
Partner  
Membership No.108177

**Mrs.D.R. Puranik**  
Company  
Secretary

**B.M. Maheshwari**  
Chief Financial  
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**R.K. Goyal**  
Managing  
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**B.N. Kalyani**  
Chairman

Membership  
Number : ACS7475

Membership  
Number : 047903

DIN : 03050193

DIN : 00089380

Pune

Date : May 10, 2024

Pune

Date : May 10, 2024

**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024**

(₹ in Million)

	Year ended March 31, 2024
<b>A. Cash Flows from Operating Activities :</b>	
<b>Profit before income tax and exceptional items</b>	<b>3,331.03</b>
<b>Adjustments to reconcile profit before tax to net cash flows</b>	
Depreciation and amortization	607.51
Unrealized foreign exchange loss / (gain) etc., net	20.21
Interest expense	258.13
Profit on sale of Investment	(4.33)
Interest from deposits	(449.22)
Provisions written back	(36.53)
Provision for doubtful debts (includes expected credit loss) (net)	1.23
Fair value Loss / (Gain) on investments measured at FVTPL	(0.59)
<b>Cash Generated from Operations before working capital changes &amp; Exceptional Items</b>	<b>3,727.44</b>
<b>Exceptional Items</b>	
Reversal for Diminution in value of investments	(18.31)
<b>Cash Generated from Operations before working capital changes</b>	<b>3,709.13</b>
<b>Adjustments for changes in working capital</b>	
(Increase) / Decrease in inventories	1,214.71
(Increase) / Decrease in trade receivables	(162.61)
(Increase) / Decrease in other assets / other financial assets	(439.19)
Increase / (Decrease) in provisions	(0.98)
Increase / (Decrease) in trade payables	(520.13)
Increase / (Decrease) in other financial liabilities	17.26
Increase / (Decrease) in other current liabilities	(11.77)
Increase / (Decrease) in other non-current liabilities	(12.95)
<b>Cash generated from Operations</b>	<b>3,793.47</b>
Income taxes paid (net of refunds)	(778.10)
<b>Net Cash from Operating Activities (A)</b>	<b>3,015.37</b>
<b>B. Cash Flows from Investing Activities</b>	
Purchase of property, plant and equipment and intangible assets (including capital work-in-progress)	(5,599.24)
(Increase) / Decrease in loans	376.22
Proceeds / (Investments) in deposits (net)	2,056.94
Proceeds from sale of Investment in Mutual Fund	12,390.47
Purchase of Investment in Mutual Fund	(12,554.39)
Interest received	499.78
<b>Net Cash Flows from Investing Activities (B)</b>	<b>(2,830.22)</b>
<b>C. Cash Flows from Financing Activities</b>	
Repayment of borrowings - Non-current (including current maturities)	(611.69)
Proceeds from borrowings - Current (including Bill Discounting)	9,920.61
Repayment of borrowings - Current (including Bill Discounting)	(8,633.75)
Interest paid	(335.39)
Dividend paid	(436.53)
<b>Net Cash Flows from Financing Activities (C)</b>	<b>(96.75)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>	<b>88.40</b>
<b>Cash and cash equivalents at the beginning of the year (refer Note 11)*</b>	<b>105.28</b>
<b>Cash and cash equivalents at the end of the year (refer Note 11)*</b>	<b>193.68</b>

\* Excluding earmarked balances (on unclaimed dividend accounts)



**CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2024****1. Cash and Cash equivalents for the purpose of Cash Flow Statement**

(₹ in Million)

Particulars	Year ended March 31, 2024
Balances with Banks (refer Note 11)	
In cash credit and current accounts	193.68
Cash on Hand	—
Total	<b>193.68</b>

**2. Change in Liability Arising from Financing Activities**

(₹ in Million)

Particulars	April 1, 2023	Cash flow	Foreign exchange movement	March 31, 2024
Borrowing - Non-current (including current maturities) (refer Note 15)	2,256.03	(611.69)	23.14	1,667.48
Borrowing - Current (refer Note 20)	3,008.02	1,286.86	—	4,294.88
Total	<b>5,264.05</b>	<b>675.17</b>	<b>23.14</b>	<b>5,962.36</b>

3. The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

Material accounting policies 1

Material 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 KIRTANE & PANDIT LLP  
Chartered Accountants  
Firm Registration No.105215W/W100057

On behalf of the Board of Directors

Anand Jog  
Partner  
Membership No.108177

Mrs.D.R. Puranik  
Company  
Secretary

B.M. Maheshwari  
Chief Financial  
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R.K. Goyal  
Managing  
Director

B.N. Kalyani  
Chairman

Membership  
Number : ACS7475

Membership  
Number : 047903

DIN : 03050193

DIN : 00089380

Pune  
Date : May 10, 2024

Pune  
Date : May 10, 2024

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS :**

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

**Background**

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

These consolidated financial statements for the year ended March 31, 2024 were approved by the Board of Directors and authorized for issue on May 10, 2024.

**1 Material Accounting Policies**

This note provides a list of the material 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 and measurement****Compliance with Ind AS**

Consolidated Financial Statements have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under the Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation and disclosures requirement of Division II of revised Schedule III of the Companies Act, 2013 (Ind AS Compliant Schedule III), as applicable to Consolidated financial statement.

Accordingly, the Company has prepared these Consolidated Financial Statements which comprise the Consolidated Balance Sheet as at 31 March 2024, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year ended as on that date and accounting policies and other explanatory information (together hereinafter referred to as "Consolidated Financial Statements" or "financial statements").

**Principles of consolidation and equity accounting****Subsidiary**

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the group. The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement changes in equity and balance sheet respectively.

**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.

**Joint operations**

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

**Business Combinations**

Business combinations involving entities or businesses under common control shall be accounted for using the pooling of interest method as per Appendix C of Ind AS 103 – Business Combinations.

**Historical cost convention**

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

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

**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.

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

A liability is current when :

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

The Group classifies all other liabilities as non-current.

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

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

**(b) 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**

At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**Exchange Differences**

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

**(c) Revenue from Contract with Customers**

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of returns, trade allowances, rebates, value added taxes & goods and services tax offered by the Group as part of the contract.

**Sale of goods and rendering of services**

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

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

Revenue from services is recognized as the related services are performed.

**(d) Other Income****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 using the effective interest rate, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**Dividends**

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

**(e) Taxes****Current income tax**

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates (i.e. enacted or substantially enacted) and the provisions of the Income Tax Act, 1961. The management periodically evaluates positions taken in returns with

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

respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

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

**Deferred Tax**

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

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

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

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

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

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

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

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

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

**Indirect taxes paid on acquisition of assets or on incurring expenses**

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

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included.

The net amount of tax recoverable from or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

**(f) 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.

**(g) Trade receivables**

Financial assets in the form of trade receivables, are initially measured at their transaction price as those do not contain a significant financing component determined in accordance with Ind AS 115.

**(h) Inventories**

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

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

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

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

Scrap is valued at net realizable value.

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

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

**(i) Investment in subsidiary and associate**

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

**(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.

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 Group's external valuers, which valuation techniques and inputs to use for each case.

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

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

For the purpose of fair value disclosures, the 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. However, trade receivables that do not contain a significant financing component are measured at transaction price.

**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 of the 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

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

amortization is included in other income in the statement of profit and loss. The losses arising from impairment are recognized in the statement of profit and loss.

**Financial assets at fair value through other comprehensive income**

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

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

After initial measurement, such financial assets, until they are 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.

**Equity Instrument**

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

**De-recognition of financial assets**

A financial asset is de-recognized when :

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

**Impairment of financial assets**

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

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

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

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

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

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

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

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

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

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

- Financial assets measured as at amortized cost.

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

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

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :****(m) Financial Liabilities****Initial recognition and measurement**

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

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

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

**Subsequent measurement**

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

**Financial liabilities at fair value through profit or loss**

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

**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) Loans and Borrowings at amortized Cost**

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

**(o) Borrowing costs**

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

The Group determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the year less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Company borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalization are determined by applying a capitalization rate to the expenditures on that asset.

Borrowing Cost includes exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the finance cost.

**(p) 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.

**(q) Property, plant and equipment**

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

Subsequent costs are included in the asset's carrying amount as recognized as a consolidated 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 consolidated 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 have 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.

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

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

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

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

Asset Category	Life In Years
Factory Buildings	30
Office Building	60
Plant and Equipment - Continuous Process	20
Plant and Equipment - Other than continuous process	13
Plant and Equipment - Power Plant	40
MBF Relining	4
Electrical Installations	10
Computers	3
Servers	6
Furniture and Fixtures	10
Office Equipment	5
Vehicles	8
Helicopter	20

Freehold land is carried at historical cost.

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, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

**Intangible assets**

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

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

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

**Transition to Ind AS**

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

**(r) Impairment of non-financial assets**

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

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

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

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

**(s) 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.

**(t) 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.



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

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

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

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

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

**(ii) Post-Employment benefits****1. Defined Contribution plan**

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

**2. Defined Benefit plan**

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

**(iii) Long term Employment benefits**

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

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

**Gratuity**

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

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

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

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

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

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

**Provident Fund**

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

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

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

**Superannuation**

Retirement benefit in the form of superannuation plan is a defined contribution plan. Defined contributions to insurance Company for employees covered under Superannuation scheme are accounted at the rate of 15% of such employees' basic salary, restricted to ₹ 150,000/- p.a.

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

The Group recognizes expense toward the contribution paid / payable to the defined contribution plan as and when an employee renders the relevant service. The Group has no obligation, other than the contribution payable to the superannuation fund.

**iv) Termination benefits**

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

**(v) 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.

**(w) 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.

**(x) Dividends**

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

**(y) 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.

**(z) 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.

**2. Material 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.

**A. Judgements**

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

**1. Legal Contingencies**

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

**2. Segment Reporting**

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

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

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :****3. Joint operation**

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

**4. Investment in convertible debentures**

The Company has invested in Fully Convertible Debentures (FCDs) of DGM Realities Private Limited (DGM) of face value of ₹ 1,319.60 Million. As per the terms of allotment of the said FCDs, each FCD of ₹ 100/- each is convertible into 1 (One) Equity Share of ₹ 10/- each of DGM at a premium of ₹ 90/- per Share. On first tranche of conversion, 2,700,000 Equity Shares were allotted to the Company by DGM on March 29, 2024, representing 99.63% of the paid-up capital of DGM. Consequently, the Company has become the Holding Company of DGM.

However, proportion allocated to the parent and non-controlling interests in preparing consolidated financial statements is determined by taking into account the eventual exercise of the potential voting rights. Accordingly, Consolidated Financial Statements represent 99.92% of the ownership interest held by the Company in DGM Realities Private Limited.

**5. Control over subsidiary**

The management has assessed that the Group had control over the subsidiary - DGM Realities Private Limited based on the facts and circumstances existing on its date of incorporation. The Group had control over its subsidiary through majority shareholding.

**B. 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 consolidated 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 37.

**2. Fair value measurement of unquoted financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgments and estimates include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 39 for further disclosures.

**3. Impairment of Financial Assets**

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

**4. Deferred Tax**

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

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

## Note 3 : Property, plant and equipment

Particulars	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles & Aircrafts	Total	Capital work in progress
<b>Gross Block as at March 31, 2023</b>	<b>1,035.66</b>	<b>1,425.12</b>	<b>9,656.62</b>	<b>170.85</b>	<b>37.83</b>	<b>74.20</b>	<b>12,400.28</b>	<b>178.68</b>
Additions	829.60	77.83	262.14	7.63	0.97	761.19	1,939.36	3,710.58
Borrowing Cost Capitalized	—	—	—	—	—	—	—	51.36
Transfers	—	—	—	—	—	11.70	11.70	(129.08)
<b>Gross Block as at March 31, 2024</b>	<b>1,865.26</b>	<b>1,502.95</b>	<b>9,918.76</b>	<b>178.48</b>	<b>38.80</b>	<b>847.09</b>	<b>14,351.34</b>	<b>3,811.54</b>

(₹ in Million)

Particulars	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles & Aircrafts	Total
<b>Accumulated Depreciation :</b>							
<b>As at March 31, 2023</b>	—	490.37	5,731.81	119.83	26.31	40.72	6,409.04
For the year	—	61.89	513.22	16.32	3.07	12.08	606.58
<b>As at March 31, 2024</b>	—	<b>552.26</b>	<b>6,245.03</b>	<b>136.15</b>	<b>29.38</b>	<b>52.80</b>	<b>7,015.62</b>

(₹ in Million)

Particulars	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles & Aircrafts	Total
<b>Net Block</b>							
<b>As at March 31, 2024</b>	<b>1,865.26</b>	<b>950.69</b>	<b>3,673.73</b>	<b>42.33</b>	<b>9.42</b>	<b>794.29</b>	<b>7,335.72</b>

- i) For Depreciation and amortization refer accounting policy (refer Note 1).
- ii) The Group had adopted deemed cost exemption under Ind AS 101, on transition date April 1, 2015. The information of Gross Block and accumulated depreciation as on April 1, 2015 is carried forward for disclosures.
- iii) Capital work-in-progress as on March 31, 2024 mainly comprises acquisition of Kamineni Steel Plant.
- iv) Contractual Obligations - Refer Note 36-B for disclosure of contractual commitments for the acquisition of Property, plant and equipment.
- v) Property, Plant and equipment pledged as security, refer Note 48.
- vi) Title Deeds of Immovable properties are held in the name of the Group.
- vii) The Group has not revalued any Property, plant and equipment during the year.
- viii) There are no proceeding which has been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- ix) Ageing Schedule for Assets under development as on March 31, 2024 :

Name of Project	Ageing Schedule for Assets under development as on March 31, 2024 :				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Kamineni Steel Plant	3,731.05	—	—	—	3,731.05
Others	80.49	—	—	—	80.49
<b>Total</b>	<b>3,811.54</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,811.54</b>

(₹ in Million)

- x) Completion Schedule for Projects Overdue or Exceeded Cost Estimate as on March 31, 2024 :

Name of Project	Completion Schedule for Projects Overdue or Exceeded Cost Estimate as on March 31, 2024 :			Total
	Less than 1 year	1-2 years	More than 3 years	
Kamineni Steel Plant	—	—	3,731.05	3,731.05
<b>Total</b>	<b>—</b>	<b>—</b>	<b>3,731.05</b>	<b>3,731.05</b>

(₹ in Million)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 4 : Intangible assets

( ₹ in Million)

Particulars	Computer software
<b>Gross Block as at March 31, 2023</b>	<b>61.60</b>
Additions	0.38
Disposals / Adjustments	—
<b>Gross Block as at March 31, 2024</b>	<b>61.98</b>

( ₹ in Million)

Particulars	Computer software
<b>Accumulated Amortization :</b>	
<b>Gross Block as at March 31, 2023</b>	<b>58.42</b>
For the year	0.93
Disposals / Adjustments	—
<b>Gross Block as at March 31, 2024</b>	<b>59.35</b>

( ₹ in Million)

Net Block	
<b>As at March 31, 2024</b>	<b>2.63</b>

- i) Intangible Assets are amortized on Straight Line method.
- ii) For Depreciation and amortization refer accounting policy (Note 1).
- iii) The Group had adopted deemed cost exemption under Ind AS 101, on transition date April 1, 2015. The information of Gross Block and accumulated depreciation as on April 1, 2015 is carried forward for disclosures.
- iv) The Group has not revalued its intangible assets during the year.

Note 5 (a) : Investment in associate

( ₹ in Million)

Particulars	Face value per unit in ₹	Number of shares As at March 31, 2024	Amount
			As at March 31, 2024
<b>A. Investment in associates (Unquoted) :</b>			
<b>Equity Shares in Associate at cost (fully paid)</b>			
Kalyani Mukand Limited	10	1,000,000	10.05
			10.05
Aggregate provision for impairment in value of investments			(10.05)
Total			—
Total Non-current investments in associate			—
Aggregate amount of quoted investments			—
Aggregate amount of unquoted investments			10.05
Aggregate amount of impairment in the value of investments			(10.05)

Note 5(b) : Non-current investments

( ₹ in Million)

Particulars	Face value per unit in ₹	Number of shares As at March 31, 2024	Amount
			As at March 31, 2024
<b>Investments in Preference shares (Unquoted) :</b>			
<b>Investments at fair value through profit or loss</b>			
10% Non-Cumulative Redeemable in Baramati Speciality Steels Limited	10	5,926,000	23.83
			23.83
Aggregate provision for impairment in value of investments			—
Total Non-current investments			<b>23.83</b>

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 5(c) : Current investments

(₹ in Million)

Particulars	Face value per unit in ₹	Number of units	Amount
		As at March 31, 2024	As at March 31, 2024
<b>Investments at fair value through profit and loss</b>			
<b>Investments in mutual funds (quoted)</b>			
Bandhan Liquid Fund - Regular Plan - Growth Option	100	34,898	101.00
Kotak Liquid Fund - Regular Plan - Growth	100	20,866	100.99
Nippon India Liquid Fund - Growth Plan - Growth Option	100	17,284	101.00
ABSL Money Manager Fund - Regular Plan - Growth	10	99,844	33.64
HDFC Money Market Fund - Regular Plan - Growth	100	8,713	45.38
Total			<b>382.01</b>
Aggregate amount of quoted investments			382.01
Aggregate amount of unquoted investments			—
Aggregate amount of impairment in the value of investments			—

Note 6 : Other financial assets

a. Non-current

(₹ in Million)

Particulars	As at March 31, 2024
Security deposits	
Unsecured, considered good	126.80
Unsecured, considered doubtful	2.09
Less : Allowance for credit losses	(2.09)
Bank deposits with maturity more than twelve months	140.09
Total	<b>266.89</b>

b. Current

(₹ in Million)

Particulars	As at March 31, 2024
Interest accrued on fixed deposits	219.71
Other Receivables	50.98
Total	<b>270.69</b>

Note 7 : Non Current Income tax assets (net)

(₹ in Million)

Particulars	As at March 31, 2024
Tax paid in advance (net of provisions)	8.62
Total	<b>8.62</b>

Note 8 : Other assets

a. Non-current

(₹ in Million)

Particulars	As at March 31, 2024
Capital advances	
Considered good	1.56
Balances with government authorities	
Considered good	547.20
Considered doubtful	—
Less : Allowance for losses	—
Prepaid expenses	8.39
Total	<b>557.15</b>

No advances are due from Directors or other officers of the Group, firms in which a Director is a partner or private companies in which Director is a Director or a member either severally or jointly with any other person except as disclosed in Note 38.

b. Current

(₹ in Million)

Particulars	As at March 31, 2024
Prepaid expenses	33.80
Advance to suppliers	
Considered good	395.99
Considered doubtful	(5.09)
Less : Allowance for losses	5.09
Balances with government authorities	64.74
Other advances	1.22
Total	<b>495.75</b>

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 9 : Inventories

(₹ in Million)

Particulars	As at March 31, 2024
(at lower of cost or net realizable value)	
Raw materials*	1,057.14
Work-in-progress (includes items lying with third parties)	245.92
Finished goods (includes items lying with third parties)	343.74
Finished goods (in transit)	204.52
	548.26
Scrap at estimated realizable value	5.01
Stores and spares	167.97
Stock in trade with subsidiary	845.33
Total	<b>2,869.63</b>

\* includes goods in transit March 31, 2024 ₹ 49.13 Million

The value of inventories above is stated after write down of ₹ 17.42 Million to net realizable value and provision for slow moving and obsolete items.

a) Details of raw material inventory

(₹ in Million)

As at March 31, 2024	MTs	Amount
Coke / Coal / Coke Fines	28,198	655.06
Iron Ore / Iron Ore Fines / Mill Scale	26,149	156.00
Ferro Alloys		194.24
Others		51.84
Total		<b>1,057.14</b>

b) Details of work in progress

(₹ in Million)

As at March 31, 2024	MTs	Amount
Blooms & Rounds	4,335	234.25
Others		11.67
Total		<b>245.92</b>

c) Details of finished goods

(₹ in Million)

As at March 31, 2024	MTs	Amount
Rolled Products	9,556	548.26
Others (Scrap)		5.01
Total		<b>553.27</b>

Note 10 : Trade receivables

(₹ in Million)

Particulars	As at March 31, 2024
Trade Receivable	1,561.96
Receivables from related parties (refer Note 38)	2,673.19
Less : Allowance for doubtful debts	(26.73)
	4,208.42
Break up of security details	
Secured, considered good	—
Unsecured, considered good	4,208.42
Doubtful	26.73
Total	4,235.15
Allowance for doubtful debts	(26.73)
Total	<b>4,208.42</b>

1. Trade receivable are non-interest bearing and are generally on terms of 30-90 days upon delivery.

2. The amount receivable from related parties is disclosed net of advance of ₹ 470 Million as the Group has a legally enforceable right to set off the said advance against the receivable and the Group intends to do so.

3. For details of debts due from companies in which any director is a partner, a director or a member, refer Note 38 of related party transactions.

4. No Trade Receivable are due from Directors or other officers of the Group either severally or jointly.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

5. Expected credit loss for Trade Receivables under simplified approach :

(₹ in Million)

Particulars	As at March 31, 2024
Considered goods - Secured	—
Considered goods - Unsecured	4,235.15
Trade Receivables which have significant increase in credit risk	—
Trade Receivables - Credit Impaired	26.73
Expected loss rate	0.63%
Expected credit losses (loss allowance provision)	26.73
<b>Carrying amount of trade receivables (net of impairment)</b>	<b>4,208.42</b>

Trade receivables ageing schedule as at March 31, 2024

(₹ in Million)

Particulars	Outstanding for following period from Due Date of Payment						Total
	Not Due	Less than 6 Months	6 Months - 1 Year	1 - 2 Years	2 - 3 Years	More than 3 Years	
(i) Undisputed Trade Receivables - Considered Good	4,457.62	413.09	—	—	—	—	4,870.71
(ii) Undisputed Trade Receivables - which have significant increase in Credit Risk	—	—	—	—	—	—	—
(iii) Undisputed Trade Receivables - Credit Impaired	—	—	—	—	—	—	—
(iv) Disputed Trade Receivables - Considered Not Good	—	—	—	—	—	26.73	26.73
(v) Disputed Trade Receivables - which have significant increase in Credit Risk	—	—	—	—	—	—	—
(vi) Disputed Trade Receivables - Credit Impaired	—	—	—	—	—	—	—
Total	<b>4,457.62</b>	<b>413.09</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>26.73</b>	<b>4,897.44</b>
Unbilled							(662.29)
Loss Allowance							(26.73)
<b>Net Trade Receivables</b>							<b>4,208.42</b>

From opening balances of Unbilled revenue, amount of ₹ 176.61 Million has been recognized as revenue during the year 2023-24.

6. The amount repayable under the bill discounting arrangement is presented as borrowing. The relevant carrying amounts are as follows :

(₹ in Million)

Particulars	As at March 31, 2024
Transferred receivables	1,774.88
Associated secured borrowing (bank loans - refer Note 20)	1,774.88

Note 11 : Cash and cash equivalents

(₹ in Million)

Particulars	As at March 31, 2024
Cash on hand	—
Balances with Banks	
In current and cash credit accounts	193.68
Total	<b>193.68</b>

Note 12 : Bank balances other than cash and cash equivalents

(₹ in Million)

Particulars	As at March 31, 2024
Earmarked balances (unclaimed dividend accounts)	12.07
Deposits with original maturity of more than three months but less than twelve months	5,294.54
Total	<b>5,306.61</b>



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 13 : Share capital

(a) Authorized share capital

Particulars	Equity shares	Cumulative redeemable preference shares	Unclassified shares
<b>As at March 31, 2024 :</b>			
Number of shares	95,000,000	3,010,000	2,400,000
Face value per share	₹ 5/-	₹ 100/-	₹ 10/-
Amount (₹ in Million)	475.00	301.00	24.00

(b) Terms / rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹ 5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Issued and subscribed equity share capital

(₹ in Million)

Particulars	Number of shares	Amount
<b>As at March 31, 2023</b>	43,759,380	218.80
Changes in equity share capital	—	—
<b>As at March 31, 2024</b>	43,759,380	218.80

(d) Subscribed and fully paid up equity share capital

(₹ in Million)

Particulars	As at March 31, 2024
Equity Shares of ₹ 5/- each fully paid	218.27
Add : Forfeited Equity Shares (amount paid up)	0.37
<b>Subscribed and paid up equity share capital</b>	<b>218.64</b>
Number of equity shares of ₹ 5/- each fully paid	43,653,060
Add : Forfeited Equity Shares	106,320
<b>Number of shares</b>	<b>43,759,380</b>

(e) Details of shareholders holding more than 5% Equity Shares in the Company

Particulars	Ajinkya Investment & Trading Company	Sundaram Trading & Investment Private Limited	BF Investment Limited	DSP Small Capital Fund
<b>As at March 31, 2024</b>				
% of holding	7.47%	17.79%	39.06%	7.06%
Number of shares	3,261,822	7,766,758	17,052,421	3,080,999

(f) Details of Equity Shares held by Promoter and Promoter Group

Name of the Promoter / Promoter Group Member	As at March 31, 2024	
	No. of shares	% of total shares
Mr.B.N. Kalyani - Promoter	1,118	—
Mrs.Sunita B. Kalyani	54,650	0.13
Mr.Amit B. Kalyani	31,644	0.07
Mrs.Deeksha A. Kalyani	50	—
Mrs.Sugandha J. Hiremath & Mr.Jai V. Hiremath	3,179	0.01
Ajinkya Investment & Trading Company	3,261,822	7.47
Sundaram Trading & Investment Private Limited	7,766,758	17.79
Ajinkyatara Trading Company Limited	2,560	0.01
Lohgaon Trading Company Private Limited	70,000	0.16
BF Investment Limited	17,052,421	39.06
Babasaheb Kalyani Family Trust	—	—
Total	<b>28,244,202</b>	<b>64.70</b>

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 14 : Other equity

(₹ in Million)

Particulars	As at March 31, 2024
<b>A) Reserves and Surplus</b>	
<b>i) Retained earnings in the statement of profit &amp; loss</b>	
Balance at the beginning of the year	14,159.27
Add : Profit for the year	2,487.85
Add : Other Comprehensive Income being remeasurements of post-employment benefit plans (net of tax)	(8.74)
Total	2,479.11
Less :	
Final equity dividend of previous year	436.53
Total	436.53
<b>Balance at the end of the year</b>	<b>16,201.85</b>
<b>ii) General reserve</b>	
Balance at the beginning and end of the year	419.27
<b>B) Other Reserves</b>	
<b>i) Capital Reserve on consolidation</b>	<b>(41.36)</b>
Total	<b>16,579.76</b>

Nature and purpose of reserves :

i) **Retained earnings in the statement of profit & loss :**

Surplus in Statement of Profit & Loss represents the undistributed profit of the Group as on Balance Sheet date.

ii) **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.

iii) **Capital Reserve on consolidation :**

Capital reserve on consolidation has been created under conversion of 0% Fully Convertible Debentures in DGM Realities Private Limited into fully paid equity shares of face value ₹ 10/- per share.

iv) **Dividend distribution made and proposed :**

(₹ in Million)

Particulars	2023-24
<b>Cash Dividend on Equity shares declared and paid</b>	
<b>Final Dividend :</b>	
For the year ended March 31, 2023 : ₹ 10/- per equity share (March 31, 2022 : ₹ 10/- per equity share)	436.53
<b>Proposed dividends on Equity Shares</b>	
<b>Final Dividend :</b>	
For the year ended March 31, 2024 : ₹ 10/- per equity share (March 31, 2023 : ₹ 10 /- per equity share)	436.53

Proposed dividend on equity shares is subject to approval of the shareholders of the Company at the annual general meeting and is not recognized as a liability as at year end.

The Company has complied with the provisions of Section 123 of the Companies Act, 2013 related to dividend declared and paid.

Note 15 : Non-current borrowings

(₹ in Million)

Particulars	As at March 31, 2024
<b>Secured :</b>	
<b>Foreign currency term loans from Bank :</b>	
MUFG Bank, Ltd. Singapore (refer note (i) below)	1,667.48
<b>Total non-current borrowings</b>	<b>1,667.48</b>
Less : amount disclosed as current maturities of non current borrowings (refer Note 20)	
MUFG Bank, Ltd. Singapore (refer Note (i) below)	833.74
<b>Total current maturities of non-current borrowings</b>	<b>833.74</b>
Total	<b>833.74</b>

**Foreign currency term loans :**

i) From MUFG Bank, Ltd. Singapore

External Commercial Borrowing (ECB) Term Loan balance outstanding is USD 20,000,000/-. The loan is repayable in ten equal quarterly installments, repayment commenced from December 29, 2023, carrying interest at SOFR plus 115 bps p.a. payable quarterly.

ii) The Group has utilized the borrowings for the purpose for which they were obtained.

**Details of security**

Above Foreign Currency Term Loan is secured by First Pari-passu Charge on the Movable Fixed Assets of the Group i.e. hypothecation of the entire Plant and Machineries, machinery spares, tools and accessories, furniture and fixtures and other movable accessories both present and future, ranking pari-passu with charges created and / or to be created in favour of Banks / Financial Institutions for their term / foreign currency loans. The Group has registered all required charges with Registrar of Companies.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 16 : Other current financial liabilities

(₹ in Million)

Particulars	As at March 31, 2024
Interest accrued but not due	2.51
Unclaimed dividend payable	12.07
Creditors for capital goods	196.62
Employee benefits payable	124.91
Total	<b>336.11</b>

Note 17 : Provisions

a. Non-current

(₹ in Million)

Particulars	As at March 31, 2024
Provision for employee benefits (refer Note 37)	
Provision for compensated absences	52.21
Total	<b>52.21</b>

b. Current

(₹ in Million)

Particulars	As at March 31, 2024
Provision for employee benefits (refer Note 37)	
Provision for gratuity	12.67
Provision for compensated absences	15.00
Total	<b>27.67</b>

Note 18 : Deferred tax liabilities (net)

(₹ in Million)

Particulars	As at March 31, 2024
<b>Deferred tax liabilities</b>	
Depreciation and amortization	235.86
Fair valuation of derivatives	3.36
Total deferred tax liabilities	239.22
<b>Deferred tax assets</b>	
Disallowance u/s 43B of the Income Tax Act	12.40
Provision for doubtful debts	6.73
Other Comprehensive income	2.94
Fair valuation of investment	8.92
Total deferred tax assets	30.99
Total	<b>208.23</b>

Note 19 : Other Liabilities Non-current

(₹ in Million)

Particulars	As at March 31, 2024
Advance received as a part of strategic alliance	25.47
Total	<b>25.47</b>

Note 20 : Current borrowings

(₹ in Million)

Particulars	As at March 31, 2024
<b>Unsecured borrowing from bank*</b>	
Bill Discounting with banks***	1,774.88
<b>Secured borrowing from bank*</b>	
Overdraft against Bank Deposits**	2,520.00
Current maturity of term loans from Bank	833.74
Total	<b>5,128.62</b>
Less : Interest accrued	—
Total	<b>5,128.62</b>

\* Borrowing carries interest rate ranges between 7.58% to 8.08% p.a.

\*\* Overdraft against Fixed Deposits : The Group has availed overdraft facility against Fixed Deposits (FDs) kept with various nationalized / private sector banks. The applicable average rate of interest is 8.08%. The overdraft facility is secured by charge on the Fixed Deposit Certificates and all charges are registered with the Registrar of Companies.

\*\*\* Bill Discounting : The Group has availed unsecured Bill Discounting facilities from various banks, which are repayable within 90 days. The applicable average interest rate is 7.58% p.a. (previous year 5.5%)

The Group does not have any charges or satisfaction which is yet to be registered with the ROC beyond the statutory period.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 21 : Trade payables

(₹ in Million)

Particulars	As at March 31, 2024
Total outstanding dues of micro enterprises and small enterprises	159.39
Total outstanding dues of creditors other than micro enterprises and small enterprises	
i) Acceptances (see note (i) below)	560.68
ii) Related Parties	106.79
iii) Others	1,237.74
Total	<b>2,064.60</b>

i) Acceptances include credit availed by the Group from banks for payment to suppliers for raw materials purchased by the Group. The arrangements are interest-bearing and are payable within one year.

ii) Trade payables are non interest bearing and generally settled within 90 days.

iii) The Group has compiled this information based on the current information in its possession as at March 31, 2024.

Disclosures required under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) are given as follows :

(₹ in Million)

Dues to Micro, Small and Medium Enterprises ( MSMEs)	As at March 31, 2024
Total amount dues to MSMEs as on Balance Sheet date	
- Principal amount due to MSMEs	159.39
- Interest on principal amount due to MSMEs	0.11
Total delayed payments to MSMEs during the year	
- Principal amount	—
- Interest on Principal amount	—
Total amount of interest paid to MSMEs during the year	—
Total interest accrued and remaining unpaid at the end of the year under MSMED Act	0.11
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23	0.11

Trade payables ageing schedule as at March 31,2024

(₹ in Million)

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
(i) MSME	8.40	150.99	—	—	—	159.39
(ii) Others	289.72	1,250.46	3.39	3.69	0.83	1,548.09
(iii) Disputed Dues - MSME	—	—	—	—	—	—
(iv) Disputed Dues - Others	—	—	—	—	—	—
Total	298.12	1,401.45	3.39	3.69	0.83	1,707.48
(v) Unbilled Dues*						357.12
Total						<b>2,064.60</b>

\* Unbilled represent accruals for expenses.

Note 22 : Other current liabilities

(₹ in Million)

Particulars	As at March 31, 2024
Statutory dues payable*	168.03
Contract liabilities (advances from customers)	18.37
Advance received as a part of strategic alliance	12.95
Total	<b>199.35</b>

\* Statutory dues payable includes Goods and Service Tax, Tax deducted at Source etc.

Note 23 : Current tax liabilities (net)

(₹ in Million)

Particulars	As at March 31, 2024
Provision for income tax (net of advance tax)	57.72
Total	<b>57.72</b>

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 24 : Revenue from operations

(₹ in Million)

Particulars	Year ended March 31, 2024
<b>Revenue from contracts with customers</b>	
<b>Sale of Products</b>	
Finished Goods	19,138.80
Traded Goods	157.86
<b>Other Operating Revenue</b>	
Scrap Sales	258.28
Export incentives	0.35
Processing charges for job work	3.10
Provisions written back	36.53
Total	<b>19,594.92</b>

Details of finished goods sold

(₹ in Million)

Year ended March 31, 2024	Quantity in MTs	Amount
Foundry Coke	6,917	265.95
Pig Iron	12,804	506.93
Blooms and Rounds	20,834	1,735.64
Rolled Products	220,449	16,630.28
Total		<b>19,138.80</b>

Details of traded goods sold

(₹ in Million)

Year ended March 31, 2024	Quantity in MTs	Amount
Rolled Products	1,582	157.86
Total		<b>157.86</b>

Reconciliation of contract price with revenue

(₹ in Million)

Particulars	Year ended March 31, 2024
Contract price	19,306.45
Adjustment for :	
Contract liabilities : Discounts, incentives & late delivery charges	(6.69)
Revenue from contracts with customers	<b>19,299.76</b>

Details of amount of revenue recognized from opening contract liabilities

(₹ in Million)

Particulars	Year ended March 31, 2024
Contract liabilities at the beginning of the year	15.59
Revenue recognized from opening contract liabilities	8.96

Note 25 : Other income

(₹ in Million)

Particulars	Year ended March 31, 2024
Interest from deposits and loans, being financial assets carried at amortized cost	449.22
Gain on foreign exchange (net)	8.38
Profit on sale of Investments measured at FVTPL	4.33
Net gain / (loss) on investments measured at FVTPL	0.59
Miscellaneous receipts*	5.79
Total	<b>468.31</b>

\*Miscellaneous receipts includes VAT refund, rent received etc.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 26 : Cost of raw materials consumed

(₹ in Million)

Particulars	Year ended March 31, 2024
Raw material at the beginning of the year	2,241.49
Add : Purchases	9,896.47
Less : Sale of Raw Material	36.41
Less : Raw material at the end of the year	1,057.14
Total	<b>11,044.41</b>

Details of raw materials consumed

(₹ in Million)

Year ended March 31, 2024	Quantity in MTs	Amount
Coke / Coal / Coke Fines	171,769	6,230.85
Iron Ore / Iron Ore Fines / Mill Scale	413,176	2,337.38
Ferro Alloys		2,174.56
Others		301.62
Total		<b>11,044.41</b>

Note 27 : Purchases of traded goods

(₹ in Million)

Particulars	Year ended March 31, 2024
Rolled Products	139.87
Total	<b>139.87</b>

Note 28 : Changes in inventories of finished goods (including stock-in-trade) and work-in-progress

(₹ in Million)

Particulars	Year ended March 31, 2024
<b>Inventories at the end of the year</b>	
Work in Progress	245.92
Finished Goods	548.26
Finished Goods - Traded	—
Scrap at estimated realizable value	5.01
Stock in trade with subsidiary	845.33
	<b>1,644.52</b>
<b>Inventories at the beginning of the year</b>	
Work in Progress	217.41
Finished Goods	599.93
Finished Goods - Traded	—
Scrap at estimated realizable value	5.49
Stock in trade with subsidiary	845.33
	<b>1,668.16</b>
Total	<b>23.64</b>

Note 29 : Employee benefits expense

(₹ in Million)

Particulars	Year ended March 31, 2024
Salaries, wages and bonus	691.89
Gratuity (refer Note 37)	12.62
Contribution to provident fund and other funds*	47.26
Workmen and staff welfare expenses	31.87
Total	<b>783.64</b>

\* Other funds include contribution towards employee state insurance scheme and profession tax.

Note 30 : Finance Costs

(₹ in Million)

Particulars	Year ended March 31, 2024
Interest expenses	253.60
Other borrowing costs*	4.53
Total	<b>258.13</b>

\* Other borrowing costs includes L/C charges, Bank processing charges etc.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 31 : Depreciation and amortization expense

(₹ in Million)

Particulars	Year ended March 31, 2024
Depreciation on Property, plant and equipment (refer Note 3)	606.58
Amortization of intangible assets (refer Note 4)	0.93
Total	<b>607.51</b>

Note 32 : Other expenses

(₹ in Million)

Particulars	Year ended March 31, 2024
<b>(a) Manufacturing expenses :</b>	
Stores and spares consumed	1,570.04
Job work and manufacturing charges	610.59
Power and fuel	631.72
Building and road repairs	28.82
Machinery repairs	111.43
Facility charges under strategic alliance	58.08
Total (a)	<b>3,010.68</b>
<b>(b) Other expenses :</b>	
Rent (short term or low value)	2.05
Rates and taxes	1.04
Insurance	27.68
Legal and Professional charges	32.04
Travelling and conveyance	27.21
Security Services	21.06
Branding Fees	66.43
CSR expenditure (refer Note 45)	53.83
Donations	0.57
Freight outward	505.55
Brokerage and commission	3.05
Payment to auditor (refer Note 33)	4.20
Directors' fees and travelling expenses	2.25
Directors' commission	34.40
Provision for Doubtful Debts (net of reversal)	1.23
Miscellaneous expenses*	100.04
Total (b)	<b>882.63</b>
Total (a + b)	<b>3,893.31</b>

\* Miscellaneous expenses includes printing, stationery, postage, telephone etc.

Note 33 : Payment to auditors

(₹ in Million)

Particulars	Year ended March 31, 2024
Statutory audit	1.67
Tax audit	0.30
Limited reviews	1.80
Certifications	0.23
Out of pocket expenses reimbursed	0.20
Total	<b>4.20</b>

Note 34 : Income tax expense

(₹ in Million)

Particulars	Year ended March 31, 2024
Current tax expense	808.50
Deferred tax expense	44.68
Taxation in respect of earlier years	(10.00)
Total	<b>843.18</b>

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

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

(₹ in Million)

Particulars	Year ended March 31, 2024
Profit before tax	3,312.72
Applicable Statutory tax rate	25.168%
Computed tax expense	833.75
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	—
CSR Expenses	13.69
Interest on Income Tax	—
Exempt Income	4.61
Taxation in respect of earlier years	(10.00)
Others	1.13
<b>Income tax expense</b>	<b>843.18</b>

Note 35 : Earnings per Share

Particulars	Year ended March 31, 2024
Net profit after tax (₹ in Million)	2,487.85
Weighted average number of equity shares	43,653,060
Basic and diluted earning per share of nominal value of ₹ 5/- each	56.99

The Group does not have any potential equity shares that would have a dilutive effect on the Earnings Per Share.

Note 36 : Contingencies and commitments

A Contingent liabilities

(₹ in Million)

Particulars	As at March 31, 2024
i) Claims against the Group not acknowledged as debts	89.82
ii) Customs duty, excise duty and service tax, Goods and Service Tax - matter under appeal	247.65
iii) Income tax matters under appeal	40.44
iv) Iron ore supplier - rate difference claim - disputed	255.20
v) Reimbursement for Forest Development Tax on Iron Ore claimed by supplier	33.49
vi) Forest Development Tax / Fees*	923.45
Total	<b>1,590.05</b>

\* In response to a petition filed by the iron ore mine owners and purchasers (including the Group) contesting the levy of Forest Development Tax (FDT) on iron ore on the ground that the State does not have jurisdiction to legislate in the field of major minerals which is a central subject, the Honourable High Court of Karnataka vide its judgement dated December 3, 2015 directed refund of the entire amount of FDT collected by Karnataka State Government on sale of iron ore by private lease operators and National Mineral Development Corporation Limited (NMDC). The Karnataka State Government has filed an appeal before the Supreme Court of India ("SCI"). SCI has not granted stay on the judgement but stayed refund of FDT. The matter is yet to be heard by SCI. Based on merits of the case and supported by a legal opinion, the Group has not recognized provision for FDT of ₹ 923.45 Million as at March 31, 2024 and treated it as a contingent liability.

B Capital and other commitments

(₹ in Million)

Particulars	As at March 31, 2024
1 a) Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances)	16.05
b) Supply of Gases - Minimum Take over Price	203.26
Total	<b>219.31</b>

Note 37 : Provision for Employee benefits

(₹ in Million)

Particulars	As at March 31, 2024
<b>Compensated absences (refer Note A)</b>	
Non-current	52.21
Current	15.00
<b>Gratuity (refer Note B)</b>	
Current	12.67



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

**A) Compensated absences**

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

**I) Significant assumptions**

The significant actuarial assumptions were as follows :

**Kalyani Steels Limited**

Particulars	March 31, 2024
Discount rate	7.20%
Salary escalation rate	8.00%
Retirement age	VP and above - 60 years Whole time Director - 68 years Others - 55 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate
Attrition rate	7.00%

**Hospet Steels Limited (Joint Operation)**

Particulars	March 31, 2024
Discount rate	7.20%
Salary escalation rate	8.00%
Retirement age	Staff - 58 years Workers - 60 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate
Attrition rate	1.00-3.00%

**B) Gratuity**

The Company has formed "Kalyani Steels Limited Employees' Group Gratuity cum Life Assurance Scheme" to manage its gratuity obligations. The joint operation at Hospet Steels Limited has formed "Hospet Steels Limited Employees Gratuity Trust" to manage its gratuity obligations. The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to an insurance company - Life Insurance Corporation of India. Every permanent employee is entitled to a benefit as per policy of the Company of the last drawn salary for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service. There is no compulsion on the part of the Company to fully pre fund the liability of the Plan. The Company's philosophy is to fund the benefits based on its own liquidity as well as level of under funding of the plan.

**I) The amounts recognized in balance sheet and movements in the net benefit obligation over the year are as follows :**

(₹ in Million)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
<b>April 1, 2023</b>	161.43	(153.93)	7.50
Current service cost	12.80	—	12.80
Interest expense / (income)	11.80	(11.98)	(0.18)
<b>Total amount recognized in Statement of Profit and Loss</b>	<b>24.60</b>	<b>(11.98)</b>	<b>12.62</b>
Experience gain / loss	12.10	(0.43)	11.67
<b>Total amount recognized in Other Comprehensive Income</b>	<b>12.10</b>	<b>(0.43)</b>	<b>11.67</b>
Benefits paid	(8.03)	6.97	(1.06)
Contribution	—	(18.60)	(18.60)
Mortality	—	0.54	0.54
<b>March 31, 2024</b>	<b>190.10</b>	<b>(177.43)</b>	<b>12.67</b>
Provision for Gratuity refer Note 17(b)			12.67

**II) The net liability disclosed above relates to funded plans (including Joint Operations) are as follows :**

(₹ in Million)

Particulars	March 31, 2024
Present value of funded obligation	190.10
Fair value of plan assets	(177.43)
<b>Deficit of funded plan</b>	<b>12.67</b>

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

III) Significant estimates :

The significant actuarial assumptions were as follows :

**Kalyani Steels Limited**

Particulars	March 31, 2024
Discount rate	7.20%
Salary growth rate	8.00%
Attrition rate	7.00%
Retirement age	M1 category - 60 years Whole time Director - 68 years Others - 55 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate

**Hospet Steels Limited (Joint operation)**

Particulars	March 31, 2024
Discount rate	7.20%
Salary growth rate	8.00%
Attrition rate	1 - 3%
Retirement age	Staff - 58 years Workers - 60 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate

IV) Sensitivity analysis :

The sensitivity of defined obligation to changes in the weighted principal assumptions (including Joint Operations) is :

(₹ in Million)

Assumption	Impact on defined benefit obligation
	March 31, 2024
Discount rate	
1% decrease	7.79
1% increase	(7.12)
Future salary increase	
1% decrease	(5.60)
1% increase	6.02
Attrition rate	
1% decrease	0.36
1% increase	(0.33)

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the Projected Unit Credit Method at the end of the reporting period) has been applied as and when calculating the defined benefit liability recognized in the balance sheet.

The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The following payments are expected future benefit payments (including Joint Operations) :

(₹ in Million)

Particulars	March 31, 2024
Less than a year	49.71
Between 1 - 2 years	59.93
Between 2 - 5 years	56.44
Over 5 years	92.19
Total	<b>258.27</b>

The weighted duration of the defined obligation is 11.09 years

V) The major categories of plan assets are as follows :

Particulars	March 31, 2024
Unquoted - Insurer managed funds*	100.00%

\* The Group maintains gratuity fund, which is being administered by LIC. Fund value confirmed by LIC as at March 31, 2024 is considered to be the fair value

VI) The Group expects to contribute ₹ 8.50 Million to the gratuity fund in the next year.

**NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :****C) Superannuation plan**

The Group and its Joint Operation has formed "Kalyani Steels Limited Officers' Superannuation Scheme" and "Hospet Steels Limited Employees Superannuation Trust" respectively to manage its superannuation scheme through Life Insurance Corporation of India. Contributions are made at 15% of basic salary for employees covered under the superannuation scheme. The obligation of the 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 ₹ 11.44 Million.

**D) Risk Exposure**

Through its defined benefit plan, the Group is exposed to a number of risks, the most significant of which are detailed below :

**Asset Volatility :** All plan assets for gratuity and superannuation are maintained in a trust managed by a public sector insurer viz. LIC of India. LIC has a sovereign guarantee and has been providing consistent and competitive returns over the years. The Group has opted for a traditional fund wherein all assets are invested primarily in risk averse markets. The Group has no control over the management of funds but this option provides a high level of safety for the total corpus. A single account is maintained for both the investment and claim settlement and hence 100% liquidity is ensured. Also interest rate and inflation risk are taken care of.

**Asset volatility risk for provident fund :** The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Most of the plan asset investments is in fixed income fund, manages interest rate risk with derivatives to minimise risk to an acceptable level. A portion of the funds are invested in equity securities and in alternative investments which have low correlation with equity securities. The equity securities are expected to earn a return in excess of the discount rate and contribute to the plan deficit. The Group has a risk management strategy where the aggregate amount of risk exposure on a portfolio level is maintained at a fixed range. Any deviations from the range are corrected by rebalancing the portfolio. The Group intends to maintain the above investment mix in the continuing years.

**Changes in bond yields :** A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of plans' bond holdings.

**Life expectancy :** This is particularly significant where inflationary increases result in higher sensitivity to changes in life expectancy.

**Future salary increase and inflation risk :** Since price inflation and salary growth are linked economically, they are combined for disclosure purposes. Rising salaries will often result in higher future defined benefit payments resulting in a higher present value of liabilities especially unexpected salary increases provided at management's discretion may lead to uncertainties in estimating this increasing risk.

**Asset-Liability mismatch risk :** Risk arises if there is a mismatch in the duration of the assets relative to the liabilities. By matching duration with the defined benefit liabilities, the Group is successfully able to neutralize valuation swings caused by interest rate movements. The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the employee benefit plans.

**Note 38 : Related Party Transactions****A) Name of the related parties and nature of relationship  
(i) Where control exists**

Subsidiary	Ownership interest held by the Company
	March 31, 2024
DGM Realities Private Limited	99.63%

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

Joint operation	Ownership interest held by the Company
	March 31, 2024
Hospet Steels Limited	49.99%

The principal place of business of the joint operation is India. The principal business is to act as a management company for strategic alliance arrangement between Kalyani Steels Limited and Mukand Limited.

**Other related parties:****a) Structured entities :**

- i) Kalyani Steels Limited Non Bargainable Staff Provident Fund
- ii) Kalyani Steels Limited Officers' Superannuation Scheme
- iii) Kalyani Steels Limited Employees' Group Gratuity cum Life Assurance Scheme
- iv) Hospet Steels Limited Employees Gratuity Trust
- v) Hospet Steels Limited Employees Superannuation Trust

**b) Enterprise where in the Company is an Associate :**

- i) BF Investment Limited

Associate	Ownership interest held by the Company
	March 31, 2024
Kalyani Mukand Limited	50.00%

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

**B) Other related parties with whom transactions have taken place during the year :****Entities under common control :**

- i) Bharat Forge Limited
- ii) Kalyani Technoforge Limited
- iii) Kalyani Transmission Technologies Private Limited
- iv) Saarloha Advanced Materials Private Limited
- v) Baramati Speciality Steels Limited
- vi) Kalyani Investment Company Limited
- vii) Kudje Management Services Private Limited
- viii) Vishwasarh Finance Private Limited
- ix) BF Utilities Limited
- x) SBK Properties Private Limited

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

**C) Promoter / Promoter Group having 10% or more shareholding**

- i) Sundaram Trading & Investment Private Limited
- ii) BF Investment Limited

**Key Management Personnel**

- i) Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director
- ii) Mrs.Sunita B. Kalyani, Non-Executive Director
- iii) Mr.Amit B. Kalyani, Non-Executive Director
- iv) Mr.S.M. Kheny, Non-Executive Director
- v) Mr.B.B. Hattarki, Independent Director (up to March 31, 2024)
- vi) Mr.M.U. Takale, Non-Executive Director
- vii) Mr.Arun P. Pawar, Independent Director
- viii) Mr.Sachin K. Mandlik, Independent Director
- ix) Mr.S.K. Adivarekar, Independent Director
- x) Mrs.Shruti A. Shah, Independent Director
- xi) Amb.Ahmad Javed, Independent Director
- xii) Mr.S.G. Joglekar, Independent Director (w.e.f. February 5, 2024)
- xiii) Mr.Bal Mukand Maheshwari, Chief Financial Officer
- xiv) Mrs.Deepti R. Puranik, Company Secretary
- xv) Mr.R.K. Goyal, Managing Director

**Entities in which KMPs have significant influence**

- i) Kalyani Strategic Management Services Private Limited
- ii) Kalyani Center for Precision Technology Limited

(₹ in Million)

I	Key management personnel compensation	March 31, 2024
i)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	12.05
ii)	Mrs.Sunita B. Kalyani, Non-Executive Director	1.52
iii)	Mr.Amit B. Kalyani, Non-Executive Director	12.02
iv)	Mr.S.M. Kheny, Non-Executive Director	1.22
v)	Mr.B.B. Hattarki, Independent Director (up to March 31, 2024)	1.28
vi)	Mr.M.U. Takale, Non-Executive Director	0.81
vii)	Mr.Arun P. Pawar, Independent Director	0.50
viii)	Mr.Sachin K. Mandlik, Independent Director	1.21
ix)	Mr.S.K. Adivarekar, Independent Director	1.23
x)	Mrs.Shruti A. Shah, Independent Director	1.22
xi)	Amb.Ahmad Javed, Independent Director	1.21
xii)	Mr.S.G. Joglekar, Independent Director (w.e.f. February 5, 2024)	0.40
xiii)	Mr.Bal Mukand Maheshwari, Chief Financial Officer	12.08
xiv)	Mrs.Deepti R. Puranik, Company Secretary	7.42
xv)	Mr.R.K. Goyal, Managing Director	137.57
	Total	<b>191.74</b>

(₹ in Million)

II	Dividend Paid	March 31, 2024
i)	Sundaram Trading & Investment Private Limited	77.67
ii)	BF Investment Limited	170.52
iii)	Ajinkya Investment and Trading Company	32.62
iv)	Lohgaon Trading Company Private Limited	0.70
v)	Ajinkyatara Trading Company Limited	0.03
vi)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	0.01
vii)	Mrs.Sunita B. Kalyani, Non-Executive Director	0.55
viii)	Mr.Amit B. Kalyani, Non-Executive Director	0.32
ix)	Mrs.Deeksha A. Kalyani	—
x)	Mr.S.M. Kheny, Non-Executive Director	—
xi)	Mr.M.U. Takale, Non-Executive Director	0.03
xii)	Mrs.Sugandha J. Hiremath & Mr.Jai V. Hiremath	0.03
	Total	<b>282.48</b>

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

III	Transactions with related parties	March 31, 2024
<b>A</b>	<b>Sale of goods</b>	
i)	Bharat Forge Limited	5,086.59
ii)	Kalyani Technoforge Limited	3,429.90
iii)	Kalyani Transmission Technologies Private Limited	1,521.17
iv)	Saarloha Advanced Materials Private Limited	692.53
v)	Baramati Speciality Steels Limited	1.39
<b>B</b>	<b>Purchase of goods</b>	
i)	Bharat Forge Limited	12.43
ii)	Saarloha Advanced Materials Private Limited	164.11
iii)	Baramati Speciality Steels Limited	0.04
iv)	Kalyani Center for Precision Technology Limited	0.10
<b>C</b>	<b>Reimbursement of expenses received</b>	
i)	Kalyani Investment Company Limited	3.39
ii)	Saarloha Advanced Materials Private Limited	9.95
iii)	Baramati Speciality Steels Limited	0.02
<b>D</b>	<b>Conversion charges paid</b>	
i)	Saarloha Advanced Materials Private Limited	166.84
ii)	Baramati Speciality Steels Limited	75.03
<b>E</b>	<b>Reimbursement of expenses paid</b>	
i)	Bharat Forge Limited	0.41
ii)	Saarloha Advanced Materials Private Limited	1.39
iii)	Kudje Management Services Private Limited	1.47
<b>F</b>	<b>Finance provided - Loan</b>	
i)	Vishwasarh Finance Private Limited	47.50
<b>G</b>	<b>Finance received - repaid</b>	
i)	BF Utilities Limited	12.30
ii)	SBK Properties Private Limited	190.40
iii)	Vishwasarh Finance Private Limited	221.02
<b>H</b>	<b>Branding Fees paid</b>	
i)	Kalyani Strategic Management Services Private Limited	67.12
<b>I</b>	<b>Computer hardware purchase</b>	
i)	Kalyani Strategic Management Services Private Limited	0.19
<b>J</b>	<b>Computer hardware purchase</b>	
i)	Peach Blossom Investment Private Limited	0.01
<b>K</b>	<b>CSR expenses</b>	
i)	Akutai Kalyani Charitable Trust	52.00
<b>L</b>	<b>Employee benefit expense</b>	
i)	Kalyani Steels Limited Officers' Superannuation Scheme	2.32
ii)	Kalyani Steels Limited Employees' Group Gratuity cum Life Assurance Scheme	10.06
iii)	Hospet Steels Limited Employees Gratuity Trust	8.62
iv)	Hospet Steels Limited Employees Superannuation Trust	5.42

(₹ in Million)

IV	Outstanding balances	As at March 31, 2024
<b>A</b>	<b>Trade Payables</b>	
i)	Bharat Forge Limited	1.81
ii)	Saarloha Advanced Materials Private Limited	75.40
iii)	Baramati Speciality Steels Limited	14.32
iv)	Kalyani Strategic Management Services Private Limited	15.23
v)	Kalyani Center for Precision Technology Limited	0.02
vi)	Peach Blossom Investment Private Limited	0.01
	Total trade payables from related parties	106.79
<b>B</b>	<b>Trade Receivables</b>	
i)	Bharat Forge Limited	842.07
ii)	Kalyani Technoforge Limited	1,155.25
iii)	Kalyani Transmission Technologies Private Limited	534.17
iv)	Saarloha Advanced Materials Private Limited	141.26
v)	Baramati Speciality Steels Limited	0.02
vi)	Kalyani Investment Company Limited	0.42
	Total trade receivables from related parties	2,673.19

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

		(₹ in Million)
IV	Outstanding balances	As at March 31, 2024
<b>C</b>	<b>Outstanding balances Key management personnel compensation payable</b>	
i)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	12.00
ii)	Mrs.Sunita B. Kalyani, Non-Executive Director	1.50
iii)	Mr.Amit B. Kalyani, Non-Executive Director	12.00
iv)	Mr.S.M. Kheny, Non-Executive Director	1.20
v)	Mr.B.B. Hattarki, Independent Director (up to March 31, 2024)	1.20
vi)	Mr.M.U. Takale, Non-Executive Director	0.80
vii)	Mr.Arun P. Pawar, Independent Director	0.50
viii)	Mr.Sachin K. Mandlik, Independent Director	1.20
ix)	Mr.S.K. Adivarekar, Independent Director	1.20
x)	Mrs.Shruti A. Shah, Independent Director	1.20
xi)	Amb.Ahmad Javed, Independent Director	1.20
xii)	Mr.S.G. Joglekar, Independent Director (w.e.f. February 5, 2024)	0.40
xiii)	Mr.Bal Mukand Maheshwari, Chief Financial Officer	0.68
xiv)	Mrs.Deepti R. Puranik, Company Secretary	0.37
xv)	Mr.R.K. Goyal, Managing Director	59.64
	<b>Total</b>	<b>95.09</b>

		(₹ in Million)
V	Compensation to key management personnel	Year Ended March 31, 2024
	Short-term employee benefits	151.68
	Post-employment benefits	5.39

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

**VI Terms and conditions for outstanding balances**

Transactions relating to dividends were on the same terms and conditions that applied to other shareholders. The sale and purchase transactions were on the normal commercial terms and at market rates. The outstanding balances as on year end are unsecured and will be settled in monetary terms.

**Note 39 : Fair value measurements****Financial assets and liabilities at amortized cost**

		(₹ in Million)
Particulars		As at March 31, 2024
<b>Financial assets</b>		
Security deposits		126.80
Trade receivables		4,208.42
Cash and cash equivalents		193.68
Other Bank Balances		5,306.61
Interest Accrued and Others		270.69
Bank deposits with maturity more than twelve months		140.09
<b>Total financial assets</b>		<b>10,246.29</b>
<b>Financial liabilities</b>		
Borrowings		5,962.36
Trade payables		2,064.60
Other financial liabilities		336.11
<b>Total financial liabilities</b>		<b>8,363.07</b>

**Financial assets and liabilities classified as FVTPL**

		(₹ in Million)
Particulars		As at March 31, 2024
Investment in 10% Non cumulative Redeemable Preference shares		23.83
Investments in Mutual Funds		382.01

**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 amortized 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.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3
<b>Investment in Preference shares</b> March 31, 2024	—	—	23.83
<b>Investments in Mutual Funds</b> March 31, 2024	382.01	—	—

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 maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

**ii) Valuation technique used to determine fair value**

Specific valuation techniques used to value financial instruments include :

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value for preference shares is determined using discounted cash flow analysis (Baramati Speciality Steels Limited).

**iii) Valuation process**

The finance department of the Company includes a team that performs the valuations of assets and liabilities required for financial reporting purposes. This team appoints external valuation experts whenever the need arises for Level 3 fair valuation. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every year, in line with the Group's annual reporting period.

**iv) Fair value of financial assets and liabilities measured at amortized cost**

The carrying amounts of such financial assets and liabilities are a reasonable approximation of their fair values.

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

The following table presents the changes in Level 3 items :

(₹ in Million)

Particulars	Preference shares	Total
<b>As at April 1, 2023</b>	<b>21.65</b>	<b>21.65</b>
Gains / (losses) recognized in profit or loss	2.18	2.18
<b>As at March 31, 2024</b>	<b>23.83</b>	<b>23.83</b>

**vi) Valuation inputs and relationships to fair value**

The following table summarizes the quantitative information about the significant unobservable inputs used in Level 3 fair value :

Particulars	Significant unobservable inputs
	<b>March 31, 2024</b>
1) Preference shares i) Discount rate	10.00%

Change by 100 bps in interest rate does not have any material impact on value of investments in preference shares.

**Note 40 : Interest in other entities**

**A) Subsidiary**

Particulars	Ownership interest held by the Company
	<b>March 31, 2024</b>
DGM Realties Private Limited	99.63%

The principal place of business of the subsidiary is India. The principal business is development of immovable property and to undertake civil construction activities. The ownership interest held by non-controlling interest is to the extent of 0.08%.

**B) Associate**

Particulars	Ownership interest held by the Company
	<b>March 31, 2024</b>
Kalyani Mukand Limited	50%

The principal place of business of the associate is India. Currently, the Company does not carry any business.

**C) Joint operation**

Particulars	Ownership interest held by the Company
	<b>March 31, 2024</b>
Hospet Steels Limited	49.99%

The principal place of business of the joint operation is India. The voting rights in the joint operation are 49.99%. The principal business is to act as a management company for strategic alliance arrangement between Kalyani Steels Limited and Mukand Limited.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

## D) Structured entities

Sr. No.	Particulars	Place of business	Principal activities
i)	Kalyani Steels Limited Non Bargainable Staff Provident Fund	India	Employee benefit trust
ii)	Kalyani Steels Limited Officers' Superannuation Scheme	India	Employee benefit trust
iii)	Kalyani Steels Limited Employees' Group Gratuity cum Life Assurance Scheme	India	Employee benefit trust
iv)	Hospet Steels Limited Employees Gratuity Trust	India	Employee benefit trust
v)	Hospet Steels Limited Employees Superannuation Trust	India	Employee benefit trust

## E) Individually immaterial associate

The group has interest in Kalyani Mukand Limited (individually immaterial associate) that is accounted using equity method :

Particulars	March 31, 2024
Aggregate carrying amount of individually immaterial associate	—
Aggregate amount of group's share* of :	
Loss of associate	—
Other comprehensive income of associate	—

\*Loss restricted to the extent of amount of investment in associate.

## F) Non-controlling interest

Set out below is the summarized financial information for subsidiary - DGM Realities Private Limited that has non-controlling interest i.e. not material to the Group. The amounts disclosed are before inter-company eliminations.

## Summarized Balance Sheet

(₹ in Million)

Particulars	March 31, 2024
Non-current assets	
Current assets	1,319.36
Total Assets	1,319.36
Current liabilities	0.99
Non-current liabilities	3.46
Total Liabilities	4.45
Reserves & Surplus	(4.79)
Total Liabilities and Reserves	(0.34)
Net Assets (A)	1,319.70
Attributable to Non-controlling interest	1.06
Attributable to Parent	1,318.64
Net Consideration by Parent	1,360.00
Capital Reserve	(41.36)

## Summarized statement of Profit and Loss

(₹ in Million)

Particulars	2023-24
Total revenue	5.71
Total expense	19.75
Profit / (loss) before tax	(14.04)
Exceptional Items	18.31
Tax expense	9.03
Profit / (loss) after tax	13.30
Other comprehensive income net of tax	—
Total comprehensive income net of tax	13.30
Attributable to non-controlling interests	0.01

## Summarized Cash flow

(₹ in Million)

Particulars	2023-24
Net Cash Flows from Operating Activities	360.18
Net Cash Flows from Investing Activities	(145.88)
Net Cash Flows from Financing Activities	(200.61)



NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

Note 41 : Disclosure in terms of Schedule III of the Companies Act, 2013

Name of the entity in the Group	Net Asset i.e. total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount (₹ in Million)	As a % of consolidated profit	Amount (₹ in Million)	As a % of consolidated other comprehensive income	Amount (₹ in Million)	As a % of consolidated total comprehensive income	Amount (₹ in Million)
<b>Parent</b> Kalyani Steels Limited	92.14%	15,479.04	99.47%	2,474.53	100%	(8.74)	99.5%	2,465.79
<b>Subsidiaries</b>								
<b>Indian</b> DGM Realities Private Limited	7.85%	1,319.35	0.53%	13.30	—	—	0.5%	13.30
<b>Total</b>		16,798.39		2,487.83		(8.74)		2,479.09
Non Controlling Interest	0.01%	1.06	—	0.01	—	—	—	0.01
<b>Total</b>		16,799.45		2,487.84		(8.74)		2,479.10

Note 42 : Financial risk management

The Group is exposed to risks such as changes in foreign currency exchange rates and interest rates. Presented below is a description of the risks (market risk, credit risk and liquidity risk) together with a sensitivity analysis, performed annually, of each of these risks based on selected changes in market rates and prices. These analyses reflect management's view of changes which are reasonably possible to occur over a one-year period.

**I) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market prices. The Group is exposed in the ordinary course of business to risks related to changes in foreign currency exchanges rates, commodity prices and interest rates.

**A) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is engaged in international trade and thereby exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Group's functional currency (INR).

**i) Foreign currency risk exposure**

The Group's exposure to foreign currency risk (in USD) at the end of reporting period in INR (Million) is as follows :

(₹ in Million)

Particulars	As at March 31, 2024
<b>Financial assets</b>	
Trade receivables	—
<b>Net exposure to foreign currency risk (assets)</b>	—
<b>Financial liabilities</b>	
Borrowings	1,667.48
Trade payables	556.85
Interest accrued	2.52
<b>Net exposure to foreign currency risk (liabilities)</b>	<b>2,226.85</b>

The sensitivity of pre tax profit or loss and pre tax equity to changes in foreign exchange rates with respect to year end payable / receivable balances in INR (Million) is as follows :

Particulars	Impact on pre tax profit or loss and pre tax equity
	March 31, 2024
USD	
Increase by 1%*	22.27
Decrease by 1%*	(22.27)

\*Holding all other variables constant

**ii) Commodity Price risk :**

The Group's revenue is exposed to the market risk of price fluctuations related to the sale of its steel products. Market forces generally determine prices for the steel products sold by the Group. These prices may be influenced by factors such as supply and demand, production costs (including the cost of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the Group earns from the sale of its steel products. The Group is also subject to fluctuations in prices for the purchase of iron ore, metallurgical coke, coking coal, ferro alloys, scrap and other raw material inputs.

**Commodity Price Sensitivity :**

The Group has a back to back pass through arrangement for volatility in raw material prices for most of the customers. The selling prices of steel and the prices of input raw material move in the same direction. However in few cases there may be a lag effect in case of such pass through arrangements and might have some effect on the Group's profit and equity.

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

**B) Interest risk**

The Group has borrowings at variable interest rate. Profit or loss and equity are sensitive to higher / lower interest expense from borrowings as a result of change in the interest rates. The following sensitivity analysis has been performed for non-current and current borrowings.

(₹ in Million)

Particulars	As at March 31, 2024
Total borrowings at variable interest rate	1,667.48
Interest rate swaps	—
<b>Net exposure to interest rate risk</b>	<b>1,667.48</b>

Particulars	Impact on pre tax profit or loss and pre tax equity
	March 31, 2024
Increase of interest rate by 0.5%*	9.31
Decrease of interest rate by 0.5%*	(9.31)

\*Holding all other variables constant

**II) Liquidity Risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Group's liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these debt financing plans.

**i) Maturities of financial liabilities**

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

(₹ in Million)

March 31, 2024	Less than 1 year	More than 1 year
<b>Non-derivative</b>		
Borrowings	5,128.62	833.74
Trade payables	2,064.60	—
Other financial liabilities	336.11	—

**III) Credit risk**

The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and other financial instruments.

The balances with banks, loans given to employees and associated Group, security deposits are subject to low credit risk since the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil. Hence, no provision has been created for expected credit loss for credit risk arising from these financial assets.

**A) Trade receivables**

Senior management is responsible for managing and analyzing the credit risk for each of their new clients before standard payment, delivery terms and conditions are offered. The Group assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment. The utilization of credit limits is regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for all customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 10.

**i) Expected credit loss for trade receivables under simplified approach :**

(₹ in Million)

Particulars	As at March 31, 2024
Considered goods - Secured	—
Considered goods - Unsecured	4,235.15
Trade Receivables which have significant increase in credit risk	—
Trade Receivables - Credit Impaired	26.73
Expected loss rate	0.63%
Expected credit losses (loss allowance provision)*	26.73
Carrying amount of trade receivables (net of impairment)	4,208.42

\* Expected Credit Losses based on analysis of historical ageing trends is negligible as significant portion of receivable are from Related Parties where management does not expected credit losses as well as past trends. The Loss allowance provision represents provision against specific customer.

**ii) Reconciliation of loss allowance provision - trade receivables**

(₹ in Million)

<b>Loss allowance as on March 31, 2023</b>	<b>25.49</b>
Changes in loss allowance	1.24
<b>Loss allowance as on March 31, 2024</b>	<b>26.73</b>

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

**Note 43 : Capital management**

The Group's objective when managing capital is to

- safeguard its ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders,  
and
- maintain an optimal capital structure to reduce the cost of capital.

The Group determines the amount of capital required on the basis of annual operating plans and long-term product and other strategic investment plans. The funding requirements are met through equity, long term and short term borrowings. The Group's policy is aimed at combination of short-term and long-term borrowings. The Group monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Group. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total debt includes all long and short-term debts as disclosed in Note 15 and Note 20 to the financial statements.

The capital structure of the Group is as follows :

(₹ in Million)

Particulars	As at March 31, 2024
Borrowings	5,962.36
Equity	16,799.45
<b>Debt equity ratio</b>	<b>0.35</b>

- i) In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.
- ii) There have been no breaches in the Financial covenants of any interest bearing loans and borrowings in the current period.

**Note 44 : Ratios**

The following are analytical ratios for the year ended March 31, 2024

Sr. No.	Particulars	Numerator	Denominator	March 31, 2024
1	Current Ratio (in times)	Current Assets	Current Liabilities	1.76
2	Debt-Equity Ratio (in times)	Debt	Equity	0.35
3	Debt Service Coverage Ratio (in times)	Earnings for Debt Service*	Debt Service**	3.07
4	Return on equity (in %)	Net Profit After Tax	Average Shareholders Equity	15.88%
5	Inventory Turnover Ratio (in times)	Cost of goods sold	Average Inventory	3.14
6	Trade Receivable Turnover Ratio (in times)	Net sales	Average Accounts Receivable	4.67
7	Trade Payable Turnover Ratio (in times)	Net Purchases	Average Accounts Payable	5.55
8	Net Capital Turnover Ratio (in times)	Net sales	Working Capital	3.26
9	Net Profit Ratio (in %)	Net Profit	Net Sales	12.89%
10	Return on Capital Employed (in %)	Earning Before Interest & Tax	Capital Employed	15.55%
11	Return on Investment (Quoted) (in %)	Income Earned from Investment	Time Weighted average investment	6.86%
12	Return on Investment (Un-quoted) (in %)	Income Earned from Investment	Time Weighted average investment	2.48%

\* Earnings for Debt Service : Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.

\*\* Debt Service : Interest on borrowings and other finance charges,

## NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS (Continued) :

## Note 45 : Corporate social responsibility (CSR)

(₹ in Million)

Sr. No.	Particulars	Year ended March 31, 2024
i)	Amount required to be spent by the Group during the year	53.48
ii)	Amount of expenditure incurred (including set off availed)	53.83
iii)	Shortfall / (Excess) at the end of the year	(0.35)
iv)	Total of previous years shortfall / (excess)	(0.13)
v)	Nature of shortfall	NA
vi)	Nature of CSR activities	Health and Education
vii)	Details of related party transactions, e.g. contribution to a trust controlled by the Group in relation to CSR expenditure as per relevant Accounting Standard	Akutai Kalyani Charitable Trust
viii)	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year	NA

## Note 46 : Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Board of Directors has been identified as the chief operating decision maker.

The Group has organized its operating segments based on product groupings. These operating segments have been aggregated into one reportable business segment : 'Forging and Engineering quality carbon and alloy steels'.

Following are major customers, which contribute more than 10% to the Revenues of the Group. The details are as under :

(₹ in Million)

Name of Customer	2023-24
Bharat Forge Limited	5,086.59
Kalyani Technoforge Limited and its subsidiary	4,951.07

Total revenues from sales to customers outside India for the year ended March 31, 2024 and March 31, 2023 was ₹ 88.08 Million and ₹ 196.77 Million respectively.

All assets are in India.

## Note 47 : (Net debt) / Surplus reconciliation

(₹ in Million)

Particulars	As at March 31, 2024
Cash and cash equivalents	193.68
Current borrowings	(5,128.62)
Non-current borrowings	(833.74)
<b>(Net Debt) / Surplus</b>	<b>(5,768.68)</b>

## Note 48 : Assets hypothecated as security

(₹ in Million)

Particulars	As at March 31, 2024
<b>First charge</b>	
Property, plant and equipment (Machineries)	3,673.73

**Note 49 :** There is no proceeding initiated or pending against the Group for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

**Note 50 :** During the year ended March 31, 2024, the Group was not party to any approved scheme which needs approval from competent authority in terms of Sections 230 to 237 of the Companies Act, 2013.

**Note 51 :** As per the information available with the Group, no transactions have been entered with any company struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the year.

**Note 52 :** The Group have not traded or invested in Crypto currency or Virtual Currency during the financial year.

**Note 53 :** The Group has not surrendered or disclosed any income during the year in the tax assessments under the Income Tax Act, 1961.

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

**Note 54 :** The Group has a process whereby periodically all long-term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long-term contracts (including derivative contracts) has been made in the books of accounts.

**Note 55 :** The Group has not been declared as a wilful defaulter by any lender who has powers to declare a Group as a wilful defaulter at any time during the financial year or after the end of reporting period but before the date when financial statements are approved.

**Note 56 :** The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall :

- (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or  
 (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**As per our attached Report of even date**

**For KIRTANE & PANDIT LLP**  
**Chartered Accountants**  
**Firm Registration No.105215W/W100057**

**On behalf of the Board of Directors**

**Anand Jog**  
**Partner**  
**Membership No.108177**

**Mrs.D.R. Puranik**  
**Company**  
**Secretary**

**B.M. Maheshwari**  
**Chief Financial**  
**Officer**

**R.K. Goyal**  
**Managing**  
**Director**

**B.N. Kalyani**  
**Chairman**

**Membership**  
**Number : ACS7475**

**Membership**  
**Number : 047903**

**DIN : 03050193**

**DIN : 00089380**

**Pune**  
**Date : May 10, 2024**

**Pune**  
**Date : May 10, 2024**







**KALYANI**  
DRIVING INNOVATION

**KALYANI STEELS LIMITED**

MUNDHWA, PUNE - 411036

MAHARASHTRA, INDIA