

## DIRECTORS' REPORT

To,

The Members,

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

### 1. Financial Highlights (on stand-alone basis)

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

### 2. Dividend & Reserves

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

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

### 3. Performance of the Company

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

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

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

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

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



#### 4. Coke Making Facility and Heat Recovery Captive Power Plant

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

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

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

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

#### 5. State of Company's Affairs

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

#### 6. Corporate Governance

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

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

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

#### 7. Deposits

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

#### 8. Directors

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

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

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

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

#### 8.1 Board Evaluation

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

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

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

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

#### 8.2 Policy on Board Diversity and Nomination & Remuneration Policy

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

#### 8.3 Meetings of the Board

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

### 9. Directors' Responsibility Statement

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

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



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

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

#### 11. Corporate Social Responsibility

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

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

#### 12. Related Party Transactions

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

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

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

#### 13. Risk Management

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

#### 14. Audit Committee

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

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

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

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

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

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

#### 16. Cost Auditors

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

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

**17. Secretarial Audit and Secretarial Standards**

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

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

**18. Particulars of Employees and related Disclosures**

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

**19. Annual Return**

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

**20. Whistle Blower Policy**

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

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

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

**22. Internal Financial Controls**

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

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

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

**24. Significant and Material Orders**

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

**25. Familiarization Programme**

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

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

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

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

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

**27. Business Responsibility Report**

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



**28. Consolidated Financial Statements**

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

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

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

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

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

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

**31. Acknowledgement**

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

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

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

for and on behalf of the Board of Directors

Place : Pune  
Date : May 18, 2021

B.N. Kalyani  
Chairman