KALYANI STEELS

C.I.N. : L27104MH1973PLC016350

KSL:SEC: July 21, 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 2022-23**

Ref. : 50th Annual General Meeting scheduled to be held on Friday, August 18, 2023 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 2022-23, 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

DEEPTI
RAJEEV
PURANIK

Digitally signed by DEEPTI RAJEEV PURANIK
DN: c=IN, postalCode=411038, st=MAHARASHTRA, street=FLAT NO1 AKASHDARSHAN SOCIETY PLOT NO76RAMBAUG COLONY PAUD ROADPUNEPAUD ROADTULJA BHAVANI TEMPLE 411038, l=PUNE, o=Personal, title=3162, serialNumber=32d853867469115l5d2431d52d82834e1d28e9b60685797428a8e96fa788c688, pseudonym=316220220621165003181, 2.5.4.20=94c0dad95056463f1dea2764fcbe6c024d52db346d56e952e4ca969caaa9bea3, email=PURANIK@KALYANISTEELS.COM, cn=DEEPTI RAJEEV PURANIK
Date: 2023.07.21 12:52:52 +05'30'

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

Encl. : As above

DRIVING INNOVATION

5O

1973

2023

KALYANI

KALYANI STEELS LIMITED

ANNUAL REPORT FY 2023

CORPORATE IDENTITY NUMBER (CIN)
L27104MH1973PLC016350

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

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

CHIEF FINANCIAL OFFICER
Mr. B. M. Maheshwari

COMPANY SECRETARY
Mrs.Deepti R. Puranik

AUDITORS
Kirtane & Pandit LLP
Chartered Accountants
5th Floor, Wing A,
Gopal House, S.No.127/1B/1, Plot A1,
Opposite Harshal Hall, Kothrud, Pune 411038

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

50th ANNUAL GENERAL MEETING

Day	:	Friday
Date	:	August 18, 2023
Time	:	11.00 a.m. (I.S.T.)
Mode of Meeting	:	Through Video Conferencing (VC) / Other Audio Visual Means (OAVM)

Report Profile

This 50th Annual Report presents a holistic view of the Company's performance, vision, governance and value creation. This report has been published to communicate to stakeholders the Company's ability to create short term, medium term & long-term value.

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, 2022 to March 31, 2023.

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.

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Organizational Overview

Kalyani Steels started its journey in 1973. Over the last 50 years, shear dedication towards improving operational efficiency, effective financial management & providing best customer service has enabled us to emerge as leader of Alloy Steel long products supplier.

In this Section

About Kalyani Steels Limited
Operational Presence
Manufacturing Capability
Applications of our steel

About Kalyani Steels Limited

Most preferred supplier of forging and engineering quality carbon & alloy steel.

OUR VISION

To Use our Specialized skill and innovative technology to contribute to the welfare of the society. It is our Intention to grow along with our employees and to aid and encourage them to participate in our Goals in order that they realize their full potential. Our Prosperity is linked to the prosperity of our customer.

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.

Annual Capacity 250,000 MT

With over five decades of experience, we have acquired the status of being most preferred supplier for leading national and international OEMs in the space of Automotive, Engineering, Bearing, Energy, Aluminium Smelting, Oil & Gas, Defence etc.

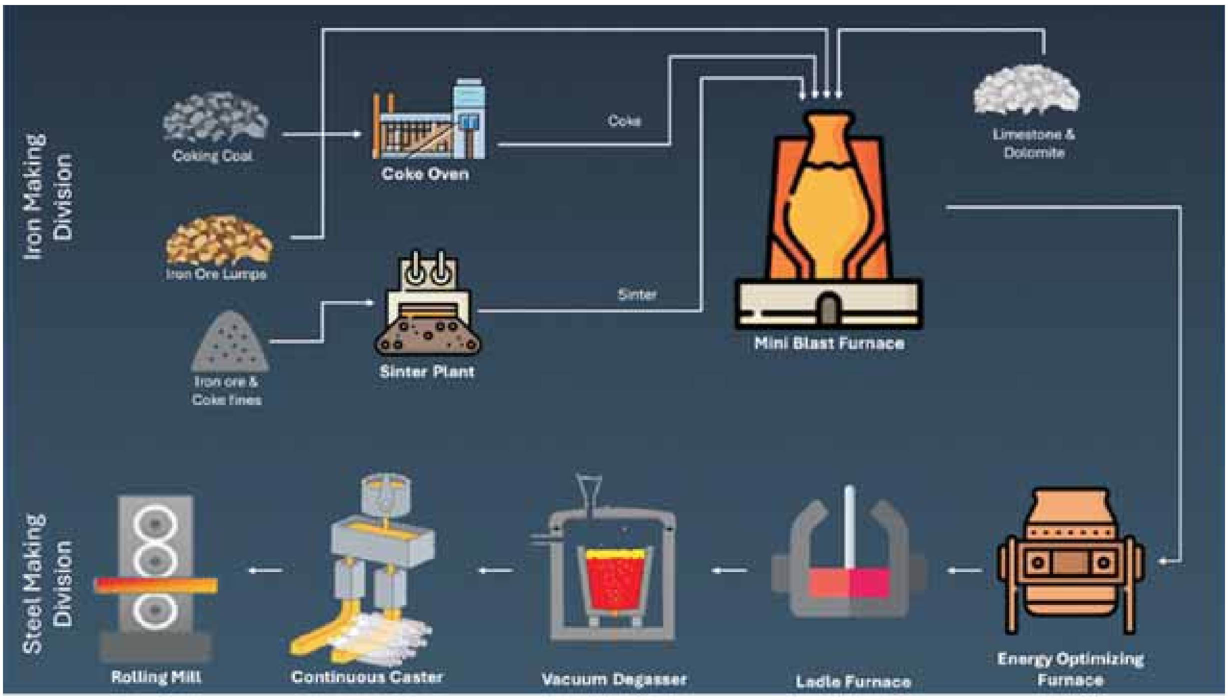
Operational Presence

It is our endeavour to provide our customers 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 Capability

To remain cost competitive, improve our energy efficiency & to provide best-in-class quality for niche steel grades, we have been continuously modernizing our facilities. In FY 2023, we commissioned one more such facility – Coke Oven Plant of capacity 200,000 MT.

Having our own Coke Oven Plant enables us to have better raw material security & control over quality of coke.



As Cast Range	BILLETS & BLOOMS (mm) : 125 X 125, 160 X 160, 180 X 180, 200 X 200, 210 X 230, 240 X 280	As Rolled Range	ROUNDS (mm) : 32 to 160
	ROUNDS (mm) : 160, 180, 200, 220		RCS (mm) : 55 to 180

Applications of our Steel

Commercial Vehicles

Passenger Vehicles

Oil & Gas

Bearing & Gears

Wind Energy

Engineering

Seamless Pipes

Aluminium Smelting

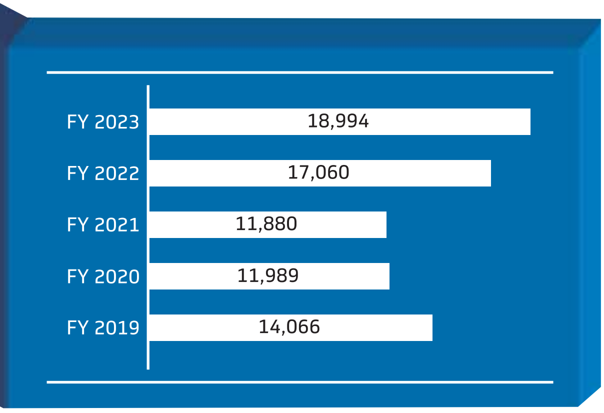
Value Creation

In this Section

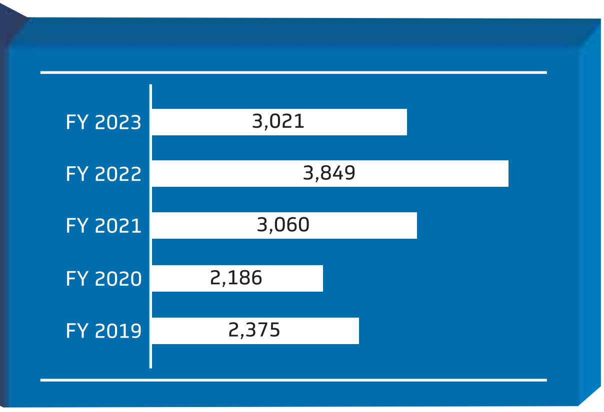
Financial Snapshot
Strategic Priorities
Upstream Facility

Creating Value Through ...

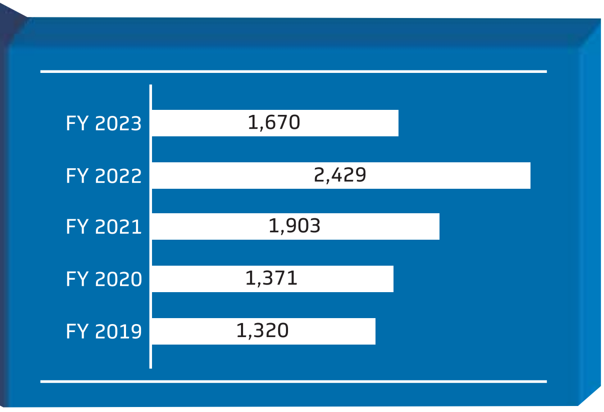
Consistent track record of Operating Revenue
(₹ in Million)



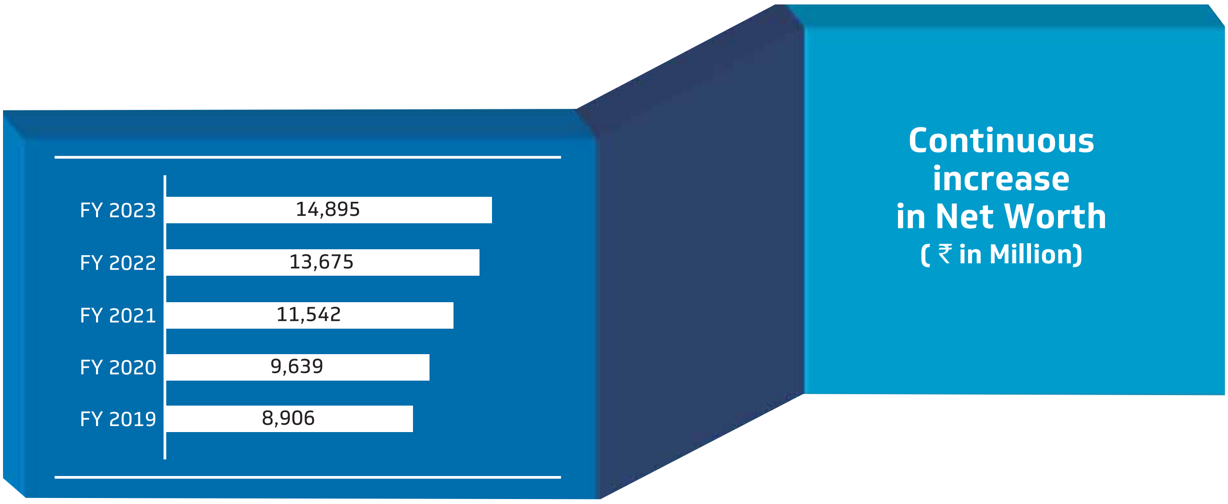
Robust EBITDA Performance
(₹ in Million)

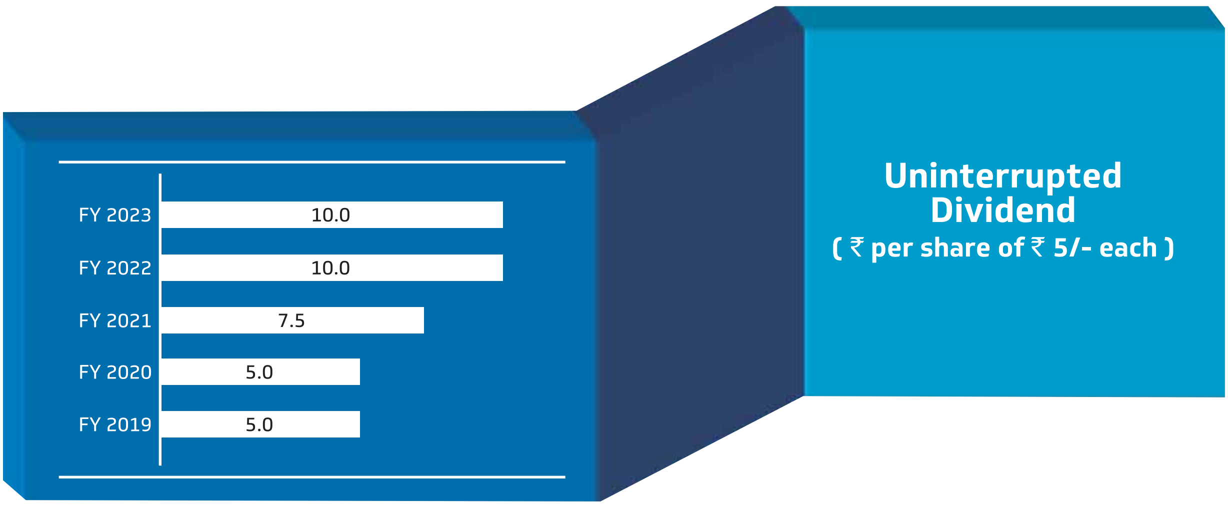


Performance of Profit After Tax
(₹ in Million)



... Robust Financial Performance





Strategic Priorities

S 01

Leadership in Alloy Steel industry

S 02

Upstream & Downstream Facilities

S 03

Prudent Financial Management

S 04

Sustainability

S 01 : Leadership in Alloy Steel Industry

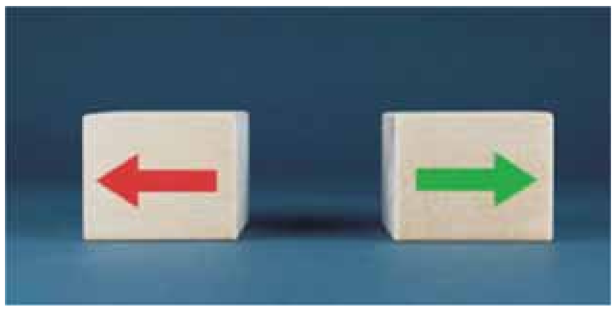
Key Priorities :

1. Cost leadership.
2. Increase Capacity through brownfield, greenfield expansion or acquisitions.

S 02 : Upstream & Downstream Facilities

Key Priorities :

1. Better control over raw material quality through upstream facilities.
2. Invest into downstream facilities to fulfill evolving needs of customers.



S 03 : Prudent Financial Management

Key Priorities :

1. Reduce debt while continue to invest into modern facilities.
2. Efficient management of Working Capital.

S 04 : Sustainability

Key Priorities :

1. Reduce specific energy consumption.
2. Reduce carbon footprints.

Upstream Facility

We commissioned Waste Heat Recovery (WHR) Coke Oven Plant in FY 2022-23.

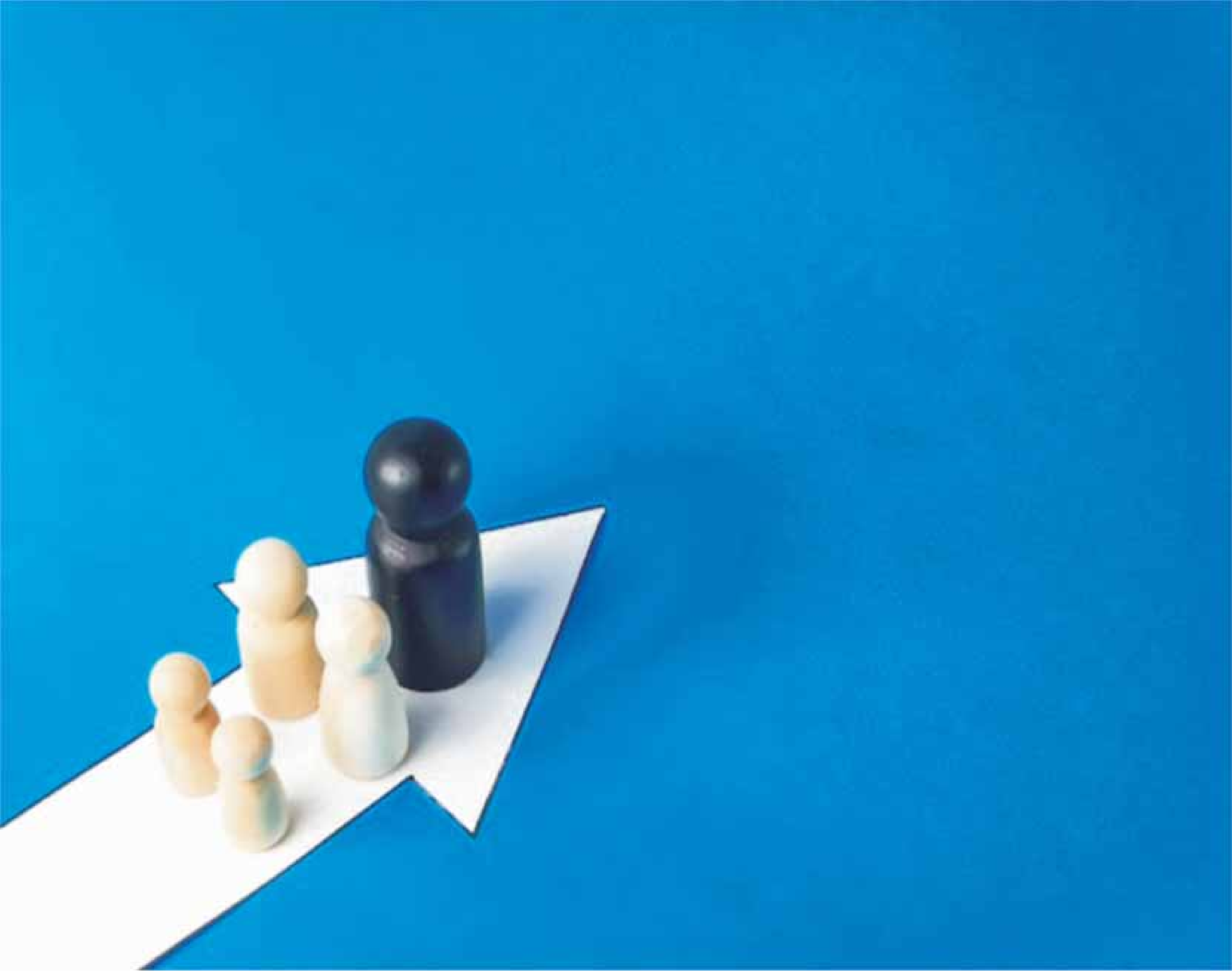
200,000 TPA
Coke Making Capacity

17 MW
WHR based Power Plant Capacity

Key Features

- One of the largest Single Oven Design in India.
- India's first environmentally friendly Modified Wet Quenching.
- Combined Top and Bottom Quenching (Bath Quenching) for improved Coke quality and lower Burning loss.
- Use of Thermo vision mapping of the Hot Coke Circuit to prevent Conveyor Belt damage.
- Automatic Sprinkling of water on Hot Coke in Quenching Car.
- Automatic Oven Identification and placement of Charging cum Pusher Car.

Leadership



In this Section

Board of Directors

Chairman's Message

Message from Director

Message from Managing Director

Board of Directors

Mr. B N Kalyani
Chairman
1 6 7

Mrs. S B Kalyani
Non-Executive Director
2 3

Mr. A B Kalyani
Non-Executive Director
4

Mr. S M Kheny
Non-Executive Director
3

Mr. B B Hattarki
Independent Director
1 2 3 4 5 6 7

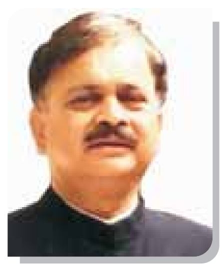
Mr. M U Takale
Non-Executive Director
2

Mr. A P Pawar
Independent Director

Mr. S K Mandlik
Independent Director

Mr. S K Adivarekar
Independent Director
1 4 5

Mrs. S A Shah
Independent Director
1



Amb. Ahmad Javed
Independent Director

Mr. R K Goyal
Managing Director
2 3 5 6 7

Board Committees

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

Member of the Committee
Chairperson of the Committee

Chairman's Message

"Over the last five decades, Kalyani Steels has built a proud legacy of continuous innovation, market leadership with best-in-class quality."

Baba N Kalyani
Chairman

Dear Stakeholders,

It is an honour and privilege to present Kalyani Steels Limited's Annual Report of this very special year FY 2022-23. I hope this letter finds you & your families well & safe.

Last year was a glorious year as India celebrated 75th year of Independence. What made this even special is that India's momentum towards becoming a growth driven economy and emerging out as one of the highest growing large economies in the world. India's growth story has just begun, and steel would play a pivotal role in continuing this growth momentum.

The macro-economic & geo-political situation dominated the business environment in FY 2022-23. The world GDP grew by 3.4% in CY 2022 and is expected to remain at 2.8% in CY 2023 due to slowdown in economic activities in developed markets specifically EU region.

Indian economy has remained resilient amidst high tides of uncertainty.

Growth in the economy was led by government capital outlay, impressive growth in construction sector & manufacturing sector, robust growth in agriculture sector and private consumption. As per latest reports, India's GDP growth is estimated to be 7.2% in FY 2022-23.

Global steel industry had gained a good recovery momentum in CY 2021 after the pandemic shock. However, growth in CY 2022 was hampered by certain negative shocks in the form of higher inflation, increasing interest rates, escalated crisis in Europe and China's Zero COVID 19 policy leading to repeated lockdowns, rising commodity prices, supply side bottlenecks etc.

Although, Indian steel industry also faced similar numerous challenges, total crude steel production for FY 2022-23 is 125 Million tons as against 118 Million tons in FY 2021-22. Finished steel export during FY 2022-23 stood at 6.7 Million tons as against 13.5 Million tons in FY 2021-22 showing a massive 50% reduction due to imposition of 15% export duty for ~ six months during the year. Finished steel import during FY 2022-23 stood at 6.0 Million tons as against 4.6 Million tons in FY 2022, representing a growth of 30%.

50 Years of continued Trust & Support from our stakeholders

This year Kalyani Steels has completed 50 years since its foundation back in 1973. Since then, Kalyani Steels has been consistently upgrading its facilities & investing in new facilities to meet customer requirements. Continuing its commitment, we commissioned Coke Oven Plant of capacity 200,000 Tons per annum. Over the last five decades, we have achieved the status of being the most preferred supplier of alloy steel in India and at global level.

For Kalyani Steels, FY 2022-23 was filled with challenging environment, supply chain concerns, steep rise in few commodities, increase in input raw material cost etc. However, better management of volatile prices, cost reduction initiatives & quality improvement helped the Company to continue its profitable journey.

Total Revenue from operations stood at ₹ 18,994 Million registering a growth of 11.34%. Profit before taxation stood at ₹ 2,251 Million which was impacted primarily due to higher volatility in raw material prices.

Let me conclude by mentioning that we stood strong in volatile times with the strong & continued support from our stakeholders. I express my sincere thanks to shareholders, bankers, employees, suppliers & customers for their cooperation and the trust bestowed upon us. We shall continue to work tirelessly to take it forward.

Baba N Kalyani
Chairman

Message from Director

“Decarbonization & Sustainability is the only way forward.”

Amit B. Kalyani
Director

The mega trend for next decade is Sustainability. To remain ahead of the curve and to be able to supply lowest possible carbon emission products, Kalyani Group has launched 'Planet Positive' initiative. Under this initiative, we are working on multiple innovative solutions to decarbonize our group wide operations and achieve carbon neutrality.

At Kalyani Steels, we have 3 major focus areas among others. 1. Carbon Emissions reduction 2. Reduce, Recycle, Reuse 3. Water consumption reduction.

Various initiatives linked to above focus areas helped us achieve significant results. In FY 2022-23 as compared with FY 2021-22, we have reduced our Scope 2 emissions by ~ 45% and reduced our water consumption by ~ 20%. Further, to reduce our Scope 1 emissions, our R&D centres are working on innovative technologies to use Green Hydrogen in steelmaking at a large commercially viable scale.

As the global demand for sustainable solutions increase, we foresee a specialty steel requirement would undergo a significant change with demand coming up from sunrise sectors such as Renewable Energy, EV, Hydrogen Electrolyzers, Hydrogen Storage, Sustainable Heating Solutions etc. We are working to develop such new edge alloy requirement to provide best-in-class solutions to our current & future customers.

PLANET POSITIVE

AN INITIATIVE BY KALYANI GROUP

Message From Managing Director

R. K. Goyal
Managing Director

"Volatility is the new constant of business environment"

Dear Stakeholders,

It gives me immense pleasure to present you 50th Annual Report of Kalyani Steels. As we reflect on the year passed, we are predominantly proud of our achievements, resilience that our team has shown and the culture of innovation that is imbibed into us.

Our Operating Environment

Steel industry passed through significant volatility last year on account of certain negative shocks like global energy crisis due to Russia-Ukraine conflict, inflationary pressures, subsequent interest rate hikes by central banks globally, and China's strict zero Covid policy induced slowdown in its economic activities. These factors impacted the steel value chain resulting in volatility in input prices through the year. Indian Steel makers, on the other hand, were further impacted due to 15% export duty from May 2022 till November 2022 creating supply side imbalance.

At Kalyani Steels, we sharpened our focus on managing the volatility of input raw materials to minimize the impact.

Our Business Performance

In FY 2022-23, we recorded our ever-highest Revenue from Operations stood at ₹ 18,994 Million, despite the numerous disruptions & challenges we had faced, registering a Y-o-Y growth of 11.34%. However, volatility in raw material prices increased our cost lowering our EBITDA at ₹ 3,021 Million as against ₹ 3,849 Million in FY 2021-22, PBT at ₹ 2,251 Million as against ₹ 3,258 Million in FY 2021-22 and PAT at ₹ 1,670 Million as against ₹ 2,429 in FY 2021-22.

Commissioning of Coke Oven Plant

At Kalyani Steels, it is our endeavour to provide best-in-class quality to our customers. Therefore, we are constantly upgrading our facilities and investing into modern facilities. We are happy to mention that we commissioned Coke Oven Plant of capacity 200,000 MT per annum along with Waste Heat Recovery (WHR) based captive Power Plant of capacity 17 MW at Hospet, Karnataka.

Sustainability is one of the core agenda

Kalyani group has launched Planet Positive initiative to achieve carbon neutrality in group wide operations.

PLANET POSITIVE
AN INITIATIVE BY KALYANI GROUP

We are constantly improving our energy efficiency and finding out ways to reduce our carbon emissions, reduce our water consumption, re-use & re-cycle materials. In FY 2022-23, we reduced our total water consumption by 12% and our Scope 2 emissions by almost 45%.

Our R&D centre is focusing on utilization of Green Hydrogen to replace Coke as a reducing agent for Iron ore, Carbon capture technologies, having long-term contracts for green power etc. Globally, few steel players have announced their plan to utilize the green H2 to produce green steel. However, commercial viability of this technology is still a challenge. Nonetheless, we hope soon we would have a concrete commercially viable solution for large scale steelmaking plants.

New products development

Being the most preferred supplier of Alloy Steel, we continuously innovate ourselves to fulfil customer requirements. With changing business environment, we foresee more usage of specialty steel products with lower weight to strength ratio, high temperature resistant, higher reduction ratio, low tolerances, and stringent quality fulfillments.

We continue to strive hard to attain market leadership in value added engineering steel segment with a heavy focus on quality. We are constantly upgrading our product portfolio by partnering with global customers and providing customized solutions for their critical end applications.

Recognition for our work

Our quality supply to customers have always fetched us the recognition. Last financial year too, we have been recognized for our good work by our customers. We received 'Best Quality Supplier of the year 2022' award from one of our esteemed customers GSA industries, we got recognized by for our outstanding support in localization & export by ZF group. Further, our manufacturing plant has received an award of 'Promising Plants 2022' by The Economic Times.

Towards a brighter future

Even though the steel industry is facing short term external headwinds, it is worthy to note that long term prospects of Indian steel industry are an integral part of the India's growth story. Steel continues to be and would continue to be a critical element for infrastructure growth and delivering all weather performance in critical applications.

At Kalyani Steels, we are committed towards this growth story of India and thus enhancing our manufacturing capability in sunrise sectors to supply special steel products to our customers. 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

1.0

1.0 Economic Overview

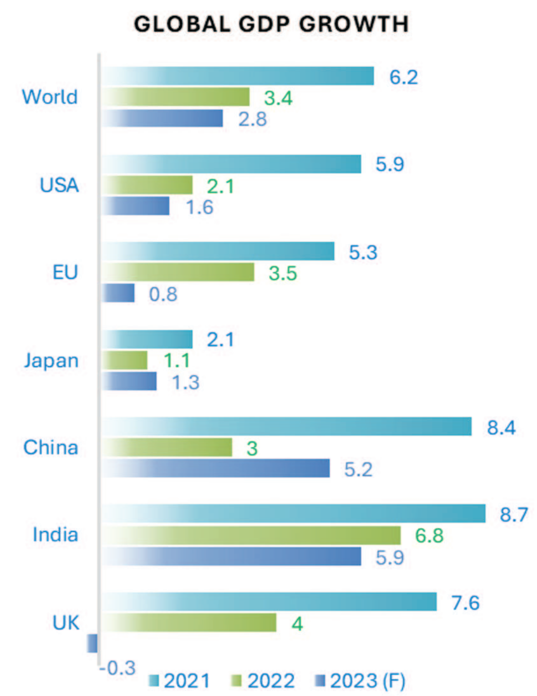
1.1 Global Economy

Lost growth momentum on account of conflict, trade tensions & inflation

Economic activities regained the strong momentum towards the end of 2021 when global GDP recovered back to pre-pandemic levels as most of the major economies removed the stringent lockdown measures on account of COVID 19 except China. However, the momentum was short lived since global economy experienced several negative shocks in 2022, causing global GDP growth to slow to estimated 3.4% in 2022 from 6.2% in 2021.

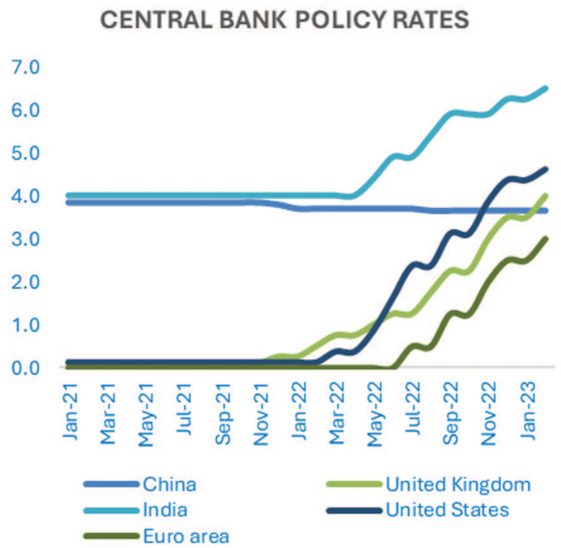
These negative shocks include geopolitical conflict between Russia & Ukraine started in February 2022, trade tension between US & China, rising inflation levels across major economies, particularly, developed economies, slowdown in China economic activities due to disruptions from waves of COVID 19 infection, sanctions & reverse sanctions etc. Such consequential negative shocks pose a challenge to international relations and often lead to policy driven reversal of globalization by protecting the domestic interests.

The ill-effects of war in Ukraine did not just limit to lives and livelihoods, but it also had several appalling impacts leading to a severe energy crisis in Europe as gas supply was cut by Russia in retaliation of Western countries' economic sanction and supply chain disruptions. More importantly, the conflict also pushed up the inflation levels globally, impacting developing countries. Further, inflation in developed counties remained quite persistent throughout the year.
The rising global inflationary pressures led to rapid tightening of monetary policies across the Advanced, Emerging & developing economies.



Source : World Economic Outllook - April 2023, International Monetary Fund

Due to high level of supply chain disruptions, trade tensions and to reduce dependency on single source, major multinational corporations' interests are rising in reshoring & friend-shoring with support of the local government. For example, in Europe, the French government has been urging the EU to accelerate production targets, weaken state aid rules and develop a "Made in Europe" strategy to counter domestic production subsidies provided by the US Inflation Reduction Act. Such protective measures are slowing the global demand and growth projections leading to the era of 'Slowbalization'.



Source : The Bank of International Settlements,BIS.org

ADVANCED ECONOMIES

After strong growth of 6% in 2021, GDP growth in the U.S. slowed to 2.1% in 2022. Russia-Ukraine war had limited impact on GDP growth & economic activities as US is the net exporter of energy, the energy prices did not shoot up as high as Europe. However, strong consumer demand was the main driver of inflationary pressure in the U.S.

EU experienced the severe heat of Russia-Ukraine war after Russia (the EU's largest energy supplier in 2021) restricted energy supplies to Europe in retaliation for economic sanctions. Natural gas imports from Russia fell to around 25% of the average between 2016 to 2020 by the end of July 2022 and to approximately 15% by the end of 2022. As a result, natural gas prices in Europe spiked sharply leading to record high electricity and inflation. These factors led EU GDP growth to slow down to 3.5% in 2022 from 5.3% in 2021.

EMERGING MARKETS & DEVELOPING ECONOMIES

The China economic activities deteriorated sharply in 2022 owing to stricter lockdown measures especially in second and fourth quarters of CY 2022 because of its Zero COVID policy. This led to lower consumption, & production. Further, lockdown aggravated the downturn in real estate sector which contributes around 25% to GDP of China. As a result, GDP growth slowed to 3% in 2022 from 8.4% in 2021.

Indian economy has shown relatively resilient performance in 2022 over 2021 with an estimated growth rate of 6.8% in 2022 over 8.7% in 2021.

Following its invasion on Ukraine, western countries imposed heavy sanctions on Russia which severely damaged parts of Russia's key industrial activities like Automobile which relies on imported parts. Though, many western firms stopped selling their goods & services to Russia, companies in other parts of the world stepped up to fill the gap helping Russia recover after the sharp drop in the months following the invasion. This led to an estimated contraction of 2.1% in 2022 as against a growth of 4.7% in 2021.

Outlook : A fragile recovery is underway

Global GDP growth is forecasted to come down further to 2.8% in 2023 from 3.4% in 2022. Most of the weakness in growth would be attributed to slower growth in major advanced economies like US & EU area at 1.6% and 0.8% respectively whereas emerging & developing economies in Asia would drive growth.

Some of the key economic indicators' recent data suggests a fragile recovery. Global output PMI index for both Manufacturing & Services sector has risen above 50 in recent past months indicating reversal of economic activities.

Following Russia's war against Ukraine, energy prices had sharply risen in particularly EU area. However, starting of 2023, energy prices have come down, but they are still at a higher level. More than the prices, sufficient availability of natural gas in EU is a prime concern which affects the viability of key business segments.

Globally, inflation has proven more persistent and rise in core inflation suggest that inflation may remain above pre-pandemic averages and central bank targets in many countries for an extended period. Headline Inflation is expected to fall from 8.7% in 2022 to 7.0% in 2023 which is still above pre-pandemic average of 2.3%.

Inflation remaining above target could likely force central banks to raise interest rates more quickly than currently expected.

Tight monetary policy in US could result in a stronger USD and related spill overs considering its role as the primary currency for trade and finance. A strong dollar can drive up prices in local currencies and cause inflation to persist.

Geopolitical tensions are at a high level. If Russia-Ukraine war is further intensified or conflict arises elsewhere, it 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.

Many countries are seeking to re-orient supply chains such that key inputs are produced either domestically or with a narrow set of friendly partners.

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.

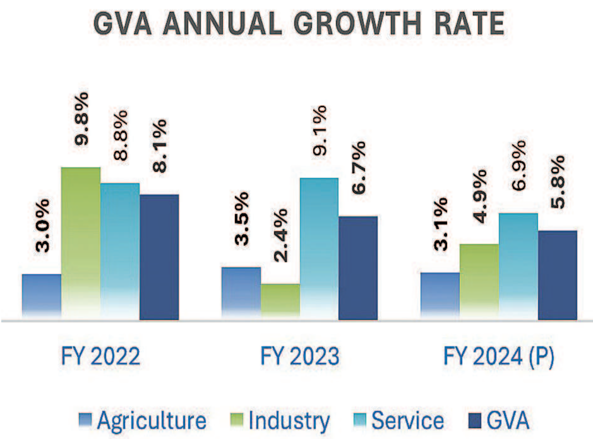
1.2 Indian Economy

Resilient performance : A shining economy amid decelerating global demand

Global economy has experienced multiple negative shocks within last 3-4 years. It started with pandemic induced contraction followed by Russia-Ukraine war leading to surge in key commodity prices and hence inflation. Inflationary pressures triggered central banks across the world to tighten the monetary policies.

Indian economy, however, has shown a resilient performance ahead of many countries amid these global shocks. Indian economy is estimated to have grown by 6.8% in FY 2022 as against a growth of 8.2% in FY 2021 and emerged as one of the fastest growing major economies in the world. Yet, Indian economy faced numerous challenges in FY 2023 in terms of rising inflations, rise in commodity prices, depreciating rupee, widening of CAD etc.

Gross value added (GVA) at basic prices is estimated to increase by 6.7% in FY 2023 over FY 2022 as against 8.1% in FY 2022 over FY 2021. India's economic growth in FY 2023 has been principally led by private consumption and capital formation. Gross Fixed Capital Formation (GFCF), a measure of investment in fixed capital, increased by 11.5%, Private Final Consumption Expenditure (PFCE) which has the highest contribution to GDP has increased by 7.7%.



Source : National Statistics Office, Ministry of Statistics and Programme Implementation Press release dated January 6, 2023, RBI's survey of professional forecasters dated April 6, 2023.

Robust growth in exports, but trade balance widened

India's export numbers have been continuously increasing. In FY 2022-23, India reached a significant milestone with total exports (goods & service combined) estimated to be USD 770 Billion for the first time in the history.

India's merchandise exports in FY 2022-23 stood at USD 447 Billion exhibiting a growth of 6% over FY 2021-22 while services exports in FY 2022-23 stood at USD 322 Billion as against USD 254 Billion in FY 2021-22 registering a growth of record 26.8%. Total exports (merchandise & exports) grew by 13.8% in FY 2022-23 at USD 770 Billion as against USD 676 Billion in FY 2021-22.

At the same time, merchandise imports increased by 16.5% in FY 2022-23 at USD 714 Billion whereas services imports increased by 21% in FY 2022-23 at USD 178 Billion. Total imports in FY 2022-23 stood at USD 892 Billion as against USD 760 Billion in FY 2021-22 registering a growth of 17.4%.

Even after significant growth in exports, primarily led by service sector, India's trade balance widened to USD 122 Billion in FY 2022-23 as against USD 83 Billion in FY 2021-22.

Output of Eight Core Industries has grown by 8%

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, Apr-Feb 2023, core sectors like Coal, Fertilizers, Steel, Cement & Electricity have shown resilient performance as against a moderate growth in Refinery products, very low growth in Natural Gas and a negative growth in Crude oil as compared with same period last year i.e., Apr-Feb 2022.

Overall, the output of 8 core industries have grown by 8% (provisional) for the period Apr-Feb 2023 as against an 11% growth in Apr-Feb 2022.

Y-o-Y Growth Rates			
Core Sectors	2021-22	Apr-Feb 2021-22 (P)	Apr-Feb 2022-23 (P)
Coal	8.5	9.8	15.2
Crude Oil	-2.6	-2.6	-1.6
Natural Gas	19.2	20.5	1.5
Refinery Products	8.9	9.2	5.2
Fertilizers	0.7	-0.4	11.5
Steel	16.9	18.4	7.5
Cement	20.8	22.3	9.7
Electricity	8.0	8.2	9.9
Total	10.4	11.1	7.8

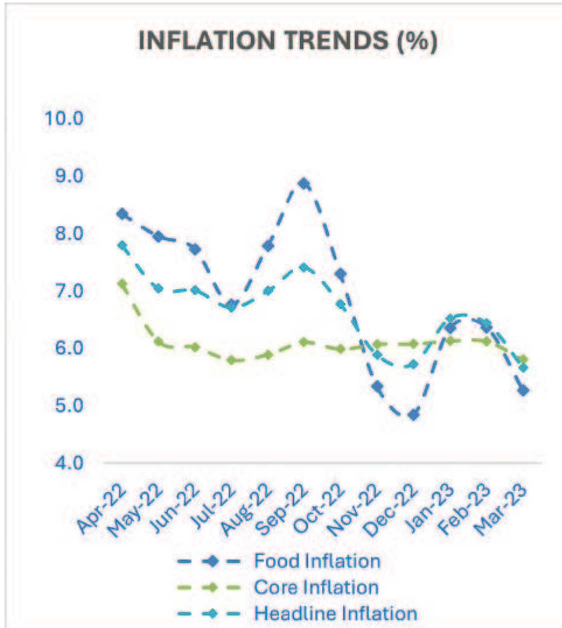
Source : Ministry of Commerce & Industry, Department for Promotion of Industry and Internal Trade

Higher inflation levels in FY 2022-23

Indian economy faced very high inflationary pressures throughout the year leading RBI to tighten the monetary policy by increasing the repo rates.

In FY 2022-23, inflation was mainly driven by higher food inflation ranging between 4.8% to 8.8% while the core inflation rate remained at a relatively steady level between 5.8% to 7.1%. Headline inflation remained in a range between 5.7% to 7.8% throughout the year.

In the first half of FY 2022-23, inflation levels remained at a high level due to Russia-Ukraine crisis which were then subdued in the second half of the year.



Source : Economic Survey 2022-23; MoSPI CPI data

Outlook : India to emerge as one of the fastest growing major economies in the world

Globally, there is an increased trend among nations and MNCs to secure their supply chains considering geopolitical complications. India, on the other hand, presents huge potential and opportunities to emerge as an export hub and investment destination in the manufacturing and services space.

The Indian economy has remained resilient amidst high tides of uncertainty. The performance indicates that the recovery from the pandemic was stronger led primarily by private consumption and strong rebound in government consumption. Similar resilient performance is also expected to in near future too.

IMF has projected a real GDP growth of 5.9% in FY 2023-24 and 6.3% in FY 2024-25. Among the forecast India has the highest rate of GDP growth for FY 2023-24. Various agencies have forecasted GDP growth of India between the range of 5.5% to 6.4% for FY 2023-24.

Although inflation levels have subdued in second half of FY 2023, it is not yet at a comfortable level for the central bank. Ongoing Russia-Ukraine war would keep the inflation level at relatively higher level in near future. IMF has projected the inflation level to remain at 4.9% and 4.4% in FY 2023-24 & FY 2024-25 respectively. Higher inflationary levels may force RBI 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.
The private consumption has rebounded, higher capital expenditure would give a requisite boost, government infrastructure spending would add significant value for the economy to grow faster than its peers.

2.0

Steel Industry Overview

2.1 Global Steel Industry

Contraction in steel demand after recovery momentum post pandemic shock

Global steel industry had gained a good recovery momentum in CY 2021 after the pandemic shock. However, growth in CY 2022 was hampered by certain negative shocks in the form of higher inflation, increasing interest rates, the Russian-Ukraine war, and China's Zero COVID 19 policy leading to repeated lockdowns, rising commodity prices, supply side bottlenecks etc. The destruction of steel production facilities in Ukraine, soaring energy prices in Europe led to widespread plant idling and production stoppages, especially in Europe. Such negative shocks resulted in lower demand of steel products and led to contraction in steel demand.

In CY 2022, total crude steel production stood at 1,885 Million tons as against 1,962 Million tons in CY 2021 representing a contraction of 3.9%.

China, the world's largest steel producer, recorded contraction for consecutive two years in its crude steel production. China's steel production recorded a contraction of 1.7% in CY 2022 after a contraction of 2.8% in CY 2021. Deceleration in Chinese economy primarily led by unexpected lockdowns extended across different parts of the country on account of surge in COVID 19 infections. Further, China's construction sector's negative momentum started in 2021 continued & intensified in 2022 adding to lower demand. A slight pick up in the real estate sector is likely in 2023 with the help of government support.

Steel demand in the developed economies suffered a significant contraction in 2022 due to monetary tightening and high energy prices.

European Union & UK witnessed a sharp decline of 7.9% in its crude steel production of 151.8 Million tons in 2022. Industrial activities suffered significantly due to high energy costs which led to contraction in steel demand.

Top 10 Steel producing countries. (Million tons)

Country	CY 2021	CY 2022	% Growth
World	1,962.3	1,885.0	-3.9%
China	1,035.2	1,018.0	-1.7%
India	118.2	125.1	5.8%
Japan	96.3	89.2	-7.4%
United States	85.8	80.5	-6.1%
Russia	77.0	71.5	-7.2%
South Korea	70.4	65.9	-6.5%
Germany	40.2	36.8	-8.4%
Turkey	40.4	35.1	-12.9%
Brazil	36.1	34.0	-5.8%
Iran	28.3	30.6	8.0%

US steel production decreased by 6.1% as manufacturing sector has slowed after rebound from lockdown. Several key factors including rising car prices and interest rates put downward pressure on US auto sales leading to contraction in steel demand.

Indian steel industry remained the bright spot in global steel industry performance in 2022. Strong growth in infrastructure projects led by government, better inflation management and rising manufacturing activities helped steel output to grow by 5.8% in 2022 after a 17.9% growth in 2021. India's total crude steel production stood at 125 Million tons in 2022 as against 118 Million tons in 2021.

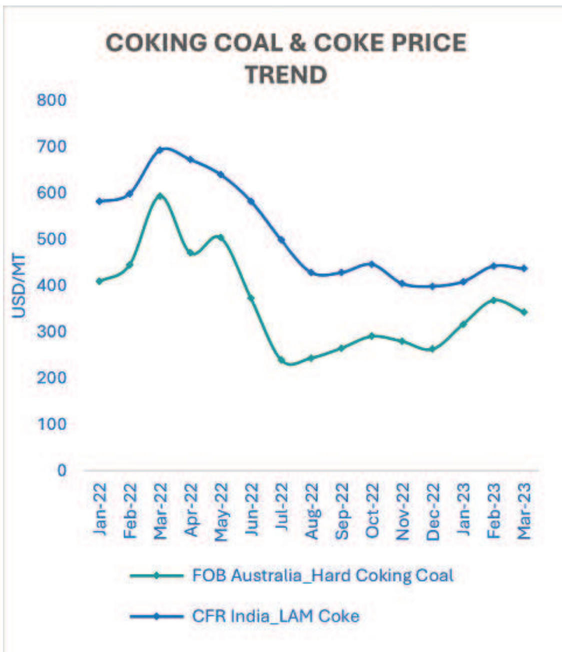
2.1.1 Input Prices

Iron ore is the key raw material for steelmaking. During the year 2022, iron ore prices were seen fluctuating from USD 130/MT in Jan 2022 then rising to USD 150/MT in Apr 2022. Prices then started a downward trend to reach a low of USD 93/MT in Oct 2022 post which it increased again to reach a level of USD 126/MT in Mar 2023. Key reason for such fluctuation can be attributed to China's steel demand and supply disruption due to Russia-Ukraine war.

During the start of the year 2022, geopolitical tension between Russia-Ukraine created a worldwide supply chain disruption since Ukraine was the fifth largest iron ore exporter (in 2021) in the world prior to the war situation. The sudden drop in iron ore supply in the steel market created an upward rise in the iron ore prices during the initial few months of the year. During the later part of the year from Apr 2022 till Nov 2022, Chinese steel production was cut in response to low domestic real estate demand and rising inventory levels leading to decline in iron ore prices in this period.

In Mid of Dec 2022, China made a U turn in its Zero COVID 19 policy and reopened the economy although COVID 19 related infections in the country were rising. With economic activities gaining momentum, steel demand also increased enabling steel mills in China to restock the iron ore. This caused iron ore prices to again increase post Dec 2022 to a level of USD 126/MT in Mar 2023.

Coking coal prices observed a sudden dip in prices after May 2022 & reached to a level of USD 239/MT in Jul 2022. Prices then moved up to reach a level of USD 343/MT by the end of Mar 2023. Coke prices observed relatively similar trend of fluctuation to that of iron ore. Importantly, it is worthwhile to note that the difference between coking coal & coke prices have narrowed and reached to a level of as low as USD 93/MT.



2.1.2 Outlook

In its short-range outlook Apr 2023, World Steel Association predicted that global steel demand will see a recovery with 2.3% growth to reach 1,822.3 MT in 2023 and 1,854.0 MT in 2024 at a growth rate of 1.7%.

Among others, manufacturing sector is expected to lead the recovery in steel demand, however, higher interest rates may put negative pressure. In 2023, growth in steel demand is expected across most of the regions except China.

China's weak manufacturing sector performance in 2022 is expected to show only a moderate recovery in 2023-2024. Although infrastructure investment in China showed a strong growth of 9.4% with government support, this growth was largely in the sectors with less-steel demand such as telecommunications and logistics etc. After declining by 3.5% in 2022, China's total steel demand is expected to grow by 2.0% in 2023 and to remain flat in 2024.
EU steel industry will continue to feel the heat of the war, supply chain-related issues, increase energy prices, inflationary pressure and continued monetary tightening. Much depends on the result of the Russia-Ukraine war and when does it end.

Hence, the outlook of the EU steel industry is subject to continuing uncertainty. After a fall of 7.9% in 2022, demand is expected to fall further by 0.4% in 2023 and to grow by 5.6% in 2024.

United States manufacturing activities are expected to recover in 2023. Particularly, light vehicle sales are expected to rise by 8% in 2023 and further increase by 7% in 2024 which would help boost the steel demand. Further, expanding energy production would also help benefit the Steel demand from the energy sector. After a decline of 2.6% in 2022, steel demand is expected to grow by 1.3% in 2023 and by 2.5% in 2024.

India has time and again shown the resiliency in its economic growth and steel demand. Infrastructure projects primarily led by government, increase in housing demand, rising private investments would help boost the steel demand in the country. Automotive and consumer durables are expected to maintain healthy growth in 2023 which would further add to the steel demand. After growth of 8.2% in 2022, steel demand is expected to show a healthy growth of 7.3% in 2023 and 6.2% in 2024.

Particulars	Demand (Million tons)			Growth (%)		
	2022	2023 (F)	2024 (F)	2022	2023 (F)	2024 (F)
World	1,781.5	1,822.3	1,854.0	-3.2	2.3	1.7
China	920.9	939.3	939.3	-3.5	2.0	—
EU and UK	151.8	151.3	159.8	-7.9	-0.4	5.6
India	114.9	123.3	130.9	8.2	7.3	6.2
US	94.5	95.8	98.2	-2.6	1.3	2.5
Japan	55.0	57.2	57.9	-4.2	4.0	1.2
South Korea	51.2	52.7	53.8	-8.6	2.9	2.0

Source : World Steel Association, Short Range Outlook, Apr 2023

2.2 Indian Steel Industry Overview

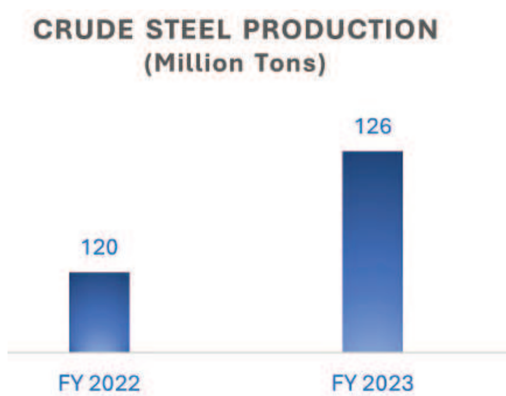
Strong growth in steel production amid global uncertainty

Indian steel industry plays a pivotal role in the economic growth of the country. Infrastructure projects led by government, increase in housing demand, auto sector coming back to pre-covid levels etc. is helping domestic steel demand to grow. Steel sector contributes around ~2% to the GDP with current level of production and capacities. National Steel Policy of 2017 envisages India's steel production to reach at 300 Million tons by 2030 and thereby steel industry's contribution to the GDP is expected to rise further.

Indian steel industry faced numerous challenges in FY 2022-23 due to global negative shocks. The year started with global uncertainty amid Russia-Ukraine war causing supply chain disruptions across the world. For a country like India, where steel industry is completely dependent on imports for its basic raw material Coking coal & coke, supply chain related complications pose a significant challenge.

Rise in commodity prices of key raw materials, increased the steel prices escalating the cost of majority of the ongoing projects in the country. To cool off the rising prices, certain measures were taken by the Government. In May 2022, import duty on Anthracite / Pulverized Coal Injection (PCI) coal, Coke and Semi-coke and Ferronickel were reduced to zero while Export duty on Iron ores / concentrates and iron ore pellets was raised to 50% and 45% respectively. In addition, 15% export duty was imposed on pig iron and several steel products. Although it helped to reduce the steel prices, exports from the country hurt significantly. After a decline in prices by around 15-25%, government rolled back the export duty in Nov 2022.

Total crude steel production for FY 2023 is estimated at 126 Million tons as against 118 Million tons in FY 2022. Finished steel export during FY 2023 stood at 6.7 Million tons as against 13.5 Million tons in FY 2022 showing a massive 50% reduction. Finished steel import during FY 2023 stood at 6.0 Million tons as against 4.6 Million tons in FY 2022, representing a growth of 30%.



2.2.1 Major Drivers of Growth

Automotive industry

In FY 2023, Passenger Vehicles (PV) sales stood at 4.5 Million vehicles as against 3.5 Million vehicles sales in FY 2022 registering a phenomenal growth of 29%. Similarly, Commercial vehicles (CV) sales rose to 1 Million vehicles registering similar growth level to that of PV at 29 % over FY 2022. Two wheelers' (2W) sales registered a relatively low growth of 9% in FY 2023 at 19.5 Million vehicles as against 17.9 Million vehicles in FY 2022. Three wheelers' (3W) sale stood at 0.85 Million as against a 0.75 Million in FY 2022 registering a growth of 12%. Only PV sales has crossed the pre-covid level however, CV, 2W & 3W 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 2023-24 announced total capital expenditure outlay of ₹ 10 Lac Crore; 33% higher than the previous year.

Increasing 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, water infrastructure, UDAAN Scheme etc. would significantly increase the steel demand in the country in near future.

2.2.2 Decarbonization of Steel Industry - Need of the Hour!

Globally, steel industry contributes nearly 7% of total global CO2 emissions making it the fifth largest CO2 emitting industry on our planet. But we can't live without steel since it's a basic commodity required in many industries such as Automotive, Infrastructure, Oil & Gas, Consumer durables, Energy, Railway etc.

Globally, on an average 1.91 tCO2 is emitted per MT of crude steel, however, in India, ~2.5 tCO2 is emitted per MT of crude steel. India is world's second largest steel producer and as per National Steel Policy 2017 envisages to reach 300 Million tons capacity by 2030. With increased production in the country, CO2 emissions from the steel industry would go multifold if accelerated efforts are not taken to decarbonize steelmaking operations in the country.

Developed countries are constantly updating their regulations to manage their carbon emissions. Take for example, EU's Carbon Border Adjustment Mechanism (CBAM) wherein it would levy tax on all the materials imported in EU equivalent to the embedded CO2 emission. Unless we decarbonize our operations, entire steel export (along with export of the end use products, such as auto components etc.) would be at risk.

India has unique position when it comes to decarbonization because of its composition of different steelmaking routes. 45% of total steel is produced via BF-BOF route, 27% by EAF route while 28% by Induction Furnace route. Decarbonizing EAF / IF route is a low hanging fruit which can quickly help India to emerge as global leader of green steel manufacturing.

Decarbonizing the EAF / IF route : It is a low hanging fruit since ~70% of total emission in this route is due to usage of fossil fuel-based electricity. If we switch over from fossil fuel-based power to renewable energy, electrify various furnaces used, shift to eco-friendly furls such as Bio-Diesel and make focused efforts to increase the energy efficiency then Indian steel industry can quickly reduce emissions by a whopping ~22%!

Decarbonizing BF-BOF route: A commercial large scale & viable solution for decarbonization of BF-BOF route is under development wherein Iron ore pellets are reduced using Green H2 as reductant. The entire process can be broken into 4 parts, 1. RE power 2. Green H2 production 3. Green DRI production 4. EAF / SAF steelmaking. Out of these 4 parts, large scale green H2 production & storage is under development, further green DRI manufacturing using green H2 as reductant is yet to be established as commercial large scale viable solution. Globally, few steel players have announced their plans to set up Green H2 based steelmaking plants to be commissioned by 2026 onwards. However, commercial viability of such plants is yet to be understood and known.

Working on the same principles of decarbonizing EAF / IF route to decarbonize the steelmaking operations, in India, Saarloha Advanced Materials Private Limited, a Kalyani group Company, launched India's First Green Steel brand - KALYANI FeRRESTA™ in the month of Dec 2022 by the hands of Hon. Minister of Steel & Civil Aviation, Shri. Jyotiraditya Scindia.

2.2.3 Outlook

Indian Steel industry's growth story has just begun!

Indian steel industry has shown resilient performance amid global uncertainty. With 76 Kg of per capita steel consumption as against a global average of 232 Kg, India's growth story of steel production & consumption has just begun.

India is the bright spot in global map of steel industry when it comes to steel production. India's steel production is continuously increasing and the country is witnessing newer capacities being added every year. India's crude steel production is expected to grow at 7.2% CAGR through FY 2031.

As per World Steel Association's short-range outlook published in Apr 2023, it is estimated that India's steel demand would grow at 7.3% & 6.2% in 2023 & 2024 respectively.

Although exports in FY 2023 suffered due to export duty of 15% on steel products levied by government in the month of May 2022 till Nov 2022, a robust export growth in FY 2024 is likely because EU's energy crisis would continue amid the uncertain near-term results of Russia-Ukraine war and spillover effect of the war on steel consumption growth in these countries.

Some of the key growth drivers

Automotive : Growth momentum in FY 2023 is expected to continue even in FY 2024 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 grow by 7-9% in FY 2024 although steep price hikes are expected from Apr 2023 on account of stricter emission norms i.e., Real Driving Emissions (RDE) norms.

Renewable Energy : Every year ~12-15 GW of RE capacity is added in the country. As per India's Nationally Determined Contributions (NDC), India to reach 500 GW of RE power capacity by 2030 from a current ~170 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 ₹ 10 lac crores (FY 2024) 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 2022-23 was filled with challenging environment, supply chain concerns, steep rise in few commodities, increase in input raw material cost etc. However, better management of volatile prices, cost reduction initiatives & quality improvement helped the Company to continue its profitable journey.

Total Revenue from Operations for FY 2022-23 stood at ₹ 18,994 Million as against ₹ 17,060 Million in FY 2021-22 registering a growth of 11.34%. Revenue from Operations includes Manufacturing Revenue of ₹ 18,568 Million, Trading Revenue of ₹ 174 Million and other Operating Revenue of ₹ 252 Million.
Profit before taxation for FY 2022-23 stood at ₹ 2,251 Million as against ₹ 3,258 Million in FY 2021-22.

Manufacturing Revenue consists of sale of Rolled Products, As Cast Blooms and Pig Iron. The Company sold 234,261 tons of Rolled Products aggregating ₹ 17,429 Million, 11,103 tons of As Cast Blooms aggregating ₹ 888 Million and 6,126 tons of Pig Iron aggregating to ₹ 251 Million.

Key Financial Ratios

The Key Financial Ratios for FY 2022-23 and FY 2021-22 alongwith explanation for significant changes (change of 25% or more, if any) are as follows :

Particulars	2022-23	2021-22	Change (%)
Debtors Turnover	4.56	4.41	3.60
Inventory Turnover	4.37	5.71	(23.50)
Interest Coverage Ratio	10.75	29.14	(63.11)*
Current Ratio	2.41	2.16	11.65
Debt Equity Ratio	0.34	0.32	6.08
Operating Profit Margin (%)	13.33	19.87	(32.93)**
Net Profit Margin (%)	8.91	14.50	(38.55)**
Net Worth (₹ in Million)	14,894.78	13,674.62	8.92
Return on Net Worth (%)	11.21	17.76	(36.87)**

* Increase in utilization of bill discounting facility and short-term borrowing.
** Decrease in profits due to higher cost of consumption, finance charges and increase in foreign exchange fluctuation losses.

Backward Integration

The Company is committed to increase the shareholder's value through its cost-effective business structure, improvement in quality, continuously enhancing energy efficiency etc. Initiatives in these areas have always helped the Company to stand out among its peers.

Continuing its journey towards excellence, the Company had undertaken to construct state of the art Non-recovery / Heat recovery, stamp charged Coke Oven with Modified wet Quenching of hot coke and 17-18 MW Captive Power Plant to be operated utilizing waste heat energy of flue gas generated from Coke Oven as a move towards backward integration, to have better control on the quality and to secure the supply chain.

It is a pleasure to inform you that the Company has commissioned the Coke oven plant adjacent to its steel plant situated at Village Ginigera, Hospet Road, Koppal District, Karnataka, with all its auxiliaries and utility systems and started its commercial production from March 31, 2023. The production has already attained the designed capacity and the product quality is amongst the best in the industry. The power plant with the turbine - generator with all the balance of plant (BOPs) with one of the two boilers has also been commissioned, while the second boiler to be added to the steam circuit is going to be commissioned shortly.

4.0

Internal Control & Human Resources

Internal Control Systems and their adequacy

Internal control systems are an integral part of any organization to safeguard its assets & interests and the Company always puts greater emphasis on strengthening and reviewing its control systems in place for continuous improvement.

The company has well established and effective system of internal controls corresponding to its size, nature of business & complexity of operations. The internal control systems comprise of clearly defined authority and responsibility levels across a well-defined organizational structure. The system is backed by comprehensive documented policies, guidelines and procedures governing the operations of respective business areas and functions. These controls have been designed to safeguard the assets and interests of the Company & its stakeholders and to ensure compliance with 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, 2023, the Company has 71 employees. 1,020 employees are on the rolls of Hospet Steels Limited, which is a Joint Venture Company formed with the specific purpose of managing and operating the integrated steel making facility at Ginigera, Karnataka in terms of Strategic Alliance between the Company and Mukand Limited.

REPORT ON CORPORATE GOVERNANCE

CORPORATE GOVERNANCE PHILOSOPHY

Corporate Governance incorporates all of the good corporate practices, which ensures that a Company meets its obligations, with the objective of optimizing stakeholders value and fulfilling its responsibilities to the community, customers, employees, government and other societal segments. The Company endeavors good Corporate Governance, focuses on enhancement of long-term value creation for all stakeholders and conducts the business in accordance with the highest ethical standards and sound corporate governance practices.

The Company is in compliance with 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 2022-23.

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 Board of Directors is the apex body for overseeing the Company's overall functioning. The Board provides strategic direction, leadership and oversees the management policies and their effectiveness, looking at long-term interests of shareholders and other stakeholders. It is essential to have a well-balanced Board with a combination of Executive, Non-Executive and Independent Directors. The present composition of the Board represents an optimal 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, 2023, the Board of Directors of Kalyani Steels comprised of Twelve Directors. The Board consists of the Chairman, who is a Promoter Non-Executive Director, one Executive Director and ten Non-Executive Directors, of which six are Independent. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations. Details of composition of the Board of Directors are given in Table 1.

NUMBER OF BOARD MEETINGS

During the year 2022-23, the Board of the Company met four times on May 12, 2022, August 8, 2022, October 21, 2022 and January 27, 2023. All the meetings were held in such manner that the intervening period between two consecutive meetings, was well within the maximum gap of one hundred and twenty days 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 2022-23 and at the last Annual General Meeting held on August 1, 2022 :

Name of the Director	Category	Particulars of Attendance		
		Number of Board Meetings		Last AGM
		Held	Attended	
Mr.B.N. Kalyani, Chairman	Promoter Non-Executive	4	3	No
Mrs.Sunita B. Kalyani	Non-Executive	4	4	Yes
Mr.Amit B. Kalyani	Non-Executive	4	2	Yes
Mr.S.M. Kheny	Non-Executive	4	4	No
Mr.B.B. Hattarki	Independent	4	4	Yes
Mr.M.U. Takale	Non-Executive	4	4	Yes
Mr.Arun P. Pawar	Independent	4	4	Yes
Mr.Sachin K. Mandlik	Independent	4	4	No
Mr.S.K. Adivarekar	Independent	4	4	Yes
Mrs.Shruti A. Shah	Independent	4	4	Yes
Amb.Ahmad Javed	Independent	4	4	Yes
Mr.R.K. Goyal, Managing Director	Executive	4	4	Yes

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, 2023 and details of Directorships held in other Listed Companies :

Name of the Director	In Indian Public Limited Companies, whether listed or not, including Kalyani Steels Limited			Directorships held in other Listed Companies	
	Directorships	*Committee Memberships	*Committee Chairmanships	Name of the Company	Type of Directorship
Mr.B.N. Kalyani Chairman	7	3	—	Bharat Forge Limited Automotive Axles Limited Hikal Limited BF Utilities Limited	Executive Non-Executive Non-Executive Non-Executive
Mrs.Sunita B. Kalyani	1	1	—	—	—
Mr.Amit B. Kalyani	8	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	8	10	5	Automotive Axles Limited BF Utilities Limited Kalyani Investment Company Limited BF Investment Limited	Independent Independent Independent Independent
Mr.M.U. Takale	4	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	5	3	—	Kalyani Investment Company Limited Balkrishna Industries Limited Jai Corp Limited	Independent Independent Independent
Amb.Ahmad Javed	1	—	—	—	—
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, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of the companies, by the Securities and Exchange Board of India (SEBI) / Ministry of Corporate Affairs (MCA) or any such Statutory Authority, is enclosed as Annexure "A".

INDEPENDENT DIRECTORS

The Independent Directors, who come from diverse fields of expertise have long standing experience and expert knowledge in their respective fields and are of considerable value for the Company's business and provide appropriate blend of functional and industrial competence.

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

BOARD PROCEDURE

Information Supplied to the Board

Among others, information supplied to the Board includes :

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

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

CEO AND CFO CERTIFICATION

The Managing Director and the Chief Financial Officer of the Company 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. (Web-link : http://www.kalyanisteels.com/profile/policies/)

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

COMMITTEES OF THE BOARD

As on March 31, 2023, the Company has 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 which are considered to be performed by the members of the respective Board Committees. The Company's guidelines relating to Board Meetings are applicable to the Committee Meetings, as far as may be practicable. Minutes of the proceedings of the Committee Meetings are placed before the Board Meeting for consideration and noting. The Company Secretary acts as the Secretary of all Committees.

AUDIT COMMITTEE

As on March 31, 2023, the Audit Committee comprised of four members viz. Mr.S.K. Adivarekar, Chairman and 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 Annual General Meeting of the Company held on August 1, 2022 was attended by the Chairman of the Audit Committee, Mr.S.K. Adivarekar, to answer the shareholders' queries.

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

During the year 2022-23, Audit Committee met four times on May 12, 2022, August 8, 2022, October 21, 2022 and January 27, 2023 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	3
Mr.B.B. Hattarki	Independent	4	4
Mrs.Shruti A. Shah	Independent	4	4

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 or rights issue or preferential issue or qualified institution 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 considers necessary.

STAKEHOLDERS RELATIONSHIP COMMITTEE

As on March 31, 2023, Stakeholders Relationship Committee comprised of four members viz. Mr.S.M. Kheny, Chairman, Mrs.Sunita B. Kalyani and Mr.B.B. Hattarki, Directors and Mr.R.K. Goyal, Managing Director.

The Annual General Meeting of the Company held by way of personal attendance, on August 1, 2022 was not attended by Mr.S.M. Kheny, Chairman of the Stakeholders Relationship Committee, as he had tested COVID positive. Mr.R.K. Goyal, Managing Director responded to the Stakeholders queries.

During the year 2022-23, the Stakeholders Relationship Committee met four times on May 11, 2022, August 1, 2022, October 20, 2022 and January 25, 2023. 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	3
Mrs.Sunita B. Kalyani	Non-Executive	4	4
Mr.B.B. Hattarki	Independent	4	4
Mr.R.K. Goyal	Executive	4	4

Role of the Stakeholders Relationship Committee :

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

Compliance Officer

Mrs.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 2022-23 are as follows :

Nature of Complaint	No. of Complaints received	No. of Complaints redressed	No. of Complaints pending as on March 31, 2023
Dematerialization of Shares	3	3	—
Non-receipt of Corporate Benefits	2	2	—

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

As on March 31, 2023, Nomination and Remuneration Committee comprised of three members viz. Mr.S.K. Adivarekar, Chairman, Mr.Amit B. Kalyani and Mr.B.B. Hattarki.

During the year 2022-23, the Nomination and Remuneration Committee met four times on May 11, 2022, August 5, 2022, October 14, 2022 and January 25, 2023. 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

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, number of years on the Board, Board / Committee meetings attended, Director's position on the Company's Board Committees, other relevant factors and performance of the Company.

Directors with materially pecuniary or business relationship with the Company

There have been no materially relevant pecuniary transactions or relationship between the Company and its Non-Executive and / or Independent Directors during the Financial Year 2022-23.

Policy on Board Diversity and Nomination and Remuneration Policy

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

Skills / Expertise / Competencies for the Board of Directors

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

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.R.K. Goyal, Managing Director	✓	✓	✓	✓	✓	✓	✓

Remuneration to Non-Executive Directors

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

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

Remuneration to Managing Director, Key Managerial Personnel and other Employees

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

The Managing Director is paid remuneration as per the terms approved by the Nomination and Remuneration Committee and the Board and confirmed by the Shareholders of the Company. The remuneration of the Managing Director comprises of Salary, Commission and Perquisites besides 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 discretion to decide notice period of the Managing Director. There is no separate provision for payment of severance fees.

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

Table 3 : The details of the remuneration package of Directors during the year 2022-23, their shareholding in the Company and relationship with other directors, if any :

(₹ in Million)

Name of the Director	Relationship with other Directors	Sitting fees #	Salaries and perquisites	Commission ##	Total	No. of Shares held
Mr.B.N. Kalyani	*	0.03	—	7.00	7.03	1,118
Mrs.Sunita B. Kalyani	**	0.02	—	5.00	5.02	54,650
Mr.Amit B. Kalyani	***	0.01	—	6.00	6.01	31,644
Mr.S.M. Kheny	****	0.01	—	0.60	0.61	14
Mr.B.B. Hattarki	None	0.07	—	0.80	0.87	—
Mr.M.U. Takale	None	0.01	—	0.60	0.61	2,500
Mr.Arun P. Pawar	None	0.01	—	0.60	0.61	—
Mr.Sachin K. Mandlik	None	0.01	—	0.80	0.81	—
Mr.S.K. Adivarekar	None	0.03	—	0.80	0.83	—
Mrs.Shruti A. Shah	None	0.02	—	0.80	0.82	—
Amb.Ahmad Javed	None	0.01	—	0.80	0.81	—
Mr.R.K. Goyal	None	N.A.	71.47	45.00	116.47	—

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

As on March 31, 2023, Corporate Social Responsibility (CSR) Committee comprises of four members viz. Mr.B.B. Hattarki, Chairman, Mrs.Sunita B. Kalyani, Mr.M.U. Takale and Mr.R.K. Goyal, Managing Director as members.

During the year 2022-23, the Corporate Social Responsibility Committee met twice on May 11, 2022 and January 25, 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

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. (Web-link : http://www.kalyanisteels.com/profile/policies/)

RISK MANAGEMENT COMMITTEE

The Risk Management Policy of the Company, which is approved by the Risk Management Committee ('RMC') 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 and reports risks arising from the Company's operations and exogenous factors.

As on March 31, 2023, Risk Management Committee comprised of three members viz. Mr.B.B. Hattarki, Chairman, Mr.S.K. Adivarekar, Director and Mr.R.K. Goyal, Managing Director as other members of the Committee.

During the year 2022-23, the Risk Management Committee met twice on August 30, 2022, and February 13, 2023.

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	Executive	2	2

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 activities of such committees, as per the framework laid down by the Board of Directors.

FINANCE COMMITTEE

As on March 31, 2023, Finance Committee comprises of three Directors viz. Mr.B.N. Kalyani, Chairman, Mr.B.B. Hattarki, Director and Mr.R.K. Goyal, Managing Director.

During the year 2022-23, the Finance Committee met nine times on May 27, 2022, June 27, 2022, July 19, 2022, August 26, 2022, September 16, 2022, September 29, 2022, November 14, 2022, February 3, 2023 and March 20, 2023.

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

Name of the Director	Category	Number of Meetings held	Number of Meetings attended
Mr.B.N. Kalyani, Chairman	Promoter Non-Executive	9	5
Mr.B.B. Hattarki	Independent	9	9
Mr.R.K. Goyal	Executive	9	9

Terms of Reference :

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

SHARE TRANSFER COMMITTEE

The Company has constituted the Share Transfer Committee, to approve requests for share transmissions, transposition, correction / deletion of name and issue of duplicate certificates etc. As on March 31, 2023, the Committee comprises of Mr.B.N. Kalyani, Chairman, Mr.B.B. Hattarki, Director and Mr.R.K. Goyal, Managing Director.

During the year 2022-23, the Share Transfer Committee met eight times on April 21, 2022, May 17, 2022, June 17, 2022, July 19, 2022, October 12, 2022, October 31, 2022, December 7, 2022 and March 24, 2023. 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	8	5
Mr.B.B. Hattarki	Independent	8	8
Mr.R.K. Goyal	Executive	8	8

INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on January 25, 2023, inter alia to discuss :

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

All the Independent Directors except Mr.Sachin K. Mandlik were present at the meeting. The Directors expressed their satisfaction with the evaluation process.

2. MANAGEMENT

MANAGEMENT DISCUSSION AND ANALYSIS

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

DISCLOSURES

RELATED PARTY TRANSACTIONS

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

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of the members is drawn to the disclosure set out in 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 2022-23, 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. (Web-link : http://www.kalyanisteels.com/profile/policies/)

DIVIDEND DISTRIBUTION POLICY

Pursuant to Regulation 43A of the Listing Regulations, the Company had adopted the Dividend Distribution Policy which is available on the Company's website. (Web-link : https://www.kalyanisteels.com/profile/policies/)

SUBSIDIARY COMPANY

As on March 31, 2023, the Company does not have any subsidiary company. However, the Company has policy for determining material subsidiary which is available on the Company's website. (Web-link : http://www.kalyanisteels.com/profile/policies/)

INDEPENDENT DIRECTORS' TRAINING AND INDUCTION

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

Further, with a view to familiarize Director with the Company's operations, plant visit is scheduled and the Managing Director also has one-to-one discussion with the newly appointed Director. 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 equips him to effectively fulfill his role as a Director of the Company. The details of this familiarization programme are available on the website of the Company. (Web-link : http://www.kalyanisteels.com/profile/policies/)

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

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

3. SHAREHOLDERS

DISCLOSURES REGARDING APPOINTMENT OR RE-APPOINTMENT OF DIRECTORS

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

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

- Mrs.Sunita B. Kalyani, born on April 18, 1951, was the Chairperson of Kalyani Thermal Systems Limited (now named as Kalyani Technoforge Limited), a Kalyani Group Company, engaged in the manufacture of forgings and machined components, sub-assemblies and assemblies. She is also actively involved in all the CSR Activities and Charitable Foundations of the Kalyani Group. Mrs.Sunita B. Kalyani holds 54,650 Equity Shares of ₹ 5/- each of the Company as on March 31, 2023.
- Mr.Amit B. Kalyani, born on July 26, 1975, after having his initial education in Pune, graduated in Mechanical Engineering from Bucknell University, Pennsylvania, U.S.A. He initially worked with Kalyani Steels Limited, followed by other companies within the group. He then joined Bharat Forge Limited in 1999 as Vice President and Chief Technology Officer. He was also instrumental in strategizing and execution of the several acquisitions that the Kalyani group had in Germany.

  Mr.Amit B. Kalyani is currently a Deputy Managing Director of Bharat Forge Limited. He also takes care of the overall group strategy and is responsible for the expansion of steel business and driving the infrastructure foray of the group. Mr.Amit B. Kalyani holds 31,644 Equity Shares of ₹ 5/- each of the Company as on March 31, 2023.

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

Other Directorships Name of the Company	Committee Memberships Name of the Company & Committee
1. Bharat Forge Limited 2. Hikal Limited 3. BF Utilities Limited 4. Kalyani Investment Company Limited 5. BF Investment Limited 6. Schaeffler India Limited 7. BF-NTPC Energy Systems Limited	1. Bharat Forge Limited Corporate Social Responsibility Committee - Member Risk Management Committee - Member ESG Committee - Chairman 2. BF Utilities Limited Audit Committee- Member Nomination and Remuneration Committee - Member Corporate Social Responsibility Committee - Member Risk Management Committee - Member 3. Kalyani Investment Company Limited Nomination and Remuneration Committee - Member 4. BF Investment Limited Nomination and Remuneration Committee - Member Corporate Social Responsibility Committee - Member Risk Management Committee - Member 5. Schaeffler India Limited Audit Committee - Member Nomination and Remuneration Committee - Member Corporate Social Responsibility 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 regularly for the benefit of the public at large.

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

1. Website

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

2. Filing with Stock Exchanges
   Financial Results / other information to Stock Exchanges is filed electronically on BSE Listing Centre for BSE and on 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 in electronic / physical form. The Management Discussion and Analysis (MDA) Report and Business Responsibility and Sustainability Report (BRSR) forms part of the Annual Report and the same is also displayed on the Company's website www.kalyanisteels.com

Letters received from shareholders are acted upon and replied promptly.

CREDIT RATING FROM CARE RATINGS LIMITED

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

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

FEES PAID TO STATUTORY AUDITORS

The Company has paid the fees of ₹ 4.53 Million to Kirtane and Pandit LLP, Chartered Accounts, Pune (Firm Registration No.105215W / W100057) during the year 2022-23.

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 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)	—
September 25, 2020	11.00 a.m.	Held through Video Conferencing (VC) / Other Audio Visual Means (OAVM)	—

POSTAL BALLOT

No resolution was put through postal ballot during the year 2022-23.

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

COMPLIANCE WITH MANDATORY AND DISCRETIONARY REQUIREMENTS

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

1) Unmodified Opinion(s) in Audit Report
   The Company is in the regime of financial statements with unqualified / unmodified Audit Opinion.
2) Reporting of Internal Auditors
   The Internal Auditors of the Company report to the Audit Committee periodically to ensure independence of the Internal Audit function.

SHAREHOLDER INFORMATION

COMPANY REGISTRATION DETAILS

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

ANNUAL GENERAL MEETING

Day, Date and Time : Friday, August 18, 2023 at 11.00 a.m.

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

FINANCIAL CALENDAR

1st April to 31st March

BOOK CLOSURE

The Books will be closed from Saturday, August 12, 2023 to Friday, August 18, 2023 (both days inclusive)

DIVIDEND PAYMENT DATE

Dividend of ₹ 10 /- per Equity Share of ₹ 5/- each (i.e. 200%) for FY 2022-23, recommended by the Board, if approved by the members, shall be paid on or before Wednesday, August 30, 2023.

EQUITY SHARES IN SUSPENSE ACCOUNT

In compliance with Regulation 39(4) of the Listing Regulations, the Company has transferred all the unclaimed 21,753 Equity Shares in respect of 267 shareholders into 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 5 (Five) shareholders / their legal heirs, the Company transferred 695 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

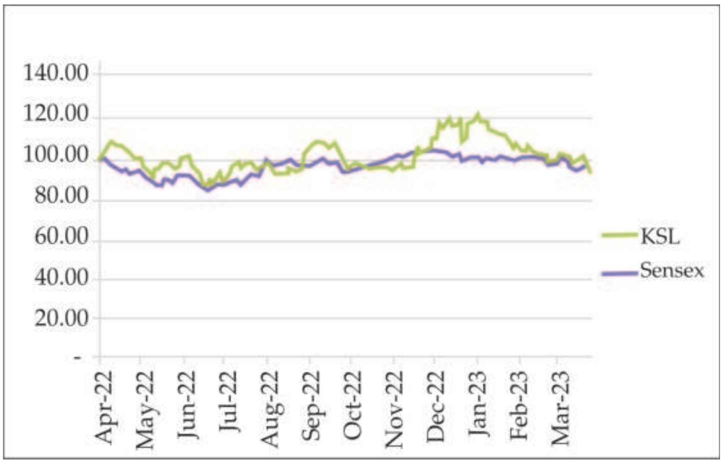
Table below gives the monthly high and low prices and volumes of trading of Equity Shares of the Company at National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) for the year 2022-23 :

Month & Year	NSE			BSE		
	High (₹)	Low (₹)	Volume (No. of Shares Traded)	High (₹)	Low (₹)	Volume (No. of Shares Traded)
April, 2022	339.90	297.05	833,435	339.70	301.85	100,476
May, 2022	314.10	273.20	757,969	314.95	269.80	100,583
June, 2022	318.00	263.10	342,864	319.80	263.70	51,968
July, 2022	314.90	275.55	339,123	312.60	275.75	46,393
August, 2022	324.35	281.15	902,706	324.00	278.25	103,362
September, 2022	342.85	296.15	881,776	341.95	296.60	81,078
October, 2022	307.95	283.70	432,840	308.80	286.95	39,108
November, 2022	334.25	294.00	709,108	334.95	293.25	83,957
December, 2022	392.00	322.20	3,070,026	390.00	323.60	300,063
January, 2023	387.65	323.00	1,192,451	387.85	320.40	98,833
February, 2023	340.35	301.05	516,805	339.75	301.85	69,847
March, 2023	323.50	281.00	645,971	324.00	281.10	55,580

STOCK PERFORMANCE

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

Chart 'A' : Kalyani Steels Share Performance Vs. BSE Sensex



Note : Share prices of Kalyani Steels and BSE Sensex have been indexed to 100 as on first working day of Financial Year 2022-23 i.e. April 1, 2022.

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, 2023

Category of the Shareholder	No. of Equity Shares held	Shareholding %
Promoters	28,244,202	64.70
Mutual Funds	3,753,285	8.60
Financial Institutions / Banks	267	—
Foreign Portfolio Investors	1,259,544	2.89
Bodies Corporate	646,475	1.48
NRIs	252,448	0.58
Indian Public	9,496,839	21.75
TOTAL	43,653,060	100.00

PATTERN OF SHAREHOLDING BY SHARE CLASS AS ON MARCH 31, 2023

Category (Shares)	No. of Shareholders	No. of Equity Shares held	Shareholding %
Up to 5,000	42,211	6,497,346	14.88
5,001 to 10,000	86	766,886	1.76
10,001 to 20,000	37	521,120	1.19
20,001 to 30,000	11	277,723	0.64
30,001 to 40,000	12	406,405	0.93
40,001 to 50,000	7	300,179	0.69
50,001 to 100,000	9	665,440	1.52
100,001 and above	17	34,217,961	78.39
TOTAL	42,390	43,653,060	100.00

DEMATERIALIZATION

The Company's Equity Shares are under compulsory Demat Trading. As on March 31, 2023, dematerialized shares accounted for 99.47% of the total Equity.

SITE LOCATION

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

INVESTORS CORRESPONDENCE ADDRESS

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

2) Kalyani Steels Limited
Secretarial Department
Mundhwa, Pune - 411 036
Phone No. : +91-020-66215000
Fax No. : 020 - 26821124
E-mail : investor@kalyanisteels.com

DECLARATION ON COMPLIANCE WITH THE CODE OF CONDUCT

I, R.K. Goyal, Managing Director of the Company do hereby declare that all the Board Members and Senior Management Personnel have affirmed for the year ended March 31, 2023, compliance with the Code of Conduct of the Company laid down for them.

Place : Pune
Date : April 28, 2023

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 - 411036, 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 and 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, 2023 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

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

For SVD & Associates
Company Secretaries

Meenakshi R. Deshmukh
Partner
FCS No. : 7364
C P No. : 7893
Peer Review No : P2013MH075200
UDIN : F007364E000181406

Place : Pune
Date : April 28, 2023

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, 2023 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 this certificate is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

For SVD & Associates
Company Secretaries

Meenakshi R. Deshmukh
Partner
FCS No. : 7364
C P No. : 7893
Peer Review No. : P2013MH075200
UDIN : F007364E000181461

Place : Pune
Date : April 28, 2023

DIRECTORS' REPORT

To,

The Members,

The Directors have pleasure in presenting the Fiftieth Annual Report on the business and operations of the Company together with the Audited Financial Statements for the Financial Year ended March 31, 2023.

1. Financial Highlights

(₹ in Million)

		2022-23	2021-22
Total Income	:	**19,557.58**	17,523.86
Total Expenditure	:	**16,537.00**	13,674.65
Finance Cost	:	**280.96**	132.09
Depreciation & amortization expenses	:	**489.02**	458.76
Profit before Exceptional Item and Tax	:	**2,250.60**	3,258.36
Exceptional Item	:	**—**	—
Profit before Tax	:	**2,250.60**	3,258.36
Tax Expenses :			
- Current Tax	:	**632.50**	886.00
- Deferred Tax	:	**(52.42)**	(56.79)
- Taxation in respect of earlier years		**0.25**	—
Profit after Tax	:	**1,670.27**	2,429.15

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, 2023, 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 ₹ 14,177 Million is proposed to be retained as Retained Earnings.

4. Performance of the Company

The steel industry faced numerous challenges in FY 2022-23 caused by external negative global headwinds such as volatility in raw material & commodity prices, inflationary pressures, rising interest rates, supply chain related issues due to Russia-Ukraine war, depreciating rupee etc.

One of the key commodities for alloy steel industry, Ferro Moly exhibited a steep & sudden increase of more than 100% from April, 2022 at $ 48/Kg to $ 99.3/Kg in February, 2023 before coming down to $ 78/Kg in March, 2023. Such price volatility in commodity prices puts negative pressure on the profitability of the Company.

Despite such a volatile & complex business environment, the Company has delivered extremely well results during FY 2022-23. The Company achieved Revenue from Operations of ₹ 18,994 Million against ₹ 17,060 Million in FY 2021-22. The Profit before tax is ₹ 2,251 Million against ₹ 3,258 Million in FY 2021-22.

The automotive sector is a key contributor to the Company's business portfolio. FY 2022-23 has seen remarkable growth in passenger vehicles (PV) sales at 4.5 Million vehicles at a growth of 29% over

FY 2021-22. With 4.5 Million vehicles sales, PV has crossed the pre-pandemic levels. Further, the growth momentum is expected to continue even in FY 2023-24. Commercial Vehicles, Two Wheelers & Three Wheelers are yet to catch up with the pre-pandemic numbers but have exhibited growth. Increased auto sales would further improve the business performance of the Company in FY 2023-24.

The alloy steel sector would also observe rising demand 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. Commissioning of Coke Making Facility and partial commissioning of Waste Heat Recovery (WHR) based Captive Power Plant

The members are aware that the Company had planned to set up a 200,000 TPA Non-recovery / Heat recovery, stamp charged Coke Oven with Modified wet Quenching of hot coke and 17-18 MW captive power plant to be operated utilizing waste heat energy of flue gas generated from Coke Oven. The electrical power so produced shall be used for captive consumption and the surplus, if any, will be sold to external agencies. The Broad Specifications were as follows :

- Coke Oven
  - Annual capacity (Dry coke) – 0.2 MT
  - No. of Ovens – 72 (Divided in two batteries of 36 ovens each)
- Heat Recovery Captive Power Plant
  - Power generation capacity – 17-18 MW
  - Generation voltage – 11KV

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

It is a pleasure to inform you that the Company has commissioned the Coke oven plant with all its auxiliaries and utility systems and started its commercial production from March 31, 2023. The production has already attained the designed capacity and the product quality is amongst the best in the industry.

The power plant with the turbine - generator with all the balance of plant (BOPs) with one of the two boilers has also been commissioned, while the second boiler to be added to the steam circuit is going to be commissioned shortly.

6. 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.

7. Corporate Governance

The Company aspires to reach highest standards of Corporate Governance and adhere to the Corporate Governance Requirements set out by SEBI.

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

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

8. Deposits

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

9. Directors

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

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

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

9.1 Board Evaluation

The Nomination and Remuneration Policy of the Company empowers the Nomination and Remuneration Committee to formulate a process for effective evaluation of the performance of individual Directors, Committees of the Board and the Board as a whole, in accordance with the provisions of the Companies Act, 2013 Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board formally assesses its own performance based on parameters which, inter alia, include performance of the Board on deciding 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 performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as composition of the committee, effectiveness of the committee meetings, information and functioning.

The parameters for the performance evaluation of the Directors include contribution made at the Board / Committee meetings, attendance, instances of sharing best practices, domain knowledge, vision, strategy, engagement with senior management etc.

In a separate meeting of independent directors, the performance of Non-Independent Directors and the Board as a whole was evaluated. Additionally, they also reviewed performance of the Chairman of the Board, taking into account the views of Executive and Non-executive Directors. 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. The above evaluations were then discussed in the Board meeting and performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

9.2 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/).

9.3 Meetings of the Board

During the Financial Year 2022-23, four Board Meetings were convened and held. Also a separate meeting of Independent Directors as prescribed under Schedule IV of the Companies Act, 2013 was held. The details of meetings of Board of Directors are provided in the Report on Corporate Governance that forms part of this Annual Report.

10. 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, 2023, 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, 2023 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, 2023, 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.

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

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

12. Corporate Social Responsibility

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

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

13. Related Party Transactions

All transactions with related parties were reviewed and approved by the Audit Committee and were in accordance with the Policy on dealing with and materiality of related party transactions and the related party framework, formulated and adopted by the Company.

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

Pursuant to Section 134 of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of transactions with related parties, are provided in Form AOC-2, which is annexed herewith as Annexure "C". Related party disclosures as per Ind AS have been provided in Note 38 to the Financial Statements.

The policy on Related Party Transactions in line with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as approved by the Board is uploaded on the Company's website. (Web-link : http://www.kalyanisteels.com/profile/policies/)

14. Risk Management

Risk management, which aims at managing the impact of uncertainties, is an Integral part of the Company's strategy setting and decision making process. The Company regularly identifies uncertainties and after assessing them, devises short-term and long-term plans to mitigate any risk which could materially impact on the Company's goals. This process of identifying and assessing the risks is a two-way process with inputs being taken from employees across the organization.

The Risk Management Committee of the Company is entrusted by the Board to frame, implement and monitor the risk management plan for the Company. The committee is responsible for reviewing the risk management plan and ensuring its effectiveness. The Audit Committee has additional oversight in the area of financial risks and controls. The major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

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

15. Audit Committee

As on March 31, 2023, 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.

All the recommendations made by the Audit Committee were deliberated and accepted by the Board during the Financial Year 2022-23.

16. 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.

17. 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 2023-24.

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.7 of the Notice convening Annual General Meeting.

18. Secretarial Audit and Secretarial Standards

Pursuant to provisions of Section 204 of the Companies Act, 2013, the Board had appointed M/s. SVD & Associates, Company Secretaries, Pune, to undertake Secretarial Audit of the Company for the Financial Year 2022-23. The Secretarial Audit Report for the Financial Year ended March 31, 2023, 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.

19. 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.

20. 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, 2022, filed with Registrar of Companies, is available on the Website of the Company at www.kalyanisteels.com

21. Whistle Blower Policy

The Company promotes ethical behaviour in all its business activities, in line with the best governance practices. 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Whistle Blower Policy is available on the Company's website. (Web-link : http://www.kalyanisteels.com/profile/policies/)

The Policy 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 avail of the mechanism. During the year under review, the Company has not received any complaint under the said mechanism.

22. 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.

23. Internal Financial Controls

The Company's internal financial control systems are commensurate with the nature of its business, the size and complexity of its operations and such controls with reference to the Financial Statements are adequate.

The Internal Financial Control Systems over financial reporting ensures that all transactions are authorized, recorded and reported correctly in a timely manner. The Company has laid down Standard Operating Procedures, Policies and Authority to guide the operations of the business. Functional heads are responsible to ensure compliance with all laws and regulations and also with the policies and procedures laid down by the management.

24. 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, 2023, which may affect the financial position of the Company or may require disclosure.

25. 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.

26. Familiarization Programme

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.

Apart from the above, the Directors are regularly briefed and updated on the Company's policies and procedures, business model, the industry and operating environment that the Company operates in. For newly appointed directors detailed induction program involving the briefing on the Company's philosophy on Governance, Ethics and Compliance coupled with the Company's policies and interactions with the leadership team is in place.

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/)

27. Subsidiaries, Joint Ventures or Associate Companies

As on March 31, 2023, the Company has one associate and one joint venture company. A statement containing the salient features of the financial statement of the 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. (Web-link : http://www.kalyanisteels.com/profile/policies/)

Lord Ganesha Minerals Private Limited (LGMPL), subsidiary of the Company, had made voluntary application on February 9, 2022, to the Registrar of Companies (ROC), Pune (Maharashtra), for striking off its name from the Register of Companies, pursuant to the provisions of Section 248 of the Companies Act, 2013. The final order of the ROC approving striking off the name was passed on April 26, 2022.

28. Business Responsibility and Sustainability Report

The Securities and Exchange Board of India ('SEBI'), in May, 2021, introduced new sustainability related reporting requirements to be reported in the specific format of Business Responsibility and Sustainability Report ('BRSR'). BRSR is a notable departure from the existing Business Responsibility Report ('BRR') and a significant step towards giving platform to the companies to report the initiatives taken by them in areas of environment, social and governance. Further, SEBI has mandated top 1,000 listed companies, based on market capitalization, submission of BRSR from FY 2022-23 onwards.

In accordance with the aforesaid SEBI requirement, Business Responsibility and Sustainability Report is provided as a part of this Annual Report, as Annexure "G".

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

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

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

The Company has zero tolerance for sexual harassment of women at workplace and has adopted a Policy for prevention, prohibition and redressal of sexual harassment 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.

31. Acknowledgement

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

The Directors also take this opportunity to express 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 relentless actions for the progress of the Company.

for and on behalf of the Board of Directors

Place : Pune
Date : April 28, 2023

B.N. Kalyani
Chairman

ANNEXURE - A TO DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY :

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

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

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

c) Sinter plant 2 main ID fan drive installed with the cost of ₹ 52 lakhs resulted in energy saving of 3000 kwh/day.

d) Energy saving by installing third drive in Sinter cooler.

- 132KW Drive installed in Sinter plant 1 PMD for saving in energy consumption.
- 132KW Drive installed in Sinter plant 2 PMD for saving in energy consumption.
- 280KW Crusher replaced with energy efficient crusher with 110KW VFD system which eliminated perennial mechanical issues and reduced power consumption.
- VFD drives installed in the following systems resulting in energy saving and better control :
  - ❖ 75KW drive in dry fog system.
  - ❖ 75KW drive in RMS 1 combustion air blower.
  - ❖ 220KW drive in RMS 1 descaler.
  - ❖ 37KW drive in roller table in RMS 1.

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

a) Renewable power to the extent of 5.74 crore units were used to replace KPTCL grid power resulting in a saving of ~ ₹ 7.43 Cr.

b) As a part of replacement of conventional power 5.74 crore of renewable power has been consumed to replace conventional power from KPTCL grid and thus reduce $CO2$ /tcs.

c) Post commissioning of WHR Power plant using waste flue gas from coke oven in March 2023, drawl of power from state grid has been reduced by 2,236,000 kwh. The WHR power generation is on the rise which will ensure further reduction in drawl of grid power.

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

B. TECHNOLOGY ABSORPTION :

I. The efforts made towards technology absorption :

a) Development of process to replace double rolling by single rolling, resulting in substantial increase in productivity and reduction of energy and mill operation cost.

b) Process innovation to produce improved bar quality suitable for direct forging without peeling for cold forging application of constant velocity (CV) joints.

c) Development of customized variants of 5120H, 28Cr S4, SCM420H grades for IB5 Gear and Shaft applications.

d) Modification of Shot blasting machine turbine drive arrangement resulting in substantial increase in machine availability and increased MTBF (Mean Time Between Failures).

e) Augmentation of Condition Monitoring System by introducing following additional monitoring activities to facilitate Condition Based Maintenance (CBM) of critical equipment as follows :

- Partial discharge test for HT Motors
  - Partial discharges (PD) Testing and Monitoring solutions can provide critical information on the quality of insulation and its impact on overall equipment health.
- Current signature analysis on HT motors
  - Motor Current Signature Analysis (MCSA) is a condition monitoring technique used to diagnose problems in motors.
- Sweep frequency response analysis on Main Transformers
  - Sweep frequency response analysis (SFRA) is a method to evaluate the mechanical integrity of core, windings and clamping structures within power transformers.
  - ❖ This PD, MCSA and SFRA being practised on regular basis.

- For MBF 1 and 3, 'ISOTHERM SOFTWARE PROGRAM' for hearth refractory wear monitoring was set up for improved monitoring of hearth condition.
- Digitization process started in Steel Melting shop for better monitoring and control of process for efficient operation and improved productivity.
- Online condition monitoring of MBF blower / motor started.
- Midstack pressure measurement system for MBF 1 and MBF 3 for better control of furnace.
- Rolling Mill 1 PLC upgradation.
- Electrode regulation system of LRF 2 upgraded.
- Electrode regulation system both electronics and hydraulics of LRF 1 upgraded.
- Gas analyzer installed in MBF 1 and MBF 3 BF gas line to have better control on fuel consumption, better utilization of BF gas due accurate CV and easy detection of water leakage if any.
- 2 strand and 4 strand wire feeding machine PLC upgraded and hooked up with SAP.
- 220KV incoming breaker upgraded for smooth and reliable operation.
- As a part to reduce GHG SF6 breaker being replaced with VCB in phased manner. This year 10 numbers replaced.

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

The Company has developed various new products such as :

a) Development of 38MnSiVs6 with stringent Carbon Equivalent (CE) requirement for LASER welding for output shaft applications.

b) Developed EN 353 with Titanium for cold forging applications.

c) Developed 17NiCrMo6-4 special steel for Yoke shaft application.

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

a) Hydraulic Stamping Machine for Coke Oven :

(1) Year of Implementation : 2022-23

(2) Whether technology been fully absorbed : Yes

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

IV. The expenditure incurred on Research and Development : Nil

C. FOREIGN EXCHANGE EARNING AND OUTGO :

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

a) Total foreign exchange used and earned :

Used : ₹ 5,850.83 Million Earned : ₹ 196.77 Million

for and on behalf of the Board of Directors

Place : Pune
Date : April 28, 2023

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

3. Provide the web-link(s) 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/director/
   https ://www.kalyanisteels.com/profile/policies/

4. Provide the executive summary alongwith 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 : ₹ 2,510.83 Million

   b) Two percent of Average Net Profit of the Company as per sub-section 5 of Section 135 : ₹ 50.22 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 : ₹ 11.69 Million

   e) Total CSR obligation for the financial year (5b+5c-5d) : ₹ 38.53 Million

6. a) Amount spent of CSR Projects (including amount available for set off from FY 2021-22) (Both Ongoing Project and other than Ongoing Project) : ₹ 50.35 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) : ₹ 50.35 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
50.35	—	—	—	—	—

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	50.22
ii)	Total amount spent for the Financial Year (including amount available for set off from FY 2021-22)	50.35
iii)	Excess amount spent for the financial year [(ii)-(i)]	0.13
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)]	0.13

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 Financial Year (₹ in Million)	Amount transferred to a Fund as 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 2019-20	—	—	—	—	—	—	—
2	FY 2020-21	—	—	—	—	—	—	—
3	FY 2021-22	—	—	—	—	—	—	—

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 sub-section 5 of Section 135 : 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 : April 28, 2023

R.K. Goyal
Managing Director

B.B. Hattarki
Chairman, CSR Committee

ANNEXURE - C TO DIRECTORS' REPORT

FORM AOC-2

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

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

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

   There are no contracts or arrangements or transactions entered into by the Company during the year ended March 31, 2023, 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 mill scale	Sale / supply of goods or materials - Steel
c)	Duration of contracts / arrangements / transactions	:	On on-going basis	On on-going basis
d)	Salient terms of the contracts / arrangements / transactions including the value, if any	:	In tune with market parameters. Transaction Value not exceeding ₹ 20,000 Million for each of the Financial Year	In tune with market parameters. Transaction Value not exceeding ₹ 5,000 Million for each of the Financial Year
e)	Date(s) of approval by the Board	:	January 27, 2022	January 27, 2022
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 : April 28, 2023	**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, 2023

[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, 2023 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, 2023 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 have been carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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

We further report that during the audit period, there 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.

We further report that during the audit period, Lord Ganesha Minerals Private Limited (LGMPL), a Subsidiary of the Company, which was non operative and having no major bearing on the affairs of the Company was struck off from the Register maintained by Registrar of Companies, Pune with effect from April 26, 2022, pursuant to provisions of Section 248 of the Companies Act, 2013.

For SVD & Associates
Company Secretaries

Meenakshi R. Deshmukh
Partner
FCS No. : 7364
C P No. : 7893
Peer Review No. : P2013MH075200
UDIN : F007364E000181340

Place : Pune
Date : April 28, 2023

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 through 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.

For SVD & Associates
Company Secretaries

Meenakshi R. Deshmukh
Partner
FCS No. : 7364
C P No. : 7893
Peer Review No. : P2013MH075200
UDIN : F007364E000181340

Place : Pune
Date : April 28, 2023

ANNEXURE - E TO DIRECTORS' REPORT

[Information 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]

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

Sr. No.	Name of the Director	Ratio
1	Mr.B.N. Kalyani	4.33
2	Mrs.Sunita B. Kalyani	3.09
3	Mr.Amit B. Kalyani	3.70
4	Mr.S.M. Kheny	0.38
5	Mr.B.B. Hattarki	0.54
6	Mr.M.U. Takale	0.38
7	Mr.Arun P. Pawar	0.37
8	Mr.Sachin K. Mandlik	0.50
9	Mr.S.K. Adivarekar	0.51
10	Mrs.Shruti A. Shah	0.50
11	Amb.Ahmad Javed	0.50
12	Mr.R.K. Goyal	71.71

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)
		2022-23	2021-22	
1	Mr.B.N. Kalyani	7.03	9.35	(24.82)
2	Mrs.Sunita B. Kalyani	5.02	8.02	(37.39)
3	Mr.Amit B. Kalyani	6.01	8.02	(25.00)
4	Mr.S.M. Kheny	0.61	0.92	(32.97)
5	Mr.B.B. Hattarki	0.87	1.27	(31.40)
6	Mr.M.U. Takale	0.61	0.93	(33.91)
7	Mr.Arun P. Pawar	0.61	0.81	(24.75)
8	Mr.Sachin K. Mandlik	0.81	0.91	(10.82)
9	Mr.S.K. Adivarekar	0.83	1.22	(32.24)
10	Mrs.Shruti A. Shah	0.82	0.91	(10.33)
11	Amb.Ahmad Javed	0.81	0.91	(11.01)
12	Mr.R.K. Goyal	116.47	108.79	7.05

Percentage increase in remuneration of Mr.B.M. Maheshwari, Chief Financial Officer is 7.88% and of Mrs.D.R. Puranik, Company Secretary is 5.53%.

c) The percentage increase in the median remuneration of employee(s) in the financial year : (3.30%)

d) The number of permanent employees on the role of the Company : 70 Employees as on March 31, 2023

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 5.90%.

Percentage increment at 50th Percentile for Salaries of Managerial Personnel is 7.20%.

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 : April 28, 2023

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

The Company do not have any subsidiaries.

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	31-03-2023	31-03-2023
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 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	Not Consolidated Note - B
6.	Networth attributable to Shareholding as per latest Audited Balance Sheet	(2.62)	—
7.	Profit / (Loss) for the year		
	Considered in Consolidation	—	—
	Not Considered in Consolidation	—	—

Notes :

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

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

On behalf of the Board of Directors

Place : Pune	Mrs.D.R. Puranik	B.M. Maheshwari	R.K. Goyal	B.N. Kalyani
Date : April 28, 2023	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 2022-23
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.

II. Products / services

14. 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	97.76%

15. 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 Blooms and Rounds Pig Iron	24105 24103 24101	97.76%

III. Operations

16. 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

17. Markets served by the entity

a. Number of locations

Locations	Number
National (No. of States and Union Territories)	36
International (No. of Countries)	3
b. What is the contribution of exports as a percentage of the total turnover of the entity?	1.04 %
c. A brief on types of customers	The forging industry in India is the primary market for the Company's products. Indian and International component manufacturers for commercial vehicles, two wheelers, diesel engines, bearings, tractors, turbines and rail form the significant part of the Company's clientele. Additionally, the Company has earned the status of preferred steel supplier for engineering, seamless tube and aluminum-smelting industry.

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 1,020 employees on roll and 1,400 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, 2023, the Company has 71 employees on roll and 200 workers on contract basis. These employees and workers form part of the Company's Business Responsibility and Sustainability Report.

18. 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)
			EMPLOYEES			
1.	Permanent (D)	70	66	94.29	4	5.71
2.	Other than Permanent (E)	1	1	100	0	0
3.	Total employees (D + E)	71	67	94.37	4	5.63
			WORKERS			
4.	Permanent (F)	0	0	0	0	0
5.	Other than Permanent (G)	214	214	100	0	0
6.	Total Workers (F + G)	214	214	100	0	0

b. Differently abled Employees and workers :

S. No.	Particulars	Total (A)	Male		Female	
			No. (B)	% (B/A)	No. (C)	% (C/A)
DIFFERENTLY ABLED EMPLOYEES						
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
DIFFERENTLY ABLED WORKERS						
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

19. Participation / Inclusion / Representation of Women

	Total (A)	Number and Percentage of Females	
		No. (B)	% (B/A)
Board of Directors	12	2	16.67%
Key Management Personnel*	7	1	14.29%

*Key Management Personnel includes Vice President and above

20. Turnover rate* for permanent employees and workers

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	26.23%	20.00%	25.75%	19.64%	0	18.03%	10.20%	0	9.25%
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)

21. (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 Associate Company and Joint Venture Company do not participate in its Business Responsibility initiatives.

VI. CSR Details

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

ii) Turnover (in ₹) : ₹ 18,994 Million

iii) Net Worth (in ₹) : ₹ 14,894.78 Million

VII. Transparency and Disclosures Compliances

23. 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 2022-23			FY 2021-22		
		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. https :// www. kalyanisteels. com/contact-us/	0	0	—	0	0	—
Investors (other than Shareholders)	NA	0	0	—	0	0	—
Shareholders	Yes. As per SEBI Listing Regulations	5	0	—	2	0	—
Employees and Workers	Yes	0	0	—	0	0	—
Customers	Yes. https :// www. kalyanisteels. com/contact-us/	39	0	—	40	0	—
Value Chain Partners	Yes. https :// www. kalyanisteels.com /contact-us/	0	0	—	0	0	—

24. 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	Disaster recovery	Risk	Business operations may be affected due to natural calamities like earthquakes, cyclones, floods, etc.	Adequate protection against calamities through appropriate insurance.	Interruption in business operations may have negative financial impact.
2	Health and safety	Risk	Failure to ensure health and safety of employees and workers could result in high rate of absenteeism and can affect operations of the Company.	Training all employees and workers on health and safety. Medical check-up at regular intervals. Corrective and Preventive actions on identified unsafe working practices and unsafe working conditions.	Interruption in business operations may have negative financial impact.
3	Training and education	Opportunity	The highly trained employees and workers perform their tasks more efficiently and in safe manner.	Providing a need-based training courses.	Positive impact due to improvement in productivity, quality and Customer Service etc.

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, protect and make efforts to 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
Policy and management processes									
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)	N	N	N	N	N	N	N	N	N
c. Web Link of the Policies, if available	Policies on CSR, Prohibition of Insider Trading, RPTs, Whistle Blower are available on the link : https://www.kalyanisteels.com/profile/policies/								
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)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name of the national and international codes certifications / labels / standards adopted by your entity and mapped to each principle.	KSL Code of Conduct, National and International Codes / Certifications / Lables / Standards are listed below.								

1. ISO 9001 : 2015 (Quality Management Certification for Manufacturing of Plain Carbon and Alloy Steel Rolled Products)

2. IATF 16949 First Edition (Automotive Quality Management System Certification for Manufacturing of Plain Carbon and Alloy Steel Rolled Products)

3. ISO 14001 : 2015 (Environment Management System Certification)

4. ISO 45001 : 2018(Health & Safety Management System Certification)

5. IBR Certificate (Well known Steel Maker Certificate from Central Boilers Board)

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.

Governance, leadership and oversight

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 exploring promising ways for green power and securing supply of carbon credits.

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	Technical Capability Development Communication skills, Ways to live Healthy Life, Combating Stress through Yoga, POSH.	60% 100%
Workers	4	Health and Safety Training, On the job Technical Training	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.**

   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 in current as well as previous financial year.

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

   No complaints are reported with regard to conflict of interest of Directors as well as KMPs in current as well as previous financial year.

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

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

ESSENTIAL INDICATORS

1. **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 2022-23	FY 2021-22	Details of Improvements in environmental and social impacts
R&D	—	—	—
Capex	0.30 %	7.32 %	a) Wind Breaker Sheets along the periphery of RM Yard. b) Canon Mist Fogger. c) Revamping of Air Pollution Control Equipment d) Concreting of Coke yard.

2. **a. Does the entity have procedures in place for sustainable sourcing?**

   No. 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 trying to develop suppliers to have sustainable sourcing and plans to introduce such procedures.

   b. If yes, what percentage of inputs were sourced sustainably?

   Not Applicable

3. **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.**

   Steel has a very long service life before it needs to be recycled. End-of-life steel or scrap steel is not considered as waste product by the Company, instead used as input product by remelting. The Company is committed to circularity and reuses scrap generated during the production process. Further the steel slag generated during the production is sold to cement manufacturers which helps in reducing the emmission intensity of cement production.

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)
Permanent employees											
Male	66	66	100	66	100	0	0	0	0	0	0
Female	4	4	100	4	100	4	100	0	0	0	0
Total	70	70	100	70	100	4	5.71	0	0	0	0
Other than Permanent employees											
Male	1	1	100	1	100	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
Total	1	1	100	1	100	0	0	0	0	0	0

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)
Permanent workers											
Male	0	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0
Other than Permanent workers											
Male	214	214	100	214	100	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0	0
Total	214	214	100	214	100	0	0	0	0	0	0

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

Benefits	FY 2022-23			FY 2021-22		
	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	0	Y
Gratuity	100	100	Y	100	0	Y
ESI	0	100	Y	0	0	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
Total	0	0	0	0

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)
Permanent Workers	Kalyani Steels does not have any Permanent Workers.
Other than Permanent Workers	Yes - HR Department has established a grievance handling mechanism.
Permanent Employees	Yes - HR Department has established a grievance handling mechanism.
Other than Permanent Employees	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 2022-23			FY 2021-22		
	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)
Total Permanent Employees	70	0	0	66	0	0
Male	66	0	0	61	0	0
Female	4	0	0	5	0	0
Total Permanent Workers	0	0	0	0	0	0
Male	0	0	0	0	0	0
Female	0	0	0	0	0	0

8. Details of training given to employees and workers :

Category	FY 2022-23					FY 2021-22				
	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)
Employees										
Male	67	67	100	25	37.31	61	61	100	20	32.79
Female	4	4	100	0	0	5	5	100	1	20.00
Total	71	71	100	25	35.21	66	66	100	21	31.82
Workers										
Male	214	214	100	214	100	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
Total	214	214	100	214	100	0	0	0	0	0

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

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B / A)	Total (C)	No. (D)	% (D / C)
Employees						
Male	67	67	100	61	61	100
Female	4	4	100	5	5	100
Total	71	71	100	66	66	100
Workers						
Male	0	0	0	0	0	0
Female	0	0	0	0	0	0
Total	0	0	0	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.

The health and safety management systems covers activities across all locations and ensures maintaining and improving employees' health and safety.

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 follows following steps to identify work-related hazards and risk assessment :

a. Safety visits, which involve regular inspections of the workplace to identify potential hazards and unsafe practices.

b. Elimination of Commonly Accepted Unsafe Practices.

c. Third Party Safety Audits.

c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks ? (Y/N)

Yes. The Company has put in place Safety Observation and Near Miss Reporting System.

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 2022-23	FY 2021-22
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

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 :

a. The Company has taken measures which are compliant with all statutory preventive healthcare and occupational health and safety requirements.

b. The Company provides training on health and safety measures to all employees on a periodic basis.

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 :

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
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.

Stakeholder Group	Whether identified as Vulnerable and Marginalized Group (Yes / No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually / Half yearly / Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Employees	No	Online portals, Conferences, Open House briefing, workshops	Ongoing	• Help the employees to expand their knowledge in the industry. • Inform about important advances of the Company. • Getting employee feedback and resolving their issues.
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 are compliant with applicable laws.
Suppliers and Service providers	No	Supplier and Vendor meets Workshops & Trainings Code of Conduct	Periodically	Supply of materials and services
Customers	No	Personal visits, Plant visits, Emails, Conferences and events	Periodically	Sale of materials and services, product quality and availability, responsible manufacturing.
Community	No	Personal meetings / training / workshops	Periodically	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 2022-23			FY 2021-22		
	Total (A)	No of employees / workers covered (B)	% (B / A)	Total (C)	No of employees / workers covered (D)	% (D / C)
EMPLOYEES						
Permanent	70	70	100	66	66	100
Other than permanent	1	1	100	0	0	0
Total Employees	71	71	100	66	66	100
WORKERS						
Permanent	0	0	0	0	0	0
Other than permanent	214	214	100	0	0	0
Total Workers	214	214	100	0	0	0

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

Category	FY 2022-23					FY 2021-22				
	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)
EMPLOYEES										
Permanent										
Male	66	0	0	66	100	61	0	0	61	100
Female	4	0	0	4	100	5	0	0	5	100
Other than Permanent										
Male	1	0	0	1	100	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
WORKERS										
Permanent										
Male	0	0	0	0	0	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0
Other than Permanent										
Male	214	62	28.97	152	71.03	0	0	0	0	0
Female	0	0	0	0	0	0	0	0	0	0

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

	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	116.47	0	0
Key Managerial Personnel (includes VPs and above)	6	9.27	1	7.05
Employees other than BoD and KMP	60	1.50	3	1.14
Workers (Permanent)	0	0	0	0

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)**

   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 2022-23			FY 2021-22		
	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. **Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

   The Company has put in place a robust grievance redressal process for investigation of employee concern and has instituted a code of conduct and employee service rules, that clearly describes employee responsibility and acceptable employee conduct. The details of complainant, if any, are kept confidential and the complainant is protected from any discrimination / harassment till the issue is resolved.

8. **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.

9. **Assessments for the year :**

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

10. **Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above**

The Plant and Offices of the Company were found to be having no negative impacts 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 2022-23	FY 2021-22
Total electricity consumption (A)	GJ	359,869	386,752
Total fuel consumption (B)	GJ	4,748,538	4,506,566
Energy consumption through other sources (C)	GJ	0	0
Total energy consumption (A+B+C)	GJ	5,108,407	4,893,318
Energy intensity per rupee of turnover (Total energy consumption / turnover in rupees)	GJ / ₹ in Million	0.00026	0.00028

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.**

No

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

Parameter	FY 2022-23	FY 2021-22
Water withdrawal by the source in Kilolitres (KLs)		
i) Surface Water	1,101,531	1,385,024
ii) Ground water	0	0
iii) Third party water	0	0
iv) Sea water / Desalinated water	0	0
v) Other	0	0
Total volume of water withdrawal (in Kilolitres) (i + ii + iii + iv + v)	1,101,531	1,385,024
Total volume of water consumption (in Kilolitres)	709,489	804,831
Water intensity per rupee of turnover (Water consumed / turnover)	0.000037	0.000047

4. 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 since it is a Zero Liquid Discharge (ZLD) plant. The said system 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.

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

Parameter	Unit	FY 2022-23	FY 2021-22
NOx	μgm/m³	16.67	13.47
SOx	μgm/m³	16.53	13.75
Particulate matter (PM)	μgm/m³	43.64	39.55
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.

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

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	592,624	568,654
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	21,876	39,665
Total Scope 1 and Scope 2 emissions per rupee of turnover	Metric tonnes of CO2 equivalent / rupee turnover	0.000032	0.000035

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.

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

The Company is dedicated to taking action to address climate change and to make a positive contribution to the environment and communities in which it operates. The Company used 5.736 Cr units of renewable energy to replace equivalent amount 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.

8. **Provide details related to waste management by the entity, in the following format :**

Parameter	FY 2022-23	FY 2021-22
Total Waste Generated (in metric tonnes)		
Plastic waste (A)	0	0
E-waste (B)	10.25	8.90
Bio-medical waste (C)	0.005	0.005
Construction and Demolition Waste (D)	0	0
Battery waste (E)	178	60
Radioactive waste (F)	0	0
Other Hazardous waste (Used Oil / Waste Oil) (G)	0.264 KL	4.55 KL
Other Non-hazardous waste generated (H) Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	442,401	442,949
i) Granulated Slag	237,868	246,344
ii) MBF Slag	1,651	3,375
iii) Skull Powder	1,157	1,313
iv) Pig Iron Scrap	12,600	15,808
v) GCP Dust	11,635	13,395
vi) RMS Mill Scale	4,129	4,837
vii) RMS Cut ends	9,034	8,992
viii) Thickener Sludge	1,422	4,497
ix) Iron Ore Fines	134,266	118,595
x) Coke Fines	28,639	25,793
Total (A+B + C + D + E + F + G + H)	**442,589 MTs and 0.264 KL**	**443,018 MTs and 4.55 KL**

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	0	0
(ii) Re-used	181,213	158,697
(iii) Other recovery operations	0	0
Total	**181,213**	**158,697**
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	237,625	245,854
Total	**237,625**	**245,854**

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

9. **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).

10. **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.

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

    Not Applicable

12. **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 2022-23.

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 2022-23	FY 2021-22
Directly sourced from MSMEs / small producers	2.72%	0.71%
Sourced directly from within the district and neighbouring district	29.86%	27.04%

PRINCIPLE 9 : Businesses should promote inclusive growth and equitable development

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 2022-23			FY 2021-22		
	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	—

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.**

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

INDEPENDENT AUDITOR'S REPORT

on the Audit of the Ind AS Financial Statements

To the Members of Kalyani Steels Limited

Opinion

We have audited the accompanying financial statements of Kalyani Steels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the Financial Statements including summary of the 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, 2023, 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 Ind AS 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 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 Ind AS 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.	**Accounting of joint operation** 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. 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.	As part of our audit procedures : • We have obtained the said strategic alliance agreement and read the terms and conditions mentioned therein. • Assessed the management's judgement of concluding the arrangement as joint operation as per the principles laid down under Ind AS 111. • We have tested the controls and procedures established by the management relating to accounting of joint venture. • 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. 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.

Sr. No.	Key Audit Matters	How our audit addressed the Key Audit Matter
2.	**Valuation of inventory** As on March 31, 2023, the Company has inventory of INR 3,239.01 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.	As a part of our audit procedures over valuation of inventory we have performed the following procedures : • assessed the design and performed tests of the design and operating effectiveness of the key controls over inventory valuation. • obtained understanding of production process at each stage. • obtained and tested on sample basis the process cost of each production process. • verified the calculations, accounting of joint and by-product and allocation basis of overhead as per costing principles. • tested the assumptions such as allocation percentages of fixed and variable overheads and yield rate at each production stage with source data. • Further, we have tested on sample basis, net realizable value of finished goods based on subsequent sale value. • We have also checked the aging report for identification of non-moving / slow moving finished goods on a sample basis. • Analytical review of production quantity and cost of finished goods.

Information Other than the 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 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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's and Board of Directors' for the 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 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 Financial Statements. For the joint operation included in the 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 financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 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

1. The financial statements of the Company for the year ended March 31, 2022 were audited by another firm of Chartered Accountants under the Companies Act, 2013 who expressed an unmodified opinion, vide their separate reports on financial statements dated May 12, 2022.
2. We did not audit the financial information of joint operation included in the 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, 2023 and Company's share of expenditure of ₹ 881.32 Million. The joint operation has total assets of ₹ 292.02 Million as on March 31, 2023 and net cash (Inflow) of ₹ 21.78 Million for the year ended March 31, 2023.

   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.
3. Lord Ganesha Minerals Private Limited (LGMPL), sole subsidiary of the Company, had made voluntary application on February 9, 2022, to the Registrar of Companies (ROC), Pune (Maharashtra), for striking off its name from the Register of Companies, pursuant to the provisions of Section 248 of the Companies Act, 2013. The final order of the ROC approving the application for strike-off of the name was passed on April 26, 2022. Consequently, preparation of consolidated financial results is not applicable for the year ended March 31, 2023.

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 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, 2023 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, 2023 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 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.

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 : 23108177BGWNJZ4612

Pune,
April 28, 2023

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, 2023 in conjunction with our audit of the 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, 2023, 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. 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 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 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 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.

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 : 23108177BGWNJZ4612

Pune,
April 28, 2023

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) According to the 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 under clause 3(i)(d) 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 under clause 3(i)(e) of the Order is not applicable to the Company.

(ii) (a) 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 crores, 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) According to the information and explanations provided 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 seven mutual fund schemes during the year.

(b) In respect of the aforesaid investments, the terms and conditions under which such investments were made are not prejudicial to the Company's interest, based on the information and explanations provided to us.

(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 under clause 3(iii)(c) 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 explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the

Rules framed there under to the extent notified. 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.

(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, except Employee State Insurance dues for the month of March 2023 which was delayed by two days.

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, 2023, 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
Central Excise Act, 1944	Excise Duty	20.39	FY 2012-13 to 2014-15	CESTAT Bangalore
Service Tax Act, 1994	Service Tax	9.43	FY 2008-09 to 2010-11	CESTAT Bangalore
Income Tax Act, 1961	Income Tax	3.95	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

(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, the requirement to report on clause 3 (viii) 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 an overall examination of the Financial Statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(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 Joint Operation (as defined under the Act). Accordingly, clause 3(ix)(e) of the Order is not applicable.

(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, clause 3(ix)(f) of the Order is not applicable.

(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, clause 3(x)(a) of the Order is not applicable.

(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, reporting on clause 3(x)(b) of the Order is not applicable.

(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 under clause 3(xi)(b) 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 under clause 3(xii) 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 on compliance with the provisions of Section 192 of the Act under clause 3(xv) 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, clause 3(xvi)(a) of the Order is not applicable to the company.

(b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) 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, clause 3(xvi)(c) 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) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii)There has been no resignation of the statutory auditors during the year and accordingly the reporting under clause 3(xviii) 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, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

(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 : 23108177BGWNJZ4612

Pune,
April 28, 2023

BALANCE SHEET AS AT MARCH 31, 2023

(₹ in Million)

	Notes		As at March 31, 2023	As at March 31, 2022
ASSETS				
Non-current assets				
(a) Property, plant and equipment	3		5,991.24	3,580.03
(b) Capital work-in-progress	3		178.68	1,543.26
(c) Intangible assets	4		3.18	4.22
(d) Financial assets				
(i) Equity Investment held in subsidiary and associate	5.a		—	—
(ii) Investments	5.b		1,461.26	1,474.60
(iii) Other financial assets	6.a		143.43	142.36
(e) Income Tax assets (net)	7		8.62	4.76
(f) Other non-current assets	8.a		16.42	250.51
		Total	**7,802.83**	**6,999.74**
Current assets				
(a) Inventories	9		3,239.01	2,176.11
(b) Financial assets				
(i) Trade receivables	10		4,047.04	4,164.43
(ii) Cash and cash equivalents	11		105.07	221.48
(iii) Bank balances other than (ii) above	12		7,389.74	9,520.73
(iv) Other financial assets	6.b		292.78	231.49
(c) Other current assets	8.b		628.93	248.34
		Total	**15,702.57**	**16,562.58**
Total Assets			**23,505.40**	**23,562.32**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	13		218.64	218.64
(b) Other equity	14			
(i) Reserves and surplus			14,596.53	13,361.07
(ii) Other reserves			79.61	94.91
Total Equity			**14,894.78**	**13,674.62**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	15		1,849.88	1,895.18
(b) Provisions	17.a		50.59	48.82
(c) Deferred tax liabilities (net)	18		162.60	214.44
(d) Other non-current liabilities	19		38.41	63.43
		Total	**2,101.48**	**2,221.87**
		Carried Over	2,101.48	2,221.87
		Carried Over	14,894.78	13,674.62

BALANCE SHEET AS AT MARCH 31, 2023

(₹ in Million)

	Notes		As at March 31, 2023	As at March 31, 2022
		Carried Over	14,894.78	13,674.62
		Carried Over	2,101.48	2,221.87
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	20		3,213.56	2,487.15
(ii) Trade payables	21			
- total outstanding dues of micro enterprises and small enterprises			101.02	120.87
- total outstanding dues of creditors other than micro enterprises and small enterprises			2,516.66	4,434.34
(iii) Other financial liabilities	16		412.88	387.76
(b) Provisions	17.b		18.60	20.86
(c) Other current liabilities	22		211.12	180.52
(d) Current tax liabilities (net)	23		35.30	34.33
		Total	**6,509.14**	**7,665.83**
Total liabilities			**8,610.62**	**9,887.70**
Total Equity and Liabilities			**23,505.40**	**23,562.32**

Significant Accounting Policies	1
Significant accounting judgements, estimates and assumptions	2

The notes referred to above form an integral part of these 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 : April 28, 2023

Pune
Date : April 28, 2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Million)

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
Income			
Revenue from operations	24	18,993.54	17,060.30
Other Income	25	564.04	463.56
Total Income		**19,557.58**	**17,523.86**
Expenses			
Cost of raw materials consumed	26	11,732.39	9,689.15
Purchase of traded goods	27	142.46	278.59
Manufacturing Expenses	32.a	2,863.96	2,672.66
Changes in inventories of finished goods, work-in-progress and stock-in-trade	28	(25.17)	(295.07)
Employee benefits expense	29	649.76	595.59
Finance costs	30	280.96	132.09
Depreciation and amortization expense	31	489.02	458.76
Other expenses	32.b	1,173.60	733.73
Total expenses		**17,306.98**	**14,265.50**
Profit before exceptional items and tax		2,250.60	3,258.36
Exceptional items		—	—
Profit before tax		**2,250.60**	**3,258.36**
Tax expense			
Current tax		632.50	886.00
Deferred tax		(52.42)	(56.79)
Taxation in respect of earlier years		0.25	—
Total tax expense	34	580.33	829.21
Profit for the year		**1,670.27**	**2,429.15**
Other comprehensive income			
Items that will not be reclassified to profit or loss in subsequent year			
(a) Re-measurement of post employment benefit plans		2.30	0.93
Tax on above		(0.58)	(0.87)
		1.72	0.06
(b) Changes in fair value of equity instruments (compulsorily convertible debentures)		(15.30)	30.67
Total other comprehensive income for the year (net)		(13.58)	30.73
Total comprehensive income for the year		**1,656.69**	**2,459.88**
Earnings per share (of ₹ 5/- each)	35		
Basic and Diluted		38.26	55.65
Significant Accounting Policies	1		
Significant accounting judgements, estimates and assumptions	2		

The notes referred to above form an integral part of these 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 : April 28, 2023

Pune
Date : April 28, 2023

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

A. Equity Share Capital

(₹ in Million)

Particulars	Notes	No. of shares	Amount
As at March 31, 2021		**43,653,060**	**218.64**
Changes in equity share capital	13	—	—
As at March 31, 2022		**43,653,060**	**218.64**
Changes in equity share capital	13	—	—
As at March 31, 2023		**43,653,060**	**218.64**

B. Other Equity

(₹ in Million)

Particulars	Notes	Reserves and Surplus		Other reserve	
		Retained Earnings	General reserve	FVTOCI Equity	Other Equity
Balance As at April 1, 2021		**10,840.00**	**419.27**	**64.24**	**11,323.51**
Profit for the year		2,429.15	—	—	2,429.15
Other Comprehensive Income :					
Remeasurements of post-employment benefit plans (net of tax)		0.06	—	—	0.06
Changes in fair value of equity instruments (compulsorily convertible debentures)		—	—	30.67	30.67
Equity Dividend for the year ended March 31, 2021	14	(327.41)	—	—	(327.41)
Total Comprehensive Income for the year		2,101.80	—	30.67	2,132.47
Balance As at March 31, 2022		**12,941.80**	**419.27**	**94.91**	**13,455.98**
Balance As at April 1, 2022		**12,941.80**	**419.27**	**94.91**	**13,455.98**
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	14	(436.53)	—	—	(436.53)
Total Comprehensive Income for the year		**1,235.46**	**—**	**(15.30)**	**1,220.16**
Balance As at March 31, 2023		**14,177.26**	**419.27**	**79.61**	**14,676.14**

Significant Accounting Policies 1

Significant accounting judgements, estimates and assumptions 2

The notes referred to above form an integral part of these 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 : April 28, 2023

Pune
Date : April 28, 2023

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Million)

	Year ended March 31, 2023	Year ended March 31, 2022
A. Cash Flows from Operating Activities :		
Profit before income tax	**2,250.60**	**3,258.36**
Adjustments to reconcile profit before tax to net cash flows		
Depreciation and amortization	489.02	458.76
Unrealized foreign exchange loss / (gain) / etc, net	179.14	11.27
Interest expense	280.96	132.09
Profit on sale of property, plant and equipment	(0.33)	—
Profit on sale of Investment	(4.04)	(1.37)
Interest from deposits and loans	(551.37)	(458.55)
Provision written back	(11.59)	(92.50)
Fair value Loss / (Gain) on investments measured at FVTPL	(1.97)	(1.79)
Cash Generated from Operations before working capital changes	2,630.42	3,306.27
Adjustments for changes in working capital		
(Increase) / Decrease in inventories	(1,062.90)	(986.66)
(Increase) / Decrease in trade receivables	117.39	(1,673.47)
(Increase) / Decrease in other assets / other financial assets	(400.74)	(102.25)
(Increase) / Decrease in loans	—	700.00
Increase / (Decrease) in provisions	1.81	12.20
Increase / (Decrease) in trade payables	(1,944.84)	2,303.02
Increase / (Decrease) in other financial liabilities	31.60	(6.57)
Increase / (Decrease) in other current liabilities	30.60	(28.94)
Increase / (Decrease) in other non-current liabilities	(25.02)	(10.51)
Cash generated from Operations	**(621.68)**	**3,513.09**
Income taxes paid (net of refunds)	(635.63)	(883.28)
Net Cash Flow from Operating Activities	**(1,257.31)**	**2,629.81**
B. Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(1,114.23)	(1,707.01)
Sale of assets property, plant and equipment	0.33	—
Proceeds / (Investments) in deposits (net)	2,131.47	(3,374.92)
Proceeds from sale of Investment in Mutual Fund	8,266.21	4,916.12
Purchase of Investment in Mutual Fund	(8,262.17)	(4,914.75)
Interest received	509.77	381.27
Net Cash Flows from Investing Activities	**1,531.38**	**(4,699.29)**

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2023

(₹ in Million)

	Year ended March 31, 2023	Year ended March 31, 2022
C. Cash Flows from Financing Activities		
Proceeds from borrowings including Bill Discounting	11,434.63	10,149.61
Repayment of borrowings including Bill Discounting	(10,913.79)	(7,472.54)
Interest paid	(474.79)	(172.05)
Dividend paid	(436.53)	(327.41)
Net Cash Flows from Financing Activities	**(390.48)**	**2,177.61**
Net increase / (decrease) in cash and cash equivalents (A + B + C)	**(116.41)**	**108.13**
Cash and cash equivalents at the beginning of the year (refer Note 11)	**221.48**	**113.35**
Cash and cash equivalents at the end of the year (refer Note 11)	**105.07**	**221.48**

Cash and Cash equivalents for the purpose of Cash Flow Statement

	Year ended March 31, 2023	Year ended March 31, 2022
Balances with Banks (refer Note 11)		
In cash credit and current accounts	105.07	221.48
Cash on Hand	—	—
Total	**105.07**	**221.48**

Note : The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

Significant accounting policies	1
Significant accounting judgements, estimates and assumptions	2

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

As per our attached Report of even date

For KIRTANE & PANDIT LLP
Chartered Accountants
Firm Registration No.105215W/W100057

Anand Jog
Partner
Membership No.108177

Pune
Date : April 28, 2023

On behalf of the Board of Directors

Mrs.D.R. Puranik	B.M. Maheshwari	R.K. Goyal	B.N. Kalyani
Company Secretary	Chief Financial Officer	Managing Director	Chairman
Membership Number : ACS7475	Membership Number : 047903	DIN : 03050193	DIN : 00089380

Pune
Date : April 28, 2023

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 financial statements for the year ended March 31, 2023 were approved by the Board of Directors and authorized for issue on April 28, 2023.

1 Significant Accounting Policies

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

(a) Basis of preparation

(i) Compliance with Ind AS

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

Joint operations

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

(ii) Historical cost convention

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

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

(iii) Current versus non-current classification

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

An asset is treated as current when it is :

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

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period or

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

- 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) Segment Reporting

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

(c) Foreign currency transactions

Functional and presentation currency

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

Initial Recognition

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

Conversion

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

Exchange Differences

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

(d) 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.

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.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

(e) Other Income

Export Incentives

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

Interest Income

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

Dividends

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

(f) Government grants

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

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

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

(g) Taxes

Current income tax

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates (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 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

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

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.

(h) Leases

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

Company as a lessee

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

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

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

Right of use asset

Right-of-use assets, which are included under property, plant and equipment, are measured at cost less any accumulated depreciation and if necessary, any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments plus any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

incurred in dismantling or removing the underlying asset. In this context, the Company also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments.

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

Lease liability

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

Lease modification

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

Company as Lessor

A lessor shall classify each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

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

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

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

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

(i) Cash and cash equivalents

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

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

(j) Trade receivables

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.

(k) Inventories

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

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

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

Scrap is valued at net realizable value.

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

(l) Investment in subsidiary and associate

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

(m) Fair value measurement

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

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

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

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

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

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

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

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

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

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

(n) Financial instruments

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

(o) Financial assets

Initial recognition and measurement

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

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

Equity Instrument

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

De-recognition of financial assets

A financial asset is de-recognized when :

- The contractual rights to receive cash flows from the financial asset have expired or
- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and either :

  (a) The Company has transferred substantially all the risks and rewards of the asset or

  (b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

- Financial assets measured as at amortized cost.

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

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

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.

(p) Financial Liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

De-recognition of financial liabilities

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

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

(q) 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.

(r) 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.

(s) Derivatives

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

(t) 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

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

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.

(u) 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

Freehold land is carried at historical cost.

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

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

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

Transition to Ind AS

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

Intangible assets

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

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

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

Transition to Ind AS

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

(v) 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.

(w) 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.

(x) Provisions and contingent liabilities

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

NOTES FORMING PART OF 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 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.

(y) 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

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

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

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

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

Provident Fund

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

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

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

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.

(z) 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.

(aa) 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.

(bb) Dividends

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

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

(cc) Earnings per share

(i) Basic Earnings per Share

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

(ii) Diluted Earnings per Share

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

(dd) Rounding of amounts

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

(ee) Standards issued but not effective

The Ministry of Corporate Affairs (MCA) amended the Companies (Indian Accounting Standards) Rules on March 31, 2023 whereby certain changes to Accounting Standards apply from April 1, 2023 as below :

Ind AS 1 – Presentation of Financial Statements

The amendment requires disclosure of material accounting policies rather than significant accounting policies. Further, the amendment provides guidance on determining material policies.

Ind AS 8 – Accounting policies, changes in accounting estimates and errors

Ind AS 8 has been amended to distinguish between changes in accounting policies and accounting estimates. Further, the amendment defines estimates and provides examples of estimates and the relationship between accounting policies and accounting estimates.

Ind AS 12 – Deferred taxes

Ind AS 12 has been amended to limit the scope of initial recognition exemption on recognition of deferred tax assets and liabilities to exclude transactions that upon initial recognition result in equal taxable and deductible temporary differences.

No significant impact on financial statements of the Company are expected as a result of these amendments.

2. Significant accounting judgements, estimates and assumptions

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

operations or cash flows. Management regularly analyzes current information about these matters and makes judgments for providing provisions for probable contingent losses including the estimate of legal expense to resolve the matters. In making the decision regarding the need for loss provisions, management considers the degree of probability of an unfavorable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim against the Company or the disclosure of any such suit or assertions, does not automatically indicate that a provision of a loss may be appropriate.

2. Segment Reporting

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

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

3. Joint operation

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

4. Investment in convertible debentures

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

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 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

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

(₹ in Million)

Particulars	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total	Capital work in progress
Gross Block as at March 31, 2021	**1,035.66**	**1,042.38**	**6,992.68**	**136.61**	**30.61**	**48.61**	**9,286.55**	**106.72**
Additions	—	8.15	178.32	17.82	0.28	13.97	218.54	1,452.69
Borrowing Cost Capitalized	—	—	—	—	—	—	—	40.24
Transfers	—	—	—	—	—	—	—	(56.39)
Disposals / Adjustments	—	—	—	(1.25)	—	—	(1.25)	—
Gross Block as at March 31, 2022	**1,035.66**	**1,050.53**	**7,171.00**	**153.18**	**30.89**	**62.58**	**9,503.84**	**1,543.26**
Additions	—	374.59	2,244.78	17.67	6.94	14.37	2,658.35	99.71
Borrowing Cost Capitalized	—	—	240.84	—	—	—	240.84	(40.24)
Transfers	—	—	—	—	—	—	—	(1,424.05)
Disposals / Adjustments	—	—	—	—	—	(2.75)	(2.75)	—
Gross Block as at March 31, 2023	**1,035.66**	**1,425.12**	**9,656.62**	**170.85**	**37.83**	**74.20**	**12,400.28**	**178.68**

(₹ in Million)

Particulars	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total
Accumulated Depreciation :							
As at March 31, 2021	**—**	**405.44**	**4,915.27**	**96.96**	**21.37**	**31.10**	**5,470.14**
For the year	—	39.78	397.19	9.19	2.32	6.44	454.92
Disposals / Adjustments	—	—	—	(1.25)	—	—	(1.25)
As at March 31, 2022	**—**	**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)
As at March 31, 2023	**—**	**490.37**	**5,731.81**	**119.83**	**26.31**	**40.72**	**6,409.04**

(₹ in Million)

Particulars	Freehold Land	Buildings	Plant and Machinery	Office Equipment	Furniture and Fixtures	Vehicles	Total
Net Block							
As at March 31, 2022	**1,035.66**	**605.31**	**1,858.54**	**48.28**	**7.20**	**25.04**	**3,580.03**
As at March 31, 2023	**1,035.66**	**934.75**	**3,924.81**	**51.02**	**11.52**	**33.48**	**5,991.24**

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, 2023 mainly comprises construction of Heat Recovery Power Plant Auxiliary.

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) Ageing Schedule for Assets under development as on March 31, 2023 :

(₹ in Million)

Name of Project	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Heat Recovery Power Plant Auxiliary	142.78	—	—	—	142.78
Others	35.90	—	—	—	35.90
Total	178.68	—	—	—	178.68

ix) Completion Schedule for Projects Overdue or Exceeded Cost Estimate as on March 31, 2023 :

(₹ in Million)

Name of Project	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Heat Recovery Power Plant Auxiliary	142.78	—	—	—	142.78
Total	142.78	—	—	—	142.78

x) Ageing Schedule for Assets under development as on March 31, 2022 :

(₹ in Million)

Name of Project	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Coke Oven	1,423.71	40.58	—	—	1,464.29
Sub-way Construction	54.72	9.80	—	—	64.52
Others	14.45	—	—	—	14.45
Total	1,492.88	50.38	—	—	1,543.26

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

Note 4 : Intangible assets

(₹ in Million)

Particulars	Computer software
Gross block as at March 31, 2021	**61.53**
Additions	0.07
Disposals / Adjustments	—
Gross block as at March 31, 2022	**61.60**
Additions	—
Disposals / Adjustments	—
Gross block as at March 31, 2023	**61.60**

(₹ in Million)

Particulars	Computer software
Accumulated Amortization :	
Gross block as at March 31, 2021	**53.54**
For the year	3.84
Disposals / Adjustments	—
Gross block as at March 31, 2022	**57.38**
For the year	1.04
Disposals / Adjustments	—
Gross block as at March 31, 2023	**58.42**

(₹ in Million)

Net Block	
As at March 31, 2022	**4.22**
As at March 31, 2023	**3.18**

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 assets 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, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Investment in Equity Shares (Unquoted) :					
Equity Shares in Associate at cost (Unquoted)					
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				—	—
Aggregate amount of quoted investments				—	—
Aggregate amount of unquoted investments				10.05	10.05
Aggregate amount of impairment in the value of investments				10. 05	10.05

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

Note 5 (b) : Non-current investments

(₹ in Million)

Particulars	Face value per unit in ₹	Number of shares / debentures		Amount	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Investments in Preference Shares (Unquoted) : **Investments at fair value through profit or loss** 10% Non-Cumulative Redeemable in Baramati Speciality Steels Limited	10	5,926,000	5,926,000	21.65	19.69
Total				**21.65**	**19.69**
Investment in Debentures (Unquoted) (fully paid up) : **Investment at fair value through other comprehensive income** 0% Fully Convertible Debentures in DGM Realties Private Limited	100	13,196,000	13,196,000	1,439.61	1,454.91
Total				**1,439.61**	**1,454.91**
Total Non-current investments				**1,461.26**	**1,474.60**
Aggregate amount of quoted investments				—	—
Aggregate amount of unquoted investments				1,461.26	1,474.60
Aggregate amount of impairment in the value of investments				—	—

Note 6 : Other financial assets

a. Non-current

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Security deposits		
Unsecured, considered good	125.60	125.50
Unsecured, considered doubtful	2.09	2.09
Less : Allowance for credit losses	(2.09)	(2.09)
Bank deposits with maturity more than twelve months under lien against Bank Guarantee	17.83	16.86
Total	**143.43**	**142.36**

b. Current

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued on fixed deposits	268.58	221.38
Other Receivables	24.20	10.11
Total	**292.78**	**231.49**

Note 7 : Non-Current Income tax assets (net)

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Tax paid in advance (net of provisions)	8.62	4.76
Total	**8.62**	**4.76**

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

Note 8 : Other assets

a. Non-current

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital advances		
Considered good	3.37	236.40
Balances with government authorities		
Considered good	1.04	2.80
Considered doubtful	—	3.34
Less : Allowance for losses	—	(3.34)
Prepaid expenses	12.01	11.31
Total	**16.42**	**250.51**

No advances are due from Directors or other Officers of the Company, firms in which Director is a partner or Private Companies in which Director is a Director or member either severally or jointly with any other person except as disclosed in Note 38.

b. Current

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	16.41	30.40
Advance to suppliers		
Considered good	546.12	122.61
Considered doubtful	5.15	2.52
Less : Allowance for losses	(5.15)	(2.52)
Balances with government authorities	64.79	92.71
Other advances (includes share of surplus funds in Joint Operation) (refer Note 37)	1.61	2.62
Total	**628.93**	**248.34**

Note 9 : Inventories

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
(at lower of cost or net realizable value)		
Raw materials	2,241.49	1,224.97
Work-in-progress (includes items lying with third parties)	217.41	150.30
Finished goods (includes items lying with third parties)	365.44	479.55
Finished goods (in transit)	234.49	164.63
	599.93	644.18
Scrap at estimated realizable value	5.49	3.18
Stores, spares etc.	174.69	153.48
Total	**3,239.01**	**2,176.11**

The value of inventories above is stated after write down of ₹ 12.89 Million (March 31, 2022 : ₹ 9.54 Million) to net realizable value and provision for slow moving and obsolete items.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

a) Details of raw material inventory

(₹ 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
Total		**2,241.49**

(₹ in Million)

As at March 31, 2022	MTs	Amount
Coke / Coal / Coke Fines	21,589	943.56
Iron Ore / Iron Ore Fines / Mill Scale	16,928	83.73
Ferro Alloys		143.08
Others		54.60
Total		**1,224.97**

b) Details of work-in-progress

(₹ in Million)

As at March 31, 2023	MTs	Amount
Blooms & Rounds	3,027	152.62
Others		64.79
Total		**217.41**

(₹ in Million)

As at March 31, 2022	MTs	Amount
Blooms & Rounds	2,044	96.58
Others		53.72
Total		**150.30**

c) Details of finished goods

(₹ in Million)

As at March 31, 2023	MTs	Amount
Rolled Products	11,154	599.93
Others (Scrap)		5.49
Total		**605.42**

(₹ in Million)

As at March 31, 2022	MTs	Amount
Rolled Products	11,911	644.18
Others (Scrap)		3.18
Total		**647.36**

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

Note 10 : Trade receivables

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Trade Receivable	1,717.10	2,489.23
Receivables from related parties (refer Note 38)	2,355.43	1,700.69
Less : Allowance for doubtful debts	(25.49)	(25.49)
	4,047.04	4,164.43
Break up of security details		
Secured, considered good	—	—
Unsecured, considered good	4,047.04	4,164.43
Doubtful	25.49	25.49
Total	4,072.53	4,189.92
Allowance for doubtful debts	(25.49)	(25.49)
Total	**4,047.04**	**4,164.43**

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

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 (March 31, 2022 : ₹ 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.
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. Reconciliation of Loss Allowance Provision - Trade Receivables :

(₹ in Million)

Particulars	
Loss Allowance as on March 31, 2021	**25.49**
Change in Loss Allowance	—
Loss Allowance as on March 31, 2022	**25.49**
Change in Loss Allowance	—
Loss Allowance as on March 31, 2023	**25.49**

Trade receivable 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	3,307.25	687.76	50.36	1.56	0.09	0.01	4,047.03
(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	—	—	—	—	—	—	—
Total	**3,307.25**	**687.76**	**50.36**	**1.56**	**0.09**	**25.51**	**4,072.53**
Loss Allowance							(25.49)
Net Trade Receivables							**4,047.04**

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

Trade receivable ageing schedule for the year ended March 31, 2022

(₹ 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	3,459.88	523.56	16.38	0.04	3.57	—	4,003.43
(ii) Undisputed Trade Receivables - which have significant increase in Credit Risk	—	—	—	—	—	—	—
(iii) Undisputed Trade Receivables - Credit Impaired	—	—	—	—	—	—	—
(iv) Disputed Trade Receivables - Considered Not Good	—	—	—	—	21.89	—	21.89
(v) Disputed Trade Receivables - which have significant increase in Credit Risk	—	—	—	—	—	—	—
(vi) Disputed Trade Receivables - Credit Impaired	—	—	—	—	—	—	—
Total	**3,459.88**	**523.56**	**16.38**	**0.04**	**25.46**	**—**	**4,025.32**
Unbilled							164.60
Loss Allowance							(25.49)
Net Trade Receivables							**4,164.43**

Note 11 : Cash and cash equivalents

(₹ in Million)

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Cash on hand	—	—
Balances with Banks		
In current and cash credit accounts	105.07	221.48
Total	**105.07**	**221.48**

Note 12 : Bank balances other than cash and cash equivalents

(₹ in Million)

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Earmarked balances (unclaimed dividend accounts)	10.22	8.78
Deposits with original maturity of more than three months but less than twelve months	7,379.52	9,511.95
Total	**7,389.74**	**9,520.73**

Note 13 : Share capital

(a) Authorised share capital

Particulars	**Equity shares**	**Cumulative redeemable preference shares**	**Unclassified shares**
As at March 31, 2022 :			
Number of shares	95,000,000	3,010,000	2,400,000
Face value per share	₹ 5/-	₹ 100/-	₹ 10/-
Amount (₹ in Million)	475.00	301.00	24.00
As at March 31, 2023 :			
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

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

(b) Terms / rights attached to equity shares

The Company has only one class of issued equity shares having a par value of ₹ 5/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Issued and subscribed equity share capital

(₹ in Million)

Particulars	Number of shares	Amount
As at March 31, 2021	**43,759,380**	**218.80**
Changes in equity share capital	—	—
As at March 31, 2022	**43,759,380**	**218.80**
Changes in equity share capital	—	—
As at March 31, 2023	**43,759,380**	**218.80**

(d) Subscribed and fully paid up equity share capital

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Equity Shares of ₹ 5/- each fully paid	218.27	218.27
Add : Forfeited Equity Shares (amount paid up)	0.37	0.37
Subscribed and paid up equity share capital	**218.64**	**218.64**
Number of Equity Shares of ₹ 5/- each fully paid	43,653,060	43,653,060
Add : Forfeited Equity Shares	106,320	106,320
Number of shares	**43,759,380**	**43,759,380**

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

Particulars	Ajinkya Investment & Trading Company	Sundaram Trading & Investment Private Limited	BF Investment Limited	DSP Small Capital Fund
As at March 31, 2022				
% 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
As at March 31, 2023				
% 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

(f) Details of Equity Shares held by Promoter and Promoter Group

Name of Promoter	As at March 31, 2023		As at March 31, 2022		% Change during the year
	No. of Shares	% of total shares	No. of Shares	% of total shares	
Mr.B.N. Kalyani	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 Hiremath	—	—	6,785	0.02	(0.02)
Mrs.Sugandha Hiremath & Mr. Jai Hiremath	3,179	0.01	1,015	—	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	**28,244,202**	**64.70**	**28,248,823**	**64.71**	**(0.01)**

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

Note 14 : Other equity

(₹ in Million)

Particulars		As at March 31, 2023	As at March 31, 2022
A) Reserves and Surplus			
i) Retained earnings			
Balance at the beginning of the year		12,941.80	10,840.00
Add : Profit for the year		1,670.27	2,429.15
Add : Other Comprehensive Income being remeasurements of post-employment benefit plans (net of tax)		1.72	0.06
	Total	1,671.99	2,429.21
Less :			
Final equity dividend of previous year		436.53	327.41
	Total	436.53	327.41
Balance at the end of the year		**14,177.26**	**12,941.80**
ii) General reserve			
Balance at the beginning and end of the year		**419.27**	**419.27**
B) Other reserve :			
FVTOCI Equity investment reserve			
Balance at the beginning of the year		94.91	64.24
Fair value changes for the year		(15.30)	30.67
Balance at the end of the year		**79.61**	**94.91**
	Total	**14,676.14**	**13,455.98**

Nature and purpose of reserves :

i) General reserve :

Under the erstwhile Companies Act, 1956, a general reserve was created through an annual transfer of net profit at a specified percentage in accordance with applicable regulations. Consequent to the introduction of the Companies Act, 2013, the requirement to mandatory transfer a specified percentage of net profit to general reserve has been withdrawn. There is no movement in general reserve during the current and previous year.

ii) FVTOCI Equity investment reserve :

The Company has elected to 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.

iii) Dividend distribution made and proposed :

(₹ in Million)

Particulars	2022-23	2021-22
Cash Dividend on Equity shares declared and paid		
Final Dividend :		
For the year ended March 31, 2022 : ₹ 10/- per equity share (March 31, 2021 : ₹ 7.50/- per equity share)	436.53	327.41
Proposed dividends on Equity Shares		
Final Dividend :		
For the year ended March 31, 2023 : ₹ 10/- per equity share (March 31, 2022 : ₹ 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, 2023	As at March 31, 2022
Secured :		
Foreign currency term loans from bank :		
MUFG Bank, Ltd. Singapore (refer Note (i) below)	2,055.42	1,895.18
Total non-current borrowings	**2,055.42**	**1,895.18**
Less : amount disclosed as current maturities of non current borrowings (refer Note 20)		
MUFG Bank, Ltd. Singapore (refer Note (i) below)	205.54	—
Total current maturities of non-current borrowings	**205.54**	**—**
Total	**1,849.88**	**1,895.18**

Foreign currency term loans :

i) From MUFG Bank, Ltd. Singapore

External Commercial Borrowing (ECB) Term Loan balance outstanding, USD 25,000,000/-. The loan repayable in ten equal quarterly instalments, repayment commencing from December 29, 2023, carrying interest at three months USD LIBOR plus 90 bps p.a. payable quarterly.

ii) The Company has utilized the borrowings for the purpose for which they are 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, 2023	As at March 31, 2022
Interest accrued but not due	16.72	9.97
Unclaimed dividend payable	10.22	8.78
Creditors for capital goods	276.45	289.67
Employee benefits payable	109.49	79.34
Total	**412.88**	**387.76**

Note 17 : Provisions

a. Non-current

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits (refer Note 37)		
Provision for compensated absences	50.59	48.82
Total	**50.59**	**48.82**

b. Current

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits (refer Note 37)		
Provision for gratuity	7.50	11.02
Provision for compensated absences	11.10	9.84
Total	**18.60**	**20.86**

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

Note 18 : Deferred tax liabilities (net)

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax liabilities		
Depreciation and amortization	189.57	242.20
Total deferred tax liabilities	189.57	242.20
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act	11.67	11.61
Provision for doubtful debts	6.42	6.42
Other Comprehensive income	(0.58)	(0.23)
Fair valuation of investment	9.46	9.96
Total deferred tax assets	26.97	27.76
Total	**162.60**	**214.44**

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

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax liabilities		
Depreciation and amortization	(52.63)	(49.90)
Deferred tax assets		
Disallowance u/s 43B of the Income Tax Act	(0.06)	(2.38)
Provision for doubtful debts	—	(4.96)
Fair valuation of investment	0.50	0.45
Total	**(52.19)**	**(56.79)**

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

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Remeasurements of post-employment benefit plans	0.35	0.87
Total	**0.35**	**0.87**

Note 19 : Other Liabilities Non-current

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Advance received as a part of strategic alliance	38.41	63.43
Total	**38.41**	**63.43**

Note 20 : Current borrowings

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured borrowing from bank*		
ICICI Bank Limited	—	510.00
HDFC Bank Limited	—	990.00
Bill Discounting with banks***	968.26	987.15
Secured borrowing from bank*		
Overdraft against Bank FDs**	2,039.76	—
Current maturity of term loans from Bank	205.54	—
Total	**3,213.56**	**2,487.15**

* Borrowing carries interest rate ranges between 5.6% to 5.8% p.a.
The statement of current assets including Inventory filed by the company with banks are in agreement of books of account.

** Overdraft against Fixed Deposits : The Company has availed overdraft facility against Fixed Deposits (FDs) kept with various nationalized / private sector banks. The applicable rate of interest is between 5.65% to 6.5% p.a. 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 5.5% p.a. (Previous Year 4.2% p.a.)

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

Note 21 : Trade payables

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises	101.02	120.87
Total outstanding dues of creditors other than micro enterprises and small enterprises		
i) Acceptances (see note (i) below)	1,202.24	2,895.02
ii) Related Parties (refer Note 38)	92.22	259.62
iii) Others	1,222.20	1,279.70
Total	**2,617.68**	**4,555.21**

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, 2023.

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, 2023	As at March 31, 2022
Total amount due to MSMEs as on Balance Sheet date		
- Principal amount due to MSMEs	101.02	120.87
- 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, 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	**130.03**	**2,081.62**	**7.04**	**9.26**	**—**	**2,227.95**
(v) Unbilled Dues*	—	—	—	—	—	389.73
Total						**2,617.68**

* Unbilled represent accruals for expenses.

Trade payables ageing schedule as at March 31, 2022

(₹ 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	—	120.87	—	—	—	120.87
(ii) Others	25.89	4,040.85	2.29	0.72	—	4,069.75
(iii) Disputed Dues - MSME	—	—	—	—	—	—
(iv) Disputed Dues - Others	—	—	—	—	—	—
Total	**25.89**	**4,161.72**	**2.29**	**0.72**	**—**	**4,190.62**
(v) Unbilled Dues*	—	—	—	—	—	364.59
Total						**4,555.21**

* Unbilled represent accruals for expenses.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

Note 22 : Other current liabilities

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Statutory dues payable*	170.51	108.72
Advances from customers	15.59	12.19
Advance received as a part of strategic alliance	25.02	59.61
Total	**211.12**	**180.52**

*Statutory dues payable includes Goods and Services Tax, Tax Deducted at Source etc.

Note 23 : Current tax liabilities (net)

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for income tax (net of advance tax)	35.30	34.33
Total	**35.30**	**34.33**

Note 24 : Revenue from operations

(₹ in Million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from contracts with customers		
Sale of Products		
Finished Goods	18,568.24	16,442.21
Traded Goods	173.43	315.38
Other Operating Revenue		
Scrap Sales	228.00	202.30
Export incentives	7.20	7.17
Processing charges for job work	5.08	0.74
Provisions written back	11.59	92.50
Total	**18,993.54**	**17,060.30**

Details of finished goods sold

(₹ 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		**18,568.24**

(₹ in Million)

Year ended March 31, 2022	Quantity in MTs	Amount
Pig Iron	6,480	259.83
Blooms and Rounds	21,237	1,431.37
Rolled Products	207,341	14,751.01
Total		**16,442.21**

Details of traded goods sold

(₹ in Million)

Year ended March 31, 2023	Quantity in MTs	Amount
Rolled Products	1,881	173.43
Total		**173.43**

(₹ in Million)

Year ended March 31, 2022	Quantity in MTs	Amount
Rolled Products	4,431	315.38
Total		**315.38**

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

Note 25 : Other income

(₹ in Million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest from deposits and loans, being financial assets carried at amortized cost	551.37	458.55
Profit on sale of Investments measured at FVTPL	4.04	1.37
Profit on sale of property, plant and equipment	0.33	—
Net gain / (loss) on investments measured at FVTPL	1.97	1.79
Miscellaneous receipts*	6.33	1.85
Total	**564.04**	**463.56**

*Miscellaneous receipts includes VAT refund, rent received etc.

Note 26 : Cost of raw materials consumed

(₹ in Million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Raw material at the beginning of the year	1,224.97	595.95
Add : Purchases	12,759.95	10,320.91
Less : Sale of Raw Material	11.04	2.74
Less : Raw material at the end of the year	2,241.49	1,224.97
Total	**11,732.39**	**9,689.15**

Details of raw materials consumed

(₹ in Million)

Year ended March 31, 2023	Quantity in MTs	Amount
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		**11,732.39**

(₹ in Million)

Year ended March 31, 2022	Quantity in MTs	Amount
Coke / Coal / Coke Fines	160,987	4,832.35
Iron Ore / Iron Ore Fines / Mill Scale	380,396	2,677.27
Ferro Alloys		1,665.39
Others		514.14
Total		**9,689.15**

Note 27 : Purchases of traded goods

(₹ in Million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Rolled Products	142.46	278.59
Total	**142.46**	**278.59**

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

Note 28 : Changes in inventories of finished goods (including stock-in-trade) and work-in-progress

(₹ in Million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Inventories at the end 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
Inventories at the beginning of the year		
Work in Progress	150.30	112.12
Finished Goods	644.18	387.96
Finished Goods - Traded	—	—
Scrap at estimated realizable value	3.18	2.51
	797.66	502.59
Total	**(25.17)**	**(295.07)**

Note 29 : Employee benefits expense

(₹ in Million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	567.37	522.63
Gratuity (refer Note 37)	13.06	11.51
Contribution to provident fund and other funds*	39.75	36.66
Workmen and staff welfare expenses	29.58	24.79
Total	**649.76**	**595.59**

*Other funds includes contribution towards employee state insurance scheme and profession tax.

Note 30 : Finance costs

(₹ in Million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Interest expenses	272.69	109.87
Other borrowing costs*	8.27	22.22
Total	**280.96**	**132.09**

* Other borrowing costs includes L/C charges, Bank processing charges etc.

Note 31 : Depreciation and amortization expense

(₹ in Million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation on Property, Plant and Equipment (refer Note 3)	487.98	454.92
Amortization of intangible assets (refer Note 4)	1.04	3.84
Total	**489.02**	**458.76**

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

Note 32 : Other expenses

(₹ in Million)

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
a) Manufacturing expenses :			
Stores and spares consumed		1,351.43	1,161.02
Job work and manufacturing charges		513.77	472.15
Power and fuel		831.52	888.12
Building and road repairs		19.50	17.08
Machinery repairs		89.66	76.21
Facility charges under strategic alliance		58.08	58.08
	Total (a)	2,863.96	2,672.66
b) Other expenses :			
Rent (short term or low value)		0.88	2.57
Rates and taxes		2.52	2.03
Insurance		21.35	18.18
Legal and Professional charges		32.69	27.77
Travelling and conveyance		23.26	13.19
Security Services		14.11	13.52
Branding Fees		64.54	44.90
CSR expenditure (refer Note 43)		50.35	32.36
Donations		1.27	25.61
Freight outward		519.01	444.19
Brokerage and commission		—	9.67
Payment to auditor (refer Note 33)		4.53	5.12
Directors' fees and travelling expenses		2.32	1.23
Directors' commission - provision		23.80	33.00
Loss on Foreign Exchange Fluctuation (net)		339.92	0.28
Miscellaneous expenses*		73.05	60.11
	Total (b)	1,173.60	733.73
	Total (a + b)	**4,037.56**	**3,406.39**

* Miscellaneous expenses includes printing, stationery, postage, telephone etc.

Note 33 : Payment to auditors

(₹ in Million)

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
Statutory audit		1.50	3.68
Tax audit		0.73	0.73
Limited reviews		1.80	0.45
Certifications		0.21	0.20
Out of pocket expenses reimbursed		0.29	0.06
	Total	**4.53**	**5.12**

Note 34 : Income tax expense

(₹ in Million)

Particulars		Year ended March 31, 2023	Year ended March 31, 2022
Current tax expense		632.50	886.00
Deferred tax expense		(52.42)	(56.79)
Taxation in respect of earlier years		0.25	—
	Total	**580.33**	**829.21**

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

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

(₹ in Million)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit before tax	2,250.60	3,258.36
Applicable Statutory tax rate	25.168%	25.168%
Computed tax expense	566.43	820.06
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
CSR Expenses	12.66	14.59
Interest on Income Tax	0.51	—
Others	0.48	(5.44)
Taxation in respect of earlier years	0.25	—
Income tax expense	**580.33**	**829.21**

Note 35 : Earnings per Share

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net profit after tax (₹ in Million)	1,670.27	2,429.15
Weighted average number of equity shares	43,653,060	43,653,060
Basic and diluted earning per share of nominal value of ₹ 5/- each	38.26	55.65

The Company does not have any potential equity share 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, 2023	As at March 31, 2022
i)	Claims against the Company not acknowledged as debts	83.47	83.47
ii)	Customs duty, excise duty and service tax - matter under appeal	29.82	32.57
iii)	Income tax matters under appeal	40.20	15.78
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*	711.06	550.42
vii)	Others	—	1.53
	Total	**1,153.24**	**972.46**

* 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 ₹ 711.06 Million as at March 31, 2023 (₹ 550.42 Million as at March 31, 2022) and treated it as a contingent liability.

B Capital and other commitments

(₹ in Million)

	Particulars	As at March 31, 2023	As at March 31, 2022
1	Estimated amount of Contracts remaining to be executed on Capital Account and not provided for (net of advances)	87.14	914.35
2	Other Commitments on account of :		
	a) Purchase of Raw Material through E-Auction	—	23.07
	b) Supply of Gases - Minimum Take over Price	261.34	319.42
	Total	**348.48**	**1,256.84**

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

Note 37 : Provision for Employee benefits

(₹ in Million)

Particulars	As at March 31, 2.023	As at March 31, 2022
Compensated absences (refer Note A)		
Non-current	50.59	48.82
Current	11.10	9.84
Gratuity (refer Note B)		
Current	7.50	11.02

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, 2023	March 31, 2022
Discount rate	7.40%	6.80%
Salary escalation rate	8.00%	8.00%
Retirement age	VP and above - 60 years Wholetime Director - 68 years Others - 55 years	VP and above - 60 years Wholetime 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%

Hospet Steels Limited (Joint Operation)

Particulars	March 31, 2023	March 31, 2022
Discount rate	7.60%	7.20%
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 the gratuity obligations. The joint operation at Hospet Steels Limited has formed "Hospet Steels Employees Gratuity Trust" to manage its gratuity obligations. The money contributed by the Company to the fund to finance the liabilities of the plan has to be invested. The trustees of the plan have outsourced the investment management of the fund to an insurance company - Life Insurance Corporation of India. Every permanent employee is entitled to a benefit 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

I) The amounts recognized in balance sheet and movements in the net benefit obligation over the year are as follows :

(₹ in Million)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2021	**134.27**	**(125.94)**	**8.33**
Current service cost	11.19	—	11.19
Interest expense / (income)	8.65	(8.33)	0.32
Total amount recognized in Statement of Profit and Loss	19.84	(8.33)	11.51
Experience gain / loss	0.02	(0.95)	(0.93)
Total amount recognized in Other Comprehensive Income	0.02	(0.95)	(0.93)
Benefits paid	(4.39)	4.39	—
Contribution	—	(9.17)	(9.17)
Mortality	—	0.66	0.66
March 31, 2022	**149.74**	**(139.34)**	**10.40**
Share of Surplus fund in Joint Operation refer Note 8(b)			(0.62)
Provision for Gratuity refer Note 17(b)			11.02

(₹ in Million)

Particulars	Present value of obligation	Fair value of plan assets	Net amount
April 1, 2022	**149.74**	**(139.34)**	**10.40**
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	—	(13.40)	(13.40)
Mortality	—	0.33	0.33
March 31, 2023	**161.43**	**(153.93)**	**7.50**
Share of Surplus fund in Joint Operation refer Note 8(b)			—
Provisions for Gratuity refer Note 17(b)			7.50

II) The net liability disclosed above relates to funded plans (including Joint Operations) are as follows :

(₹ in Million)

Particulars	March 31, 2023	March 31, 2022
Present value of funded obligation	161.43	149.74
Fair value of plan assets	(153.93)	(139.34)
Deficit of funded plan	**7.50**	**10.40**

III) Significant estimates :

The significant actuarial assumptions were as follows :

Kalyani Steels Limited

Particulars	March 31, 2023	March 31, 2022
Discount rate	7.40%	6.80%
Salary growth rate	8.00%	8.00%
Attrition rate	7.00%	7.00%
Retirement age	M1 category - 60 years Wholetime Director - 68 years Others - 55 years	M1 category - 60 years Wholetime Director - 68 years Others - 55 years
Mortality rate	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

Hospet Steels Limited (Joint operation)

Particulars	March 31, 2023	March 31, 2022
Discount rate	7.60%	7.20%
Salary growth rate	8.00%	8.00%
Attrition rate	1.00-3.00%	1.00-3.00%
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

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, 2023	March 31, 2022
Discount rate		
1% decrease	9.82	10.34
1% increase	(8.73)	(9.13)
Future salary increase		
1% decrease	(7.46)	(7.90)
1% increase	8.22	8.76
Attrition rate		
1% decrease	0.30	0.56
1% increase	(0.27)	(0.51)

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, 2023	March 31, 2022
Less than a year	24.13	18.80
Between 1 - 2 years	24.27	13.78
Between 2 - 5 years	74.84	76.22
Over 5 years	92.40	78.71
Total	**215.64**	**187.51**

The weighted duration of the defined obligation is 8.85 years (March 31, 2022 - 8.29 years)

V) The major categories of plan assets are as follows :

Particulars	March 31, 2023	March 31, 2022
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, 2023 is considered to be the fair value.

VI) The Company expects to contribute ₹ 7.50 Million to the gratuity fund in the next year.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

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 ₹ 10.96 Million (March 31, 2022 - ₹ 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 minimize 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.

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, 2023	March 31, 2022
Lord Ganesha Minerals Private Limited (see note below)	—	77.50%

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

Lord Ganesha Minerals Private Limited (LGMPL), subsidiary of the Company, had made voluntary application on February 9,2022 to the Registrar of Companies (ROC), Pune (Maharashtra), for striking off its name from the Register of Companies, pursuant to the provisions of Section 248 of the Companies Act, 2013. The final order of the ROC approving the application for strike-off of the name was approved on April 26, 2022.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

Joint operation	Ownership interest held by the Company	
	March 31, 2023	March 31, 2022
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 Employees Gratuity Trust
v) Hospet Steels Limited Employees Superannuation Trust

b) Enterprise wherein the Company is an Associate

BF Investment Limited

c)

Associate	Ownership interest held by the Company	
	March 31, 2023	March 31, 2022
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
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.R.K. Goyal, Managing Director
xiii) Mr.Bal Mukand Maheshwari, Chief Financial Officer
xiv) Mrs.Deepti R. Puranik, Company Secretary

Entities in which KMPs have significant influence

i) Kalyani Strategic Management Services Private Limited
ii) Kalyani Centre for Precision Technology Limited

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

I	Key management personnel compensation	March 31, 2023	March 31, 2022
i)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	7.03	9.35
ii)	Mrs.Sunita B. Kalyani, Non-Executive Director	5.02	8.02
iii)	Mr.Amit B. Kalyani, Non-Executive Director	6.01	8.02
iv)	Mr.S.M. Kheny, Non-Executive Director	0.61	0.92
v)	Mr.B.B. Hattarki, Independent Director	0.87	1.27
vi)	Mr.M.U. Takale, Non-Executive Director	0.61	0.93
vii)	Mr.Arun P. Pawar, Independent Director	0.61	0.81
viii)	Mr. Sachin K. Mandlik, Independent Director	0.81	0.91
ix)	Mr.S.K. Adivarekar, Independent Director	0.83	1.22
x)	Mrs.Shruti A. Shah, Independent Director	0.82	0.91
xi)	Amb.Ahmad Javed, Independent Director	0.81	0.91
xii)	Mr.R.K. Goyal, Managing Director	116.47	108.79
xiii)	Mr.Bal Mukand Maheshwari, Chief Financial Officer	11.18	10.37
xiv)	Mrs.Deepti R. Puranik, Company Secretary	7.05	6.72
	Total	**158.73**	**159.15**

(₹ in Million)

II	Dividend Paid	March 31, 2023	March 31, 2022
i)	Sundaram Trading & Investment Private Limited	77.67	58.25
ii)	BF Investment Limited	170.52	127.89
iii)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	0.01	0.01
iv)	Mrs.Sunita B. Kalyani, Non-Executive Director	0.55	0.41
v)	Mr.Amit B. Kalyani, Non-Executive Director	0.32	0.24
vi)	Mr.M.U. Takale, Non-Executive Director	0.03	0.02
	Total	**249.10**	**186.82**

(₹ in Million)

III	Transactions with related parties	March 31, 2023	March 31, 2022
A	**Sale of goods**		
i)	Bharat Forge Limited	5,934.43	5,359.93
ii)	Kalyani Technoforge Limited	3,253.13	3,135.28
iii)	Kalyani Transmission Technologies Private Limited	1,329.04	856.51
iv)	Saarloha Advanced Materials Private Limited	361.01	455.24
v)	Baramati Speciality Steels Limited	63.98	97.59
B	**Purchase of goods**		
i)	Bharat Forge Limited	12.84	9.84
ii)	Saarloha Advanced Materials Private Limited	241.90	370.43
iii)	Baramati Speciality Steels Limited	—	4.22
iv)	Kalyani Centre for Precision Technology Limited	0.11	0.07
C	**Reimbursement of expenses received**		
i)	Kalyani Investment Company Limited	4.69	9.22
ii)	Saarloha Advanced Materials Private Limited	8.89	8.08
iii)	Lord Ganesha Minerals Private Limited	—	0.78
D	**Conversion charges paid**		
i)	Saarloha Advanced Materials Private Limited	167.82	127.64
ii)	Baramati Speciality Steels Limited	89.49	82.01
E	**Reimbursement of expenses paid**		
i)	Bharat Forge Limited	0.31	1.57
ii)	Kalyani Mukand Limited	—	0.03
iii)	Saarloha Advanced Materials Private Limited	2.54	0.01
F	**Interest income**		
i)	Kalyani Transmission Technologies Private Limited	—	49.25
G	**Branding Fees paid**		
i)	Kalyani Strategic Management Services Private Limited	64.55	44.90
H	**Computer hardware purchase**		
i)	Kalyani Strategic Management Services Private Limited	1.56	7.04
I	**Employee benefit expense**		
i)	Kalyani Steels Limited Officers Superannuation Scheme	2.47	2.58
ii)	Kalyani Steels Limited Employees Group Gratuity cum Life Assurance Scheme	9.85	7.57
iii)	Hospet Steels Employees Gratuity Trust	3.61	1.60
iv)	Hospet Steels Limited Employees Superannuation Trust	6.79	6.49

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

(₹ in Million)

IV	Outstanding balances from sale / purchases of goods	As at March 31, 2023	As at March 31, 2022
A	**Trade Payables**		
i)	Bharat Forge Limited	3.60	2.81
ii)	Saarloha Advanced Materials Private Limited	43.26	202.84
iii)	Baramati Speciality Steels Limited	23.18	16.81
iv)	Kalyani Strategic Management Services Private Limited	22.14	37.16
v)	Kalyani Centre for Precision Technology Limited	0.04	—
	Total trade payables from related parties (Note 21)	92.22	259.62
B	**Trade Receivables**		
i)	Bharat Forge Limited	986.16	838.48
ii)	Kalyani Technoforge Limited	913.56	523.70
iii)	Kalyani Transmission Technologies Private Limited	423.32	303.82
iv)	Saarloha Advanced Materials Private Limited	31.16	18.52
v)	Baramati Speciality Steels Limited	0.55	15.78
vi)	Kalyani Investment Company Limited	0.68	0.39
	Total trade receivables from related parties (Note 10)	2,355.43	1,700.69
C	**Outstanding balances Key management personnel compensation payable**		
i)	Mr.B.N. Kalyani, Chairman, Promoter Non-Executive Director	7.00	9.30
ii)	Mrs.Sunita B. Kalyani, Non-Executive Director	5.00	8.00
iii)	Mr.Amit B. Kalyani, Non-Executive Director	6.00	8.00
iv)	Mr.S.M. Kheny, Non-Executive Director	0.60	0.90
v)	Mr.B.B. Hattarki, Independent Director	0.80	1.20
vi)	Mr.M.U. Takale, Non-Executive Director	0.60	0.90
vii)	Mr.Arun P. Pawar, Independent Director	0.60	0.80
viii)	Mr.Sachin K. Mandlik, Independent Director	0.80	0.90
ix)	Mr.S.K. Adivarekar, Independent Director	0.80	1.20
x)	Mrs.Shruti A. Shah, Independent Director	0.80	0.90
xi)	Amb.Ahmad Javed, Independent Director	0.80	0.90
xii)	Mr.R.K. Goyal, Managing Director	49.74	43.85
xiii)	Mr.Bal Mukand Maheshwari, Chief Financial Officer	0.68	0.60
xiv)	Mrs.Deepti R. Puranik, Company Secretary	0.34	0.31
	Total	74.56	77.76

There is no allowance for bad and doubtful debts recognized in respect of receivables due from related parties.

(₹ in Million)

V	Compensation to key management personnel	Year Ended March 31, 2023	Year Ended March 31, 2022
	Nature of transaction		
	Short-term employee benefits	129.99	121.51
	Post-employment benefits	4.71	4.37

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, 2023	As at March 31, 2022
Financial assets		
Security deposits	125.60	125.50
Trade receivables	4,047.04	4,164.43
Cash and cash equivalents	105.07	221.48
Other Bank Balances	7,389.74	9,520.73
Interest accrued and others	292.78	231.49
Bank deposits with maturity more than twelve months	17.83	16.86
Total financial assets	**11,978.06**	**14,280.49**
Financial liabilities		
Borrowings	5,063.44	4,382.33
Trade payables	2,617.68	4,555.21
Other financial liabilities	412.88	387.76
Total financial liabilities	**8,094.00**	**9,325.30**

Financial assets and liabilities classified as FVTPL

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Investment in 10% Non-Cumulative Redeemable Preference shares	21.65	19.69
Investments in Mutual Funds	—	—
Investments in Equity Shares	—	—

Financial assets and liabilities classified as FVTOCI

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Investment in 0% Compulsorily Convertible Debentures	1,439.61	1,454.91

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
Investment in Preference shares			
March 31, 2023	—	—	21.65
March 31, 2022	—	—	19.69
Investment in Debentures			
March 31, 2023	—	—	1,439.61
March 31, 2022	—	—	1,454.91

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 amortised cost

The carrying amounts of such financial assets and liabilities are a reasonable approximation of their fair values.

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

The following table presents the changes in level 3 items :

(₹ in Million)

Particulars	Preference shares	Debentures	Total
As at April 1, 2022	19.69	1,454.91	1,474.60
Gains / (losses) recognized in profit or loss	1.96	—	1.96
Gains / (losses) recognized in other comprehensive income	—	(15.30)	(15.30)
As at March 31, 2023	**21.65**	**1,439.61**	**1,461.26**

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, 2023	March 31, 2022
1) Preference shares		
i) Discount rate	10.00%	10.00%
2) Compulsory convertible debentures		
i) Discount rate	7.22%	7.25%
ii) Inflation rate	6.05%	5.59%

The 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, 2023	As at March 31, 2022
Financial assets		
Trade receivables	—	46.22
Net exposure to foreign currency risk (assets)	**—**	**46.22**
Financial liabilities		
Borrowings	2,055.42	1,895.18
Trade payables	1,237.51	2,912.75
Interest accrued	10.31	6.27
Net exposure to foreign currency risk (liabilities)	**3,303.24**	**4,814.20**

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, 2023	March 31, 2022
USD		
Increase by 1%*	(33.03)	(47.68)
Decrease by 1%*	33.03	47.68

*Holding all other variables constant

ii) Commodity Price risk :

The Company's revenue is exposed to the market risk of price fluctuations related to the sale of its steel products. Market forces generally determine prices for the steel products sold by the Company. These prices may be influenced by factors such as supply and demand, production costs (including the cost of raw material inputs) and global and regional economic conditions and growth. Adverse changes in any of these factors may reduce the revenue that the Company earns from the sale of its steel products. The Company is also subject to fluctuations in prices for the purchase of iron ore, metallurgical coke, ferro alloys, scrap and other raw material inputs.

Commodity Price Sensitivity :

Company has a back to back pass through arrangements for volatility in raw material prices for most of the customers. The selling prices of steel and the prices of input raw material moves in the same direction. However in few cases there may be a lag effect in case of such pass through arrangements and might have some effect on the Company's profit and equity.

B) Interest risk

The Company has borrowings at variable interest rate. Profit or loss and equity are sensitive to higher / lower interest expense from borrowings as a result of change in the interest rates. The following sensitivity analysis has been performed for non-current and current borrowings.

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Total borrowings at variable interest rate	2,055.42	1,895.18
Interest rate swaps	—	—
Net exposure to interest rate risk	2,055.42	1,895.18

Particulars	Impact on pre tax profit or loss and pre tax equity	
	March 31, 2023	March 31, 2022
Increase of Interest Rate by 0.5%*	(0.99)	(0.52)
Decrease of Interest Rate by 0.5%*	0.99	0.52

*Holding all other variables constant

II) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these debt financing plans.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

i) Maturities of financial liabilities

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

(₹ in Million)

March 31, 2023	Less than 1 year	More than 1 year
Non-derivative		
Borrowings	3,213.56	1,849.88
Trade payables	2,617.68	—
Other financial liabilities	412.88	—

(₹ in Million)

March 31, 2022	Less than 1 year	More than 1 year
Non-derivative		
Borrowings	2,487.15	1,895.18
Trade payables	4,555.21	—
Other financial liabilities	387.76	—

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, 2023	As at March 31, 2022
Gross carrying amount	4,072.53	4,189.92
Expected loss rate	0.63%	0.61%
Expected credit losses (loss allowance provision)*	25.49	25.49
Carrying amount of trade receivables (net of impairment)	**4,047.04**	**4,164.43**

*Expected Credit Losses based on an analysis of Historical Ageing Trends is negligible as significant portion of receivable are from related parties where management does not expect credit losses as well as past trends. The loss allowance provisions represents provision against specific customer.

ii) Reconciliation of loss allowance provision - trade receivables

(₹ in Million)

Loss allowance as on March 31, 2021	25.49
Changes in loss allowance	—
Loss allowance as on March 31, 2022	25.49
Changes in loss allowance	—
Loss allowance as on March 31, 2023	**25.49**

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)

Particulars	As at March 31, 2023	As at March 31, 2022
Borrowings	5,063.44	4,382.33
Equity	14,894.78	13,674.62
Debt equity ratio	**0.34**	**0.32**

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

i) 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.

ii) There have been no breaches in the financial covenants of any interest bearing loans and borrowings in the current period.

Note 42 : Ratios

The following are analytical ratios for the year ended March 31, 2023 and March 31, 2022

Sr. No.	Particulars	Numerator	Denominator	March 31, 2023	March 31, 2022	Variance
1	Current Ratio (in times)	Current Assets	Current Liabilities	2.41	2.16	12%
2	Debt-Equity Ratio (in times)	Debt	Equity	0.34	0.32	6%
3	Debt Service Coverage Ratio (in times) [1]	Earnings for Debt Service *	Debt Service**	10.75	29.14	(63%)
4	Return on equity (in %) [2]	Net Profit After Tax	Average Shareholders' Equity	11.69%	19.27%	(39%)
5	Inventory Turnover Ratio (in times)	Cost of goods sold	Average Inventory	4.37	5.71	(24%)
6	Trade Receivable Turnover Ratio (in times)	Net Sales	Average Accounts Receivable	4.56	4.41	4%
7	Trade Payable Turnover Ratio (in times)	Net Purchases	Average Accounts Payable	4.72	4.05	16%
8	Net Capital Turnover Ratio (in times)	Net Sales	Working Capital	2.04	1.88	8%
9	Net Profit Ratio (in %) [2]	Net Profit	Net Sales	8.91%	14.50%	(39%)
10	Return on Capital Employed (in %) [3]	Earning Before Interest & Tax	Capital Employed	12.58%	18.56%	(32%)
11	Return on Investment (Quoted) (in %) [4]	Income Earned from Investment	Time Weighted average Investment	5.98%	3.51%	70%
12	Return on Investment (Un-Quoted) (in %) [5]	Income Earned from Investment	Time Weighted average Investment	(0.91%)	2.25%	140%

* 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 utilization of bill discounting facility and average short term borrowings have been increased.

2 Decrease in profits during the year due to higher cost of consumption, finance charges and increase in foreign exchange fluctuation losses.

3 Decrease in profits during the year due to higher cost of consumption and increase in foreign exchange fluctuation losses.

4 Increase in income from sales of Mutual Funds.

5 Decrease in fair valuation of investment.

Note 43 : Corporate social responsibility (CSR)

(₹ in Million)

Sr. No.	Particulars	Year ended March 31, 2023	Year ended March 31, 2022
i)	Amount required to be spent by the company during the year	50.22	40.03
ii)	Amount of expenditure incurred (including set off availed)	50.35	51.72
iii)	Shortfall / (Excess) at the end of the year	(0.13)	(11.69)
iv)	Total of previous years shortfall / (excess)	(11.69)	(7.67)
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	NA	NA
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	2022-23	2021-22
Bharat Forge Limited	5,934.43	5,359.93
Kalyani Technoforge Limited and its subsidiary	4,582.17	3,991.79

Total revenues from sales to customers outside India for the year ended March 31, 2023 and March 31, 2022 was ₹ 196.77 Million and ₹ 411.96 Million respectively.

All assets are in India.

Note 45 : (Net Debt) / Surplus reconciliation

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents	105.07	221.48
Current borrowings	(3,213.56)	(2,487.15)
Non-current borrowings	(1,849.88)	(1,895.18)
(Net Debt) / Surplus	**(4,958.37)**	**(4,160.85)**

Note 46 : Assets hypothecated as security

(₹ in Million)

Particulars	As at March 31, 2023	As at March 31, 2022
First charge		
Property, plant and equipment (Machineries)	3,924.81	1,858.54

Note 47 : The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment received Indian Parliament approval and Presidential assent in September, 2020. The Code has been published in the Gazette of India and subsequently on November 13, 2020 draft rules were published and invited for stakeholders suggestions. However, the date on which the Code will come into effect has not notified. The company will assess the impact of the Code when it comes into effect and will record any related impact in the period of the Code becomes effective.

Note 48 : 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 49 : During the year ended March 31, 2023, 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 50 : 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.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Continued) :

Note 51 : The Company have not traded or invested in Crypto Currency or Virtual Currency during the financial year.

Note 52 : Previous year figures have been regrouped / reclassified wherever necessary to conform with current year's classification / disclosure.

As per our attached Report of even date

For 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 : April 28, 2023

Pune
Date : April 28, 2023

NOTES

KALYANI

DRIVING INNOVATION

KALYANI STEELS LIMITED

MUNDHWA, PUNE - 411036

MAHARASHTRA, INDIA