



KALYANI FORGE



**TOGETHER, WE GROW
TOWARD EXCELLENCE**

Annual Report
2022-2023

Corporate Information

BANKERS:

State Bank of India

HDFC Bank

AUDITORS:

M/S K S Aiyar & Co.

Chartered Accountants, Mumbai.

COMPANY SECRETARY

Mr. Aniruddha Hublikar

REGISTERED OFFICE:

CIN: L28910MH1979PLC020959

Shangrila Gardens, 'C' Wing, 1st Floor,

Opp. Bund Garden,

Pune-411 001.

Tel. +91 2137 252 335/755

Fax +91 2137 252344

Email: companysecretary@kforge.com

Website: www.kalyaniforge.co.in

WORKS:

Hot Forging Division (HFD)

Koregaon Bhima,

Tal. - Shirur,

Pune - 412 216.

Metal Forms Division (MFD)

Koregaon Bhima,

Tal. - Shirur,

Pune - 412 216.

Precision Autocomp Division (PAD)

Gat No. 914/1 & 2,

Sanaswadi Tal. - Shirur,

Pune - 412 208.

INDEX

Corporate Overview

| | |
|---|----|
| 1. Corporate Overview | 5 |
| 2. Strengthening Customer Relationship | 6 |
| 3. Message from the Executive Chairperson | 8 |
| 4. Kalyani Operating System 3.0 | 10 |
| 5. Business Performance Highlights | 11 |
| 6. Financial Performance | 13 |
| 7. Summary of Financial Performance | 14 |
| 8. Board Of Directors | 15 |

Statutory Report

| | |
|---------------------------------------|----|
| 9. Management Discussion and Analysis | 17 |
| 10. Board's Report | 20 |
| 11. Report On Corporate Governance | 46 |

Financial Statements

| | |
|-----------------------------------|----|
| 12. Independent Auditor's Report | 63 |
| 13. Balance Sheet | 73 |
| 14. Profit and Loss Statement | 75 |
| 15. Cash Flow Statement | 77 |
| 16. Notes on Financial Statements | 79 |





Corporate Overview

Strengthening Customer Relationships

Kalyani Forge has had a very special relationship with its customers from its early days. At a foundational level, the company has pushed the envelope of the industry to provide additional benefit and value to customers. One example is the Fracture Split Connecting Rod, a project envisioned by Mrs. Rohini Kalyani, when she was the Executive Director, way back in 2004. This project changed the automotive supply chain landscape in India as many OEMs could offload connecting rod machining to tier-1 suppliers among which Kalyani Forge was a pioneer.

In FY2023, we have taken special efforts to revive that spirit of the company, going back to all our customers, especially the ones who were part of our early growth and support them with new offerings, and a deeper partnership.



Streamlining our customer-facing Organization Structure

Understanding customers' road-map and priorities

Enabling VAVE projects for customers

Strengthening Top Management connect with customers

Message from the Executive Chairperson



Dear Shareholders,

With immense pleasure I would like to present you Annual Report of Kalyani Forge Limited for the FY 2022-23.

As things are normalizing from the challenges of 2020–21, it has opened doors for new business opportunities. Of course some challenges like high interest rates, inflation, supply chain shocks like the Russia-Ukraine war, volatility in steel prices remain. Despite all these challenges, we are dedicated and more than ready to provide the best-in-class products to our customers.

Performance

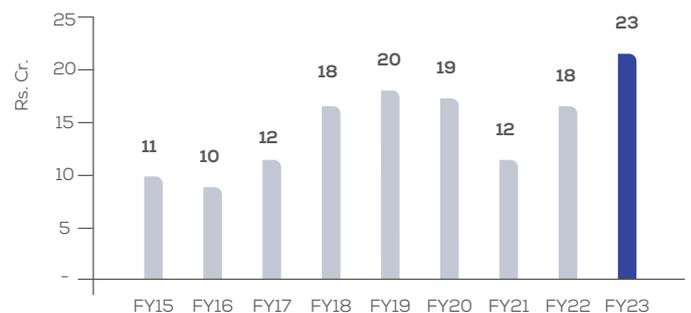
The year 2022–23 was good for reviving our growth and increasing business volumes across all market segments. We achieved a total revenue of Rs. 267 crores, a YOY growth of more than 8.5%. We have achieved Profit After Tax of Rs. 3.61 crores. This growth is strategically in the right direction, as it is largely due to increase in our Machined Product Sales. This is heartening, as it is in line with our Long Range Plan for 2027, which I will highlight below.

Machined Components Business
Total Sales



Another growth level is the Industrial Segment business which provides a good hedge against the cyclicity of automotive segments. Continuing the momentum of the last 5 years, this segment has clocked an all-time-high revenue of Rs. 23 cr in FY23.

Industrial Segment Sales Rs. Cr.



Our Company has always strived to increase value towards its shareholders and to reward them whenever possible. For FY 2022–23, your board has recommended a dividend of Rs. 3.00 (30%) on face value of Rs. 10 each.

Growth Strategy Updates – Vriddhi 2027

This year we got team members from various divisions and functions together to brainstorm on our future plans. We came up with a mission called Vriddhi 2027, with a focused strategy for growth to double our revenues with an EBITDA of 15% over the next five years. Some of the core elements of this growth include increasing the proportion of Machined Components to 90% and increase our Exports to 50% (currently around 15–20%) of total revenue.

I remember the time I joined Kalyani Forge in 1999, the company was present in highly commoditized product segments. I had decided then, that the only way to grow and sustain is by continuously upgrading our technology and product portfolio. So we set up a Warm Forging Division in 2000 which made us among the first in India to do so. In FY23,

our Warm Forging Division has been the biggest growth driver of new business and we have ramped up supplies of driveline products for passenger cars. We also won a multi-year multi-million dollar contract for passenger car driveline forgings from a leading Global Tier-1 company.

Also in 1999, almost all sales were of rough forgings, without any machining value addition. Then we set up the Precision Autocomp Division (PAD) in 2003 and graduated from suppliers of raw forgings to fully finished ready to assembly connecting rods, the most critical component to forge and machine. It was a major step up in our capabilities and we became a supplier of premium connecting rods to marquee global customers. Soon thereafter, we became the first company in India to develop Fracture-Split Connecting rods in-house, which make engines more efficient.

Today most engine platforms have either converted to fracture-split technology or have made plans to do so with our support. It is a matter of pride that Kalyani Forge has pioneered and enabled that transformation in India. In Q4 of FY23, our machined conrod sales clocked all time high monthly sales and are projected to grow substantially in FY24.

Facility Upgrades and Capex

In the period of 2019 to FY22, we had shelved our capex plans and took a conservative path. In FY23, we have revived our Capex plans with a focus on investing in machinery for expanding our business operations, improving operational capabilities and quality enhancement. Some of these include new Induction Billet Heaters, Shot Blasting Machines, and 4-axis VMCs for the tool room.

For cost optimization, we are focusing on reducing Material Cost through yield improvement and reducing machining allowances. This involves a lot of cross functional activities for which we have set up a focused Manufacturing Engineering (ME) Department.

Focused Leadership

A new phase of growth requires scaling up the foundations that were laid over the last two decades. I am happy to see our leadership team getting focused on growth initiatives. They are led by our Executive Director, Mr. Viraj Kalyani, who is focused on deepening customer relationships, expansion projects and organization development, along with day-to-day management of the company.

At the senior team level, we have enhanced leadership structures and processes to scale up the execution. We have simplified communications, standardized decisions. A lot of ownership is being

passed on to lower levels of the hierarchy so that they can work with speed. This is reflected in our updated Kalyani Operating System (v3.0) so that we shift from an individual based approach to a system based approach of working.

I am confident that the Company is moving towards a long-term sustainable growth by adopting new strategies, expansion of its product segments, cost optimization efforts and by winning new customers with all our dedicated staff.

I would like to thank all of our Directors for their contribution and guidance, employees for putting in their best foot forward in changing gears for our growth mission. Further I would like to thank all of our customers, suppliers, bankers, financial institutions and all other stakeholders for your continuous support and trust that you have bestowed in us for many years.

I look forward towards your continued partnership as we pursue our journey of growth and excellence.

Warm regards,



Rohini G. Kalyani

Executive Chairperson



Kalyani Operating System 3.0

Every company that has survived the early days, gone through a few waves of growth and been through ups and downs of the market, eventually needs strong systems to move up to the next level. Kalyani Operating System, or KOS, was launched in 2013 (version 1.0) by Executive Director, Viraj Kalyani, in an effort to institutionalize the company's decades of experience, know-how and best practices and provide a stable platform to scale the business. The key success factor of this organization system is that it should sustain over the long run and get a life of its own such that the system begins to provide direction for day to day execution which otherwise would have to be done by increasing manual management efforts.

In 2015, KOS was upgraded to version 2.0 went through another phase of rapid updates to comply with several global requirements like VDA 6.3 in the direct production process.

In FY 2023, the leadership team worked on upgrading to version 3.0 of KOS which included major overhaul by standardizing processes of in-direct areas like Leadership, Marketing, Maintenance, Quality, People and Finance. These are crucial areas which enable the core production, delivery and growth cycles of the business. Some examples include:

- Standard Defect Master for Quality Data Management
- Management Review formats for all levels
- System Audit Calendar and Trackers
- Strengthening the KOSPO Team (KOS Promotion Office) which drives Kaizen, 5S and System improvements
- Simplified Organization Structures of all major departments
- Defining upstream Marketing Activities like Prospecting & Lead Generation
- Implementing a CRM tool to digitize the order winning process

Business Performance Highlights

- The commercial vehicles segment observed a 35% increase in sales as compared to previous years.
- Overall, the KFL business experienced a 15% growth as compared to the previous year.
- Four segments, i.e. the commercial vehicle, industrial, passenger vehicle and power + turbochargers, witnessed a growth curve.
- The company saw a net ton production of 7738 tons, as compared to the previous year 8564 tons.

Passenger Vehicles



FY 2021-22

4279.72

FY 2022-23

4897.37

Report

Increase

% Growth

14

Commercial Vehicle



FY 2021-22

3960.08

FY 2022-23

5341.92

Report

Increase

% Growth

35

Power + Turbochargers



FY 2021-22

7467.47

FY 2022-23

7707.22

Report

Steady

% Growth

3

Industrial



FY 2021-22

1760.10

FY 2022-23

2298.24

Report

Increase

% Growth

31

Agro & Rural



FY 2021-22

3870.57

FY 2022-23

3482.62

Report

Decrease

% Growth

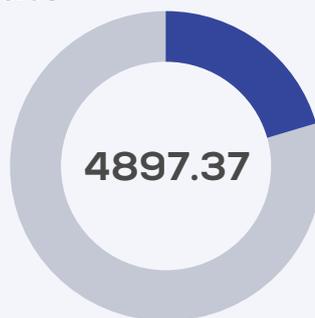
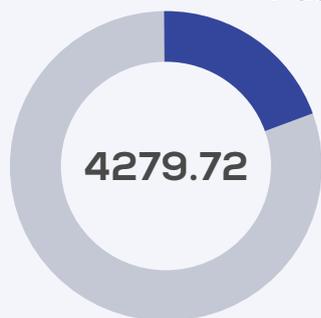
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FY - 2021-22

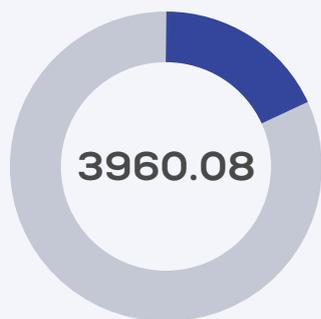
FY - 2022-23

₹ in lakhs

Passenger Vehicles



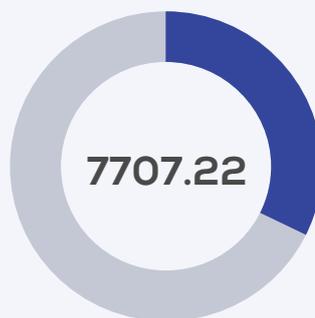
Commercial Vehicle



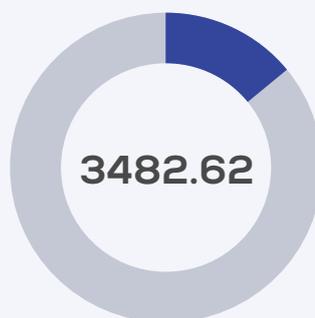
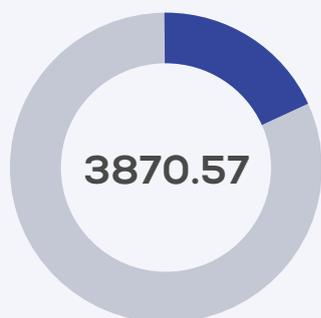
Industrial



Power + Turbochargers



Agro & Rural



Financial Performance

Creating a consistent, sustainable, long-term financial returns system has always been our priority. As a result, the company has managed to raise funds at highly competitive rates owing to its market reputation and client trust. In addition, the company has always honed in on offering complete transparency and integrity to its investors.

KFL has therefore performed with high competence this financial year and below stated at the key performance indicators.

Improving ROCE

Steady improvement in ROCE from 5.40 % in FY22 to 5.47 in FY23.

Outcomes

Value Creation

EBITDA Margin %

| | |
|----------|----------|
| 7.79 | 6.96 |
| FY 21-22 | FY 22-23 |

PAT (Rs. In Crore)

| | |
|----------|----------|
| 3.13 | 3.61 |
| FY 21-22 | FY 22-23 |

Net Debt to EBITDA Ratio

| | |
|----------|----------|
| 1.36 | 1.95 |
| FY 21-22 | FY 22-23 |

Contribution to Stakeholders

Dividend (Rs in Crore)

| | |
|----------|----------|
| 1.09 | 1.09* |
| FY 21-22 | FY 22-23 |

Market Capitalisation NSE (Rs. In Crore)

| | |
|----------|----------|
| 63.28 | 81.09 |
| FY 21-22 | FY 22-23 |

Payments to Government (Rs. In Crore)

| | |
|----------|----------|
| 19.88 | 20.15** |
| FY 21-22 | FY 22-23 |

* Recommended by the Board of Directors, subject to approval of shareholders.

** Payments to Government include paid/payable towards Income Tax, GST, customs Duty & local taxes (net of refund received if any)

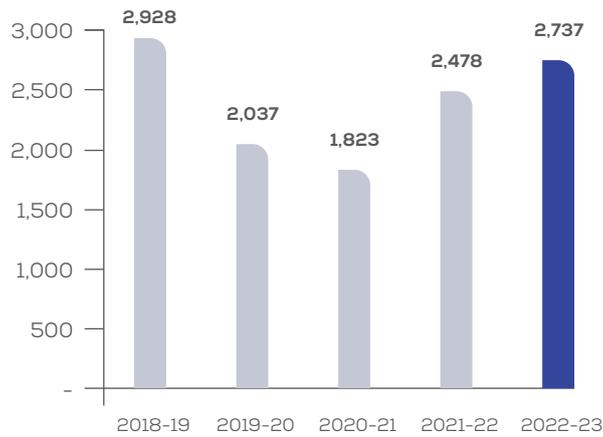
Our Profit After Tax has risen in this financial year compared to last financial year

In terms of generating employment, the company has spearheaded its way forward. With a growth in client requirements, the company has invested in human resources and create employment opportunities.

An amalgamation of these activities has resulted in an overall positive contribution to the country as a whole.

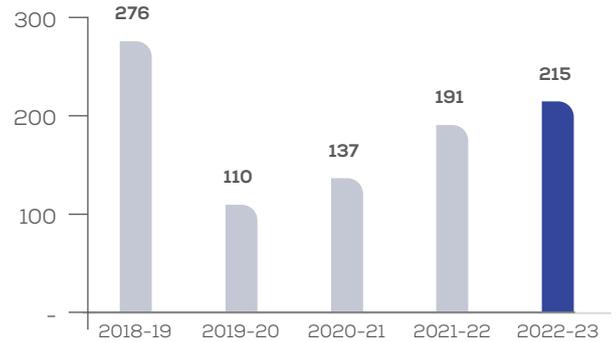
Summary of Financial Performance

Revenue From Operations



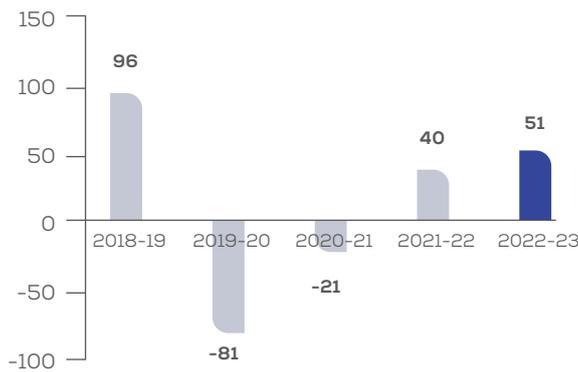
Revenue from operations increased by 10.45% to Rs 2,737 million in FY 2022-23, that of the previous year as there is improvement in Customer schedule

EBITDA

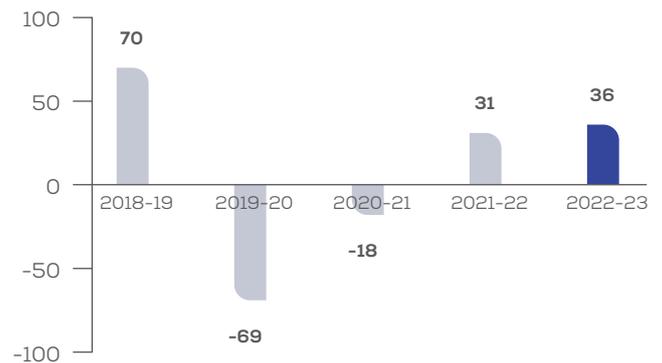


EBITDA increased by 12.56% to Rs 215 million in FY 2022-23 due to product mix

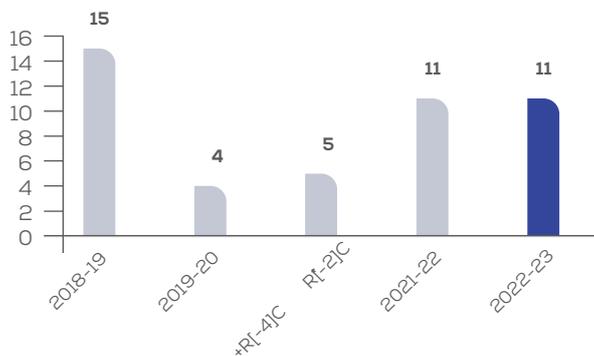
PBT



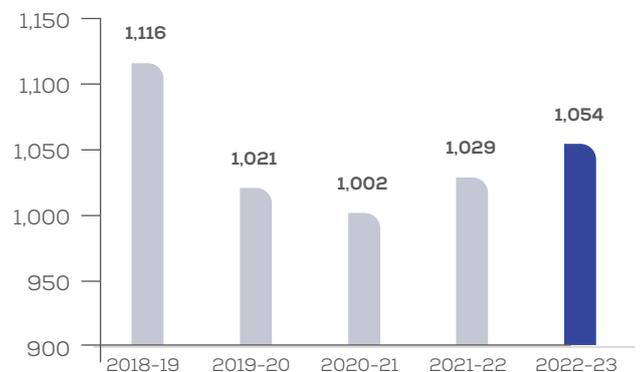
PAT



Dividend Amount



Net Worth



Net worth increased by 2.42% to Rs 1054 million in FY 2022-23 as the profit for the period is retained as reserved

Board Of Directors

| | | |
|-----------------------------|--------------------------|-----------------|
| Mrs. Rohini G. Kalyani | Executive Chairperson | (DIN: 00519565) |
| Mr. Viraj G. Kalyani | Executive Director | (DIN: 02268846) |
| Mr. Gaurishankar N. Kalyani | Non – Executive Director | (DIN: 00519610) |
| Mr. Abhijit Sen | Independent Director | (DIN: 00002593) |
| Mr. Pradip P. Nadkarni | Independent Director | (DIN: 01670826) |
| Mr. Adit M. Rathi | Independent Director | (DIN: 00084380) |

Audit Committee

| | | |
|------------------------|----------------------|------------|
| Mr. Abhijit Sen | Independent Director | (Chairman) |
| Mr. Pradip P. Nadkarni | Independent Director | |
| Mr. Viraj G. Kalyani | Executive Director | |

Nomination & Remuneration Committee

| | | |
|-----------------------------|--------------------------|------------|
| Mr. Pradip P. Nadkarni | Independent Director | (Chairman) |
| Mr. Abhijit Sen | Independent Director | |
| Mr. Gaurishankar N. Kalyani | Non – Executive Director | |

Stakeholders Relationship Committee

| | | |
|-----------------------------|--------------------------|------------|
| Mr. Gaurishankar N. Kalyani | Non – Executive Director | (Chairman) |
| Mr. Abhijit Sen | Independent Director | |
| Mr. Pradip P. Nadkarni | Independent Director | |

Corporate Social Responsibility Committee

| | | |
|------------------------|-----------------------|------------|
| Mrs. Rohini G. Kalyani | Executive Chairperson | (Chairman) |
| Mr. Pradip P. Nadkarni | Independent Director | |
| Mr. Viraj G. Kalyani | Executive Director | |



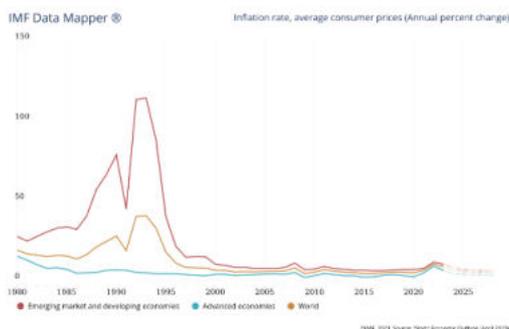
STATUTORY REPORTS

Management Discussion & Analysis

Economic Review

Global Economy

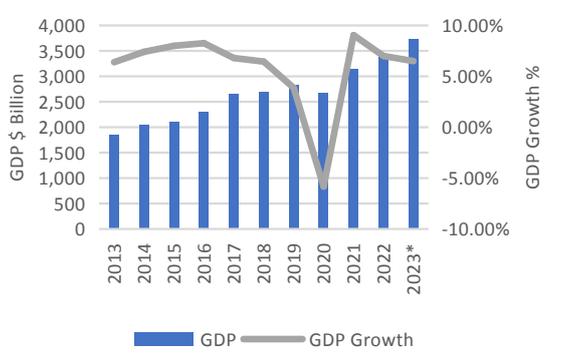
The global economy is facing crisis due to rising inflation, resurgence of COVID-19 in some areas and Russia –Ukraine war. Inflation around the world is predicted to fall to 6.6% in the year 2023 as compared to 8.8% in 2022 and to further decline to 4.3% in 2024 which still remains above pre-pandemic levels of about 3.5%. The global growth is expected to fall from 3.4% in the year 2022 to 2.9% in year 2023. It is expected to rise in 2024 to about 3.1%.



The global growth is declining, the reasons being tightening of monetary policy, Russia-Ukraine War and financial crisis faced by United States and Europe which is leading to huge amount of uncertainty in the world economy.

Indian Economy

In India Real GDP or GDP at Constant (2011-12) prices in the year 2022-23 are estimated to attain a level of ₹160.06 lakh crores, as against the First Revised Estimates of GDP for the year 2021-22 of ₹149.26 lakh crore. The growth in real GDP during 2022-23 is estimated at 7.2 per cent as compared to 9.1 per cent in 2021-22. Nominal GDP or GDP at Current Prices in the year 2022-23 is estimated to attain a level of ₹272.41 lakh crores, as against ₹234.71 lakh crores in FY 2021-22, showing a growth rate of 16.1 per cent. GDP at Constant (2011-12) Prices in Q4 2022-23 is estimated at ₹43.62 lakh crore, as against ₹41.12 lakh crore in Q4 2021-22, showing a growth of 6.1 percent. GDP at Current Prices in Q4 2022-23 is estimated at ₹71.82 lakh crore, as against ₹65.05 lakh crore in Q4 2021-22, showing a growth of 10.4 percent.



India GDP Growth, (National Statistics Office)

The overall growth remained robust and is estimated to be 6.9 per cent for the full year with real GDP growing 7.7 per cent year-on-year during the first three quarters of fiscal year 2022 - 23. There were some signs of moderation in the second half of FY 22 - 23. Growth was underpinned by strong investment activity bolstered by the government’s capex push and buoyant private consumption, particularly among higher income earners. Inflation remained high, averaging around 6.7 per cent in FY22 - 23 but the current-account deficit narrowed in Q3 on the back of strong growth in service exports and easing global commodity prices.

The forging industry remains as one of the major contributors towards the Indian manufacturing industry. The forging industry of India provides direct employment to about 86,000 people. The small and very small units are mainly dependant on manual labour, however medium and large units are more mechanized. Quality standards in the industry have enhanced significantly and the sector is now well known globally for its high quality and precision. India is the 3rd largest manufactures of forgings around the globe after China and the European Nations (led by Germany).

Future Outlook

As per Automotive Mission Plan 2016-26 (AMP) the Indian auto component industries may attain an impressive USD 200 billion in revenue by 2026, with exports of around USD 80 billion. The Indian Automotive industry will be among the top three of the world in the area of engineering, manufacturing export of vehicles and components. It is estimated that the demand of vehicles will reach 66.3 to 75.8 million units in the same year. Domestic aftermarket is estimated to reach USD 32 billion by 2026 from

around 8 billion USD in FY – 2017. Estimated contribution of Auto Component Industry in India's GDP will account to as much as 5% to 7% by 2026 and direct incremental employment of around 3.2 million.

(Sources: Press Information Bureau – Government of India, World Bank, Ascon India)

Business Environment

Global Supply Chains in our industry have been affected by shocks of covid and Ukraine war. From our primary interaction across all global customers, most of them are keen on shifting some or majority of their manufacturing or sourcing operations from China to India. This is a tail-wind for Kalyani Forge to capitalize on the sourcing interest from Indian companies who have a long history and established brand in the market.

Our Country enjoys a strong position in the global heavy vehicles market as it is the largest manufacturer of Tractors, the second-largest manufacturer of buses and third-largest manufacturer of heavy trucks around the world. Our company has a scope to extend its market share into these sectors to diversify in other sector as well, particularly in the defence sector as the government intends to reduce the defence export and procure defence requirements indigenously.

The focus of Indian Automotive industry is shifting towards Electronic Vehicles shortly called as EVs. Our country is a prominent auto exporter and has strong export growth expectations in the near future and in addition to that there are several initiatives implemented by the Government of India and major automobile players in the domestic market are expected to make our country a leader in the two-wheeler and four-wheeler market across the globe.

In spite of these upcoming opportunities, the forging industry faces a number of challenges which include, disrupted supply chain, poor allocation of resources, delayed technology up gradation, lack of benchmark infrastructure available in the Country amongst others.

Financial Review

Our company dedicated towards improving our Financial and operational performance. To achieve the same there has been number of machinery and tools installations in our manufacturing units for expanding scale of operations, improving operational efficiency and to improve the quality of the products. We are focussed towards quality control efforts to remove any bottlenecks that we face or might face while expanding our operations.

We have implemented various initiatives for cost optimization which include halting of shot blasting, grinding and outsourcing of MPI activities, implementation of Yield Improvement Project and reduction of cycle time in machining process.

| Particulars | 2022-23 | 2021-22 | Change | Formulae | Reason for Change |
|---------------------------------|---------|---------|--------|---|--|
| Debt Ratio | 0.48 | 0.43 | 0.05 | Total Liabilities/ Total Assets | NA |
| Debt Equity Ratio | 0.36 | 0.25 | 0.11 | Long/Short Term Debts (Secured Loans + CC)/ Net Worth | Deviation was due to increase in Debt. |
| Interest Coverage Ratio | 2.81 | 2.37 | 0.45 | PBT + Interest/ Interest | NA |
| Debt service coverage ratio | 0.50 | 0.74 | -0.24 | PBT+Depreciation+Interest/Debt Service | Deviation was due to increase in Debt. |
| Current Ratio | 1.69 | 1.74 | -0.05 | Current Assets/Current Liabilities | NA |
| Quick Ratio | 0.93 | 1.08 | -0.15 | Current Asset-Inventories/Current Liability | NA |
| Cash Ratio | 0.06 | 0.07 | -0.01 | Cash & Cash equilant/ Current Liability | NA |
| Asset turnover ratio | 1.33 | 1.35 | -0.02 | Net Sale/ Total Asset | NA |
| Trade Receivable turnover ratio | 3.67 | 3.54 | 0.12 | Net credit sales/ Average accounts receivable | NA |
| Inventory Turnover ratio | 3.58 | 4.29 | -0.17 | Sales/ Average Inventory | NA |

Human Resources

We strive to remain transparent and non-bureaucratic by having a flat organizational structure that enables the free flow of communication across all levels and locations. The company restructured and restored the 5-level organization structure to enable speed and agility of teams. Several Job Descriptions have ben updated and new ones created for specialized roles as the which are required for growth. Several HR policies have been simplified and digitized for ease of working of our employees.

The KOSPO team has started quarterly Kaizen Awards for employees across all plants and departments. This has brought many ideas to fruition which result in cost savings and productivity improvement. In FY23, a total of 90 Kaizens projects were submitted

by employees.

Information Technology

The company started implementation of Quality Management Module in SAP. It has also initiated Costing Runs and Master Data improvements for better analysis of product costs.

IT communications infrastructure has been improved across all plants with better internet connectivity access points to replace smaller scale devices.

The company has digitized many operations like new RFQ management, accounting approvals and project management.

Corporate Social Responsibility

Our Company truly believes that a thriving organisation has a responsibility towards society, the nation and the world at large. With CSR initiatives, our company continues to follow through with a passion for giving back to society.

Sustainable development of the society is a major theme of our CSR policy. We aim to joint forces with the government's role in society's welfare. Our team works cohesively to uplift and empower the marginalised section of society. We create projects that aim to improve the lives of the more economically deprived sections of society, especially those with limited access, such as women, children and the elderly. The company continually organises initiatives that involve volunteering for various CSR projects.

Risk Management

Risk Management is becoming an increasing important area for all organizations and especially for a company like ours that is on the growth path. We understand the need to eliminate, minimize and contain risks and uncertainty so that the momentum to grow does not stop. We have identified some important dimensions of Risk Management as follows:

Business Risk – evaluating business lifecycles for each product and impact of market movements on the business

Operational Risk – identifying all risks that impact the order to cash cycle. We have instituted a Monthly Sales Planning process and Monthly Sales Risk Mitigation Plan in FY23.

Compliance Risk – all operating compliances and statutory obligations are reviewed by our KOSPO Department in their internal audit and management review meetings. All financial and governance related compliances are reviewed by the Secretarial and Finance Departments as well as in Quarterly Audit Committee Meetings.

Internal Control Systems and Their Adequacy

The Company has a well-framed internal control system that authorizes, records, and reports transactions to safeguard assets and protect against loss from unauthorized use or disposition. Internal controls are in place to ensure reliable data and financial information is reported for all assets.

The internal control systems include several processes including but not limited to extensive internal audits, management review, and documented KOS policies, guidelines, and procedures.

Board's Report

The Board of Directors of your Company are pleased to present the 44th Annual Report together with the Audited Statement of Accounts of Kalyani Forge Limited ("the Company") for the year ended March 31, 2023.

Financial Performance:

The summarized standalone results of your Company are given below:

| Particulars | Financial Year ended 31st March, 2023 Standalone | |
|---|--|------------|
| | 31-03-2023 | 31-03-2022 |
| Total income from operations (net) | 26,667.38 | 24,650.21 |
| Profit/(loss) before Exceptional Items and Tax | 688.70 | 402.12 |
| Exceptional Items and Tax Expenses | 327.87 | 88.86 |
| Net Profit/ (Loss) After Tax for the Year | 360.84 | 313.26 |
| Balance of Profit from Previous Year(Retained Earnings plus Other Comprehensive Income) | 8529.94 | 8,001.38 |
| Other Comprehensive income for the year | 2.32 | 15.85 |
| Dividend Amount Paid | (109.14) | (54.57) |
| Balance of Total at the end of reporting period includes Retained Earnings and Other Comprehensive Income | 8783.96 | 8275.92 |

Summary of Operations:

During the year, the net revenue from operations of your Company for FY 2022-23 increased to Rs. 26,667.38 Lakhs against Rs. 24,650.21 Lakhs for the FY 2021-22. Your Company's Profit after tax stood at Rs. 360.84 Lakhs as against profit of Rs. 313.26 Lakhs for FY 2021-22.

Change in the nature of business, if any:

There is no change in the nature of the business of the Company during the year.

Reserves:

The Company has not transferred any amount to General Reserves for the year under review.

Dividend:

Your Directors are pleased to recommend for approval of members a dividend of Rs. 3.00 per equity share (30%) at the face value of Rs.10/- per share for the Year ended 31st March, 2023.

Capital/Finance:

During the year, the Company has not issued/allotted equity or preference shares. As on 31st March, 2023, the issued, subscribed and paid-up share capital of your Company is at Rs.3,63,80,000/-, comprising 36,38,000 equity shares of Rs.10/- each.

Fixed Deposits:

Your Company has not accepted any deposits from public, Therefore, details relating to deposits covered under Chapter V of the Companies Act, 2013 are not applicable to the Company.

Material Events Occurring after Balance Sheet Date:

There were no material changes, events and commitments affecting the financial position of your Company between the end of the Financial Year and the date of this report.

Annual Return:

Pursuant to Section 92(3) read with Section 134(3) (a) of the Act, the Annual return in Form MGT -7 as on March 31, 2023 will be placed on the Company's website available at the following link.

<https://www.kalyaniforge.co.in/investors/annual-reports/>

Transfer of Amounts to Investor Education and Protection Fund:

Pursuant to the provisions of the Investor Education Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, 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.

Details of Board meetings:

The Board met Four times during year from 1st April 2022 to 31st March 2023. The intervening gap between the meetings was within the period prescribed under Act.

Composition of Board and its attendance:

The composition of the Board of Directors as on 31 March 2023 and attendance of members in the meetings held during the financial year 2022-23 are as under:

| Name of the Director | Designation | Category | No. of meetings attended |
|-----------------------------|--------------------------|--|--------------------------|
| Mrs. Rohini G. Kalyani | Chairperson of the Board | Executive Chairperson | 4 |
| Mr. Gaurishankar N. Kalyani | Member of the Board | Non – Executive & Non Independent Director | 4 |
| Mr. Viraj G. Kalyani | Member of the Board | Executive Director | 4 |
| Mr. Abhijit Sen | Member of the Board | Non – Executive & Independent Director | 4 |
| Mr. Pradip P. Nadkarni | Member of the Board | Non – Executive & Independent Director | 4 |
| Mr. Adit Rathi | Member of the Board | Non – Executive & Independent Director | 3 |

Committees of Board

The composition of the Committees of the Board of Directors has been detailed in the Corporate Governance annexure to this report.

Declaration by Independent directors:

Pursuant to the provisions of section 149 of the Companies Act, 2013 ('the Act'), Mr. Pradip P. Nadkarni, Mr. Abhijit Sen & Mr. Adit Rathi are the independent directors and have submitted declarations that each of them meet the criteria of independence as provided in section 149(6) of the act along with rules framed thereunder and regulation 16(1)(b) of the SEBI Listing Regulations. There has no change in the circumstances affecting their status as independent directors of the Company.

Directors and Key Managerial Personnel:

As per the provisions of Companies Act 2013, Mr. Gaurishankar Kalyani who retired by rotation were reappointed at the Annual General Meeting of the Company held on 18th August 2022.

Mr. Rohan M. Deshpande, resigned from the Company as the Company Secretary and Compliance Officer of the Company w.e.f. 13th November, 2022. The Board places same on record.

The Board at its meeting held on 14th November, 2022 appointed Mr. Aniruddha Hublikar as the Company Secretary and Compliance Officer of the Company w.e.f. 14th November, 2022.

Formal Annual Evaluation:

SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 mandates that the Board shall monitor and review the Board evaluation framework. Also, the Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its Committees and individual Directors. In addition, Schedule IV of the Companies Act, 2013 states that the performance evaluation of Independent Directors shall be done by the entire Board of Directors, excluding the Director being evaluated.

In pursuance of above, the Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the Non- Executive Directors and Executive Director.

The Company commenced with the review of the best practices prevalent in the industry and evaluation of Board members. On the basis of review and the Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, a process of evaluation was followed by the Board for its own performance and that of its committees and individual Directors.

At a Separate meeting of Independent Directors held on March 10, 2023, performance evaluation of Chairperson, Non- Independent Directors, and the Board of Directors was carried out by Independent Directors which has also reviewed the adequacy of the flow of information between the Company Management and Board.

The detailed programme for familiarization of Independent Directors with the Company, their roles, rights and responsibilities in the Company, nature of business, business model of the Company, etc. was undertaken by the Company.

A formal evaluation of the performance of the Board, its Committees, the Chairman and the individual Directors was carried out. Led by the Nomination & Remuneration Committee, the evaluation was carried out using individual questionnaires. As part of the evaluation process, the performance of Non-Independent Directors, the Chairman and the Board was conducted by the Independent Directors. The performance evaluation of the respective Committees and that of Independent and Non-Independent Directors was done by the Board excluding the Director being evaluated.

Company's policy on appointment and remuneration:

The policies relating to selection of Directors and determining Directors independence and Remuneration Policy for Directors, Key Managerial Personnel and other employees is attached herewith and marked as Annexure 1. You may also find policy on appointment and remuneration at the company's website: <https://www.kalyaniforge.co.in/investors/corporate-information/>

Highlights on Company's policy on Sexual Harassment:

As per "Sexual Harassment of Woman At Workplace (Prevention, Prohibition and Redressal) Act, 2013", the highlights of the policy adopted by the company is attached herewith marked as. Annexure 2.

Holding, Subsidiaries, Associates or Joint Venture Companies:

During the period under review the Company does not have any holding, Subsidiary, Associates or Joint Venture company.

Statutory Auditors, their Report and Notes to Financial Statements:

The Statutory Auditors M/s K.S. Aiyar & Co. Chartered Accountants, Mumbai, having Firm Registration No 100186W, were reappointed in 42nd Annual General Meeting, held on August 14, 2021, as Statutory Auditors of the Company for Second Term of consecutive 5 years, till the conclusion of the 47th Annual General Meeting of the Company to be held in the calendar year 2026. The Companies Act, 2013 was amended to remove the provisions related to ratification of the Appointment Auditors and therefore there is no requirement of ratification of Appointment of Auditors of the Company.

The Notes to the financial statements referred in the Auditors Report are self-explanatory. In the Statutory Auditor's Report there are following qualifications to which suitable and sufficient comments are provided by the Board of Directors. under Section 134 of the Companies Act, 2013. The Auditors' Report is enclosed with the financial statements in this Annual Report.

Qualifications by the Statutory Auditors:

1. The Company is in the process of updating inventory records in Materials Module (MM Module) of SAP ERP system and refining its stock valuation process by updating the standard rates of material, labour and overheads based on the current prevailing rates and relevant data. Presently, the inventories have been valued as per the values as appearing in Finance Module (FI Module) of SAP ERP which is not matching with the Materials Module (MM Module) of SAP ERP. As the said process is not completed as at year end, consequential financial impact, if any, arising on updating of the inventory records and its valuation will have to be given in the books of accounts after its completion. Management has carried out a physical verification of inventory as at 31st March, 2023 and discrepancies of Rs.641.37. (Net of provision made already made as per management estimate and judgment) have been observed.
2. Trade Receivables include certain old and disputed receivables of Rs. 641.33 Lakhs

Management comments with respect to Auditor's qualifications are as follows:

With reference to qualification no. 1 regarding inventory accounting, the Company has completed a comprehensive inventory revaluation exercise using updated rates for materials and overheads this exercise increases inventory value compared to the figures in SAP (which have not been updated due to operational constraints) by at least Rs. 5 crores. The reflection of results of this exercise in SAP will be completed by Q1 of FY 2024 to bring the records completely up to date and incorporating residual shortfall, if any.

With reference to qualification no. 2 regarding trade receivables, in Q4 of FY 23, the Company has written off bad debts of old dues of 8 major customer accounts amounting to Rs. 1.2 crores based on clear reconciliation exercises with its customers. It has utilized existing provisions taken during previous quarters of FY 2023 to give final effect and therefore improve the Balance Sheet with more current items. For one debtor accounts, the company has initiated legal recourse and has been advised that there is strong case of recovery of those dues, this amounts to around Rs 2.9 crores. The debtor in question has responded and admitted to their dues and asked for a settlement which is being pursued. For the remaining accounts the Company is in discussion with its customers and is on track for recovering and reconciling the dues. The overall ageing of overdue receivables therefore has significantly improved in Q4 of FY 23 and management is confident of recovery/settlement.

Internal financial controls

The Board is responsible for establishing and maintaining adequate internal financial control as per Section 134 of the Act. The Board has laid down policies and processes in respect of internal financial controls and such internal financial controls were adequate and were operating effectively. The internal financial controls covered the policies and procedures adopted by your Company for ensuring orderly and efficient conduct of business including adherence to your Company's policies, safeguarding of the assets of your Company, prevention and detection of fraud and errors, accuracy and completeness of accounting records and timely preparation of reliable financial information.

Cost Audit

Pursuant to Section 148 of the Act read with the Companies (Cost Records and Audit) Amendment Rules, 2014 and as per the Cost Audit Orders, the cost audit records maintained by the Company in respect of its Forging Business are required to be audited.

In view of the same and in terms of the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, M/s. R.C.K & Co, Cost Accountants (Firm Registration No. 002587), Mr. Rahul Chincholkar, Partner (F-27063) have been appointed as Cost Auditors to conduct the audit of cost records of your company for the financial year 2023-24. The remuneration proposed to be paid to them requires ratification of the shareholders of the Company. In view of this, your ratification for payment of remuneration to Cost Auditors is being sought at the ensuing Annual General Meeting.

In accordance with the provisions of Section 148(1) of the Act, read with the Companies (Cost Records and Audit) Rules, 2014, the Company has maintained cost accounts and records.

Secretarial Audit

In terms of Section 204 of the Companies Act, 2013 and Rules made thereunder, Mr. Nitin Prabhune (Membership No. FCS 6707) Company Secretary in practice has been appointed as Secretarial Auditor of the Company. The report of the Secretarial Auditors is enclosed as Annexure 3 to this report. There are no qualifications, reservations, adverse remarks or disclaimers made by the Secretarial Auditors in their report.

Reporting of fraud by auditors

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

Secretarial Standards

The company has complied with the revised Secretarial Standards on meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2).

Significant and Material Orders Passed by Regulators or Courts

There are no significant material orders passed by the regulators and courts which would impact the going concern status of the company.

Particulars of Loans, Guarantees or Investments

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013, are given in the notes to the Financial Statements. (Refer Note 3 of the Financial Statements).

Material Changes and Commitments

There have been no material changes and commitments, affecting the financial position of the company, which have occurred between the end of the financial year and the date of this report.

Human Resources

Your Company treats its "human resources" as one of its most important assets.

Your Company continuously invests in attraction, retention and development of talent on an ongoing basis. A number of programs that provide focused people attention are currently underway. Your Company's thrust is on the promotion of talent internally through job rotation and job enlargement.

Related Party Transactions

All contracts/ arrangement/ transactions entered by the Company during the Financial Year with related party were in the ordinary course of business and on arm's length basis. Such transaction forms part of the notes to the financial statements provided in the Annual Report.

During the year, the particulars of any contract / arrangement / transaction with related parties which could be considered material entered into in accordance with the policy of the Company on materiality of related party transactions which is available on the Company's Website: www.kalyaniforge.co.in.

The summary of related party transaction in Form AOC-2 is enclosed as Annexure 4. Related Party disclosures as per IND AS 24 have been provided in Note 30.7(b) to the financial statements.

Risk Management Policy

In terms of the requirement of the Companies Act, 2013 the Company has developed and implemented the Risk Management Policy and the Audit Committee of the Board reviews the same periodically. The detailed Risk Management Policy is available on Company's website. Highlights of the same are enclosed in Annexure 5.

Management Discussion and Analysis

Management Discussion and Analysis comprising an overview of the financial results, operations/performance and the future prospects of the Company form part of this Annual Report.

Corporate Social Responsibility (CSR)

The Company has adopted the CSR policy pursuant to Sec 135 of the Companies Act, 2013. The disclosure as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is enclosed as Annexure 6. The detailed Corporate Social Responsibility Policy is available on Company's website.

Highlights of Corporate Social Responsibility Policy

The Company proposes to undertake CSR projects and programmes in respect of the activities stated below with a preference to implement these projects and programme in the areas in which it operates:

- Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation and making available safe drinking water;
- Promoting education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.

- Promoting gender equality, empowering women, setting-up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water.
- Protection of national heritage, art and culture including restoration of buildings and sites historical importance and works of art; setting-up public libraries, promotion and development of traditional arts and handicrafts.
- Measures for the benefit of armed forces veterans, war widows and their dependents.
- Training to promote rural sports, nationally recognized sports, Paralympics Sports and Olympic Sports.
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
- Rural development Projects.

Particulars of Employees

Pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, statement of particulars of employees is annexed as Annexure 7.

Details of establishment of vigil mechanism for directors and employees:

The details of establishment of vigil mechanism/ whistle blower policy for directors and employees to report genuine concerns are available at the website of the company at <https://www.kalyaniforge.co.in/investors/corporate-information/>.

Highlights of Whistle Blower Policy are enclosed in Annexure 8.

Corporate Governance Certificate

The Compliance certificate from the Auditors regarding compliance of conditions of corporate governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is annexed with the report.

Details of conservation of energy, technology absorption, foreign exchange earnings and outgo

The Company, in its continuous endeavour to conserve energy, has adopted various innovative measures to reduce waste and to achieve optimum utilization of energy resulting into good earning of Power Factor incentive from MSEB and in turn resulting into reduction of power cost.

(a) Conservation of energy

| | | |
|-------|--|--|
| (i) | the steps taken or impact on conservation of energy | The Company, in its continuous endeavor to conserve energy, has adopted various innovative measures to reduce waste and to achieve optimum utilization of energy resulting into good earning of Power Factor incentive from MSEB and in turn resulting into reduction of power cost. |
| (ii) | the steps taken by the company for utilizing alternate sources of energy | |
| (iii) | the capital investment on energy conservation equipment | Latest upgraded induction billet heaters with per Kw extra out puts. It will save units per MT. |

(b) Technology absorption

| | | |
|-------|--|--|
| (i) | the efforts made towards technology absorption | <ul style="list-style-type: none"> Productivity improvement in both forged and machined components together with competitive quality. Process technology improvements to achieve competitive advantage in the business. Successful commercial scale up of forged and machined parts. Capability building for attracting new customers. Yield improvements for forging parts |
| (ii) | the benefits derived like product improvement, cost reduction, product development or import substitution | |
| (iii) | in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- <ul style="list-style-type: none"> the details of technology imported the year of import; whether the technology been fully absorbed if not fully absorbed, areas where absorption has not taken place, and the reasons thereof | NA |
| (iv) | the expenditure incurred on Research and Development | 55,150,928 |

Total energy consumption and energy consumption per unit of production as per Form – A of the Annexure to the Rules is as given below:

| Sr. No. | Description | 2022-23 | 2021-22 |
|---------|---|--------------|--------------|
| 1) | POWER AND FUEL CONSUMPTION | | |
| I) | Electricity | | |
| | (a) Purchased Units (KWH) | 2,05,49,698 | 1,96,84,220 |
| | Total Amount (In. Rs) | 22,81,35,539 | 19,63,03,607 |
| | Rate/Unit (Rs) | 11.10 | 9.97 |
| | b) Own Generation | | |
| | i) Through Diesel Generator (Units generated) | 6,000 | 5,644 |
| | ii) Total Diesel consumption (Ltrs) | 1,000 | 1,022 |
| | ii) Through Steam Generator (KWH) | 0 | 0 |
| II) | Coal | | |
| III) | Fuel Oil (FO + CBFS) | | |
| | Quantity (Ltrs.) | 5,92,000 | 7,17,930 |
| | Total Amount (In lacs.) | 3,13,76,000 | 3,29,87,679 |
| | Average Rate /Litre (lacs.)- FO+CBFS | 53 | 46 |

| Sr. No. | Description | 2022-23 | 2021-22 |
|---------|--|---------|---------|
| 2) | CONSUMPTION PER UNIT OF PRODUCTION | | |
| | Product : high quality closed tolerance die forgings | | |
| | Unit : M.T. | 10,639 | 11,509 |
| | Electricity (KWH/M.T.) | 161 | 1,711 |
| | Fuel Oil (KL/M.T.) | 0.09 | 0.06 |
| | Coal | 0 | 0 |

Research & Development (R&D):

The Company's R & D facility is backed by highly experienced and qualified team. Our R & D team follows the principle to accept zero defects, produce zero effects and pass on zero defects

The main objectives of the Company's R & D programs are:

- To develop new and innovative forgings and engineering components.
- To improve in the areas of technologies up gradation.
- To conserve energy through reduction in fuel consumption.
- To take measures for improvements in the material yield.
- To optimize forging and machining processes and minimization of pollution.

Highlights of R & D initiatives undertaken during the Financial Year 2022-23 were as follows:

1. Development of negative draft forgings with machining.
2. In-house machining capability of Steering and Suspension parts.
3. New Bolster development with Hydraulic Clamping & Power Pack.
4. Pro-active development of new profile forging for its application in Electric Vehicles (EVs).
5. Pro-active development of complex profile rocker arm forging.
6. New machining process of rack rolling operation introduced for machined supply condition
7. To enhance environmental cleanliness and reduce soil pollution, polymer coating operation introduced before ironing operation in warm forging process replacing hazardous zinc phosphate coating operation.
8. To promote quality assurance in warm forging parts supply to the Customers, Eddy current testing process has been introduced to avoid material mix up.

Core Focus areas of R&D Department of the Company:

1. New product family development distinguishing in profile complexity, manufacturing difficulties & material properties in terms of strength, wear resistance and fatigue life.
2. New process development with aim of reducing process cycle time, increase product safety and reduce operator fatigue, protect environmental aspects from pollution.
3. Introduce New technology with aim of enhancing customer satisfaction by expanding supply condition limits, improve quality and quantity of products supplied.

(c) Foreign exchange earnings and Outgo

During the year, the total foreign exchange used was Rs. 10,79,60,061.54 and the total foreign exchange earned was Rs. 32,05,13,459.89

(d) Technology Absorption, Adaptation and Innovation

Through In-house Research and Development activities Company has developed Outer race forgings for driveline assemblies with internal tracks by warm and cold forging method. With the help of fracture split technology, the Company is now moving towards adoption of technology for critical automotive connecting rods for the overseas markets.

Directors' Responsibility Statement

- a. Pursuant to the requirement clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, your Directors confirm that: in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures; if any

- b. the directors had 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 at the end of the financial year and of the profit of the Company for the year;
- c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the directors had prepared the annual accounts on a going concern basis; and
- e. the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Acknowledgement

Your Directors place on record their appreciation for employees at all levels, who have contributed to the growth and performance of your Company.

Your Directors also thank the clients, vendors, bankers, shareholders and advisers of the Company for their continued support. Your Directors also thank the Central and State Governments, and other statutory authorities for their continued support.

For and on behalf of the Board

Rohini G. Kalyani

Executive Chairperson

(DIN: 00519565)

Place: Pune

Date: May 30, 2023

Annexure 1:

Board Nomination and Remuneration Committee Charter

1. Objectives of the Nomination and Remuneration Committee

- 1.1 The Nominations and Remuneration Committee (the "Committee") of the Board of Directors (the "Board") of Kalyani Forge Limited (the "Company") shall discharge the Board's responsibilities to shareholders, the investment community and other stakeholders with respect to:
 - i. Preparations relating to the election of members of the Board of Directors
 - ii. Handling matters within its scope of responsibility that relate to the conditions of employment and remuneration of senior management;
 - iii. Setting the performance standards, budgets and targets for the Executive team of the Company;
 - iv. Setting the compensation and performance bonuses of the Company's executive officers;
 - v. Overseeing the Company's Human Resources and People strategy;
 - vi. Identifying Independent Directors to be inducted to the Board from time to time;
 - vii. To recommend nomination for Chairmanship & memberships of various committees viz. Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, etc functioning under the Board of Directors of Kalyani Forge Limited; and
 - viii. Performing such other duties and responsibilities as may be consistent with the provisions of this charter.
- 1.2 The Committee will report periodically to the Board on its activities.

2. Composition

1. The Committee shall comprise of three or more non-executive directors out of which not less than one half shall be independent directors as members. The Chairman of the Committee shall be an independent director and the Chairperson of the Company may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.
2. The Chairman of the Committee shall be an independent director, elected from amongst the members of the Committee.

3. Meetings and quorum

1. The Committee shall meet at least once in a year.
2. The Committee may invite such of the executives, as it considers appropriate to be present at the meetings of the committee.
3. The Company Secretary of the Company shall act as the secretary to the Committee.
4. The quorum for the Committee Meetings shall be two-thirds of the members of the Committee. However, at least one independent member must be present.
5. The Chairperson of the committee could be present at the Annual General Meeting to answer the shareholders queries; however, it would be up to the Chairman to decide who should answer the queries.

4. Authority and Powers

The Committee shall have the powers:

- 4.1. To investigate any activity within the scope of this Charter or referred to it by the Board; to seek any information or explanation from any employee or director of the Company; To ask for any records or documents of the Company;

To engage independent consultants and other advisors and seek their advice.

5. Roles & Responsibilities

The responsibilities of the Committee shall be the following:

5.1 Relating to the Company:

Identify the person qualified to become directors and may be appointed in senior management and recommend their appointment and removal and also carry out evaluation of every director.

Evaluate & approve the Company's remuneration plan, annual salary increase principles and budgets, policies & programs such as succession plan, employment agreements, severance agreements, and any other benefits.

Evaluate issues pertaining to the appointment and remuneration payable to senior executives.

Evaluate terms & conditions relating to the Annual and Long Term Incentive Plans of the Company, including plan design, supervision and pay outs.

Consider & approve matters relating to Normal retirement plans, Voluntary Retirement & Early Separation Schemes for employees of the Company.

Evaluate the terms and conditions for induction of independent Directors to the Board and review the processes to refresh the composition of the Board and its Committees.

To devise a policy on Board diversity, such other matter as the Board may from time to time request the Committee to examine & recommend or approve.

The Nomination and Remuneration Committee shall ensure while formulating the policy determining qualifications, positive attributes and independence of a Director that –

1. The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
3. Remuneration to directors, 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; Provided that such policy shall be disclosed in the Board's report.

5.2 Relating to the Performance and Remuneration of the MD, ED's and the KMP's:

Establish key performance metrics to measure the performance of the Managing Director and the KMP's including the use of financial, non-financial and qualitative measures.

Evaluate executive team performance regularly to strengthen the cumulative annual assessment and to provide timely feed-back to the assessed individuals. Developing a view on the human resources capability in the business by periodically engaging with levels below the executive team.

Evaluate executives for elevation to Board level positions.

Review and recommend to the Board the remuneration & commission to the managing and executive directors. Relating to the Performance and Remuneration of the Non-executive Directors:

Define the principles, guidelines and process for determining the payment of commissions to non-executive directors of the Company.

Assist the Board in fulfilling its corporate governance responsibilities relating to non-executive directors' remuneration.

5.3 Relating to the induction of independent Directors and the nomination to the Committees of the Board:

Evaluate the terms and conditions for induction of independent Directors to the Board and review and frame the processes to recommend the nomination on the Committees of the Board. Formulation of criteria for evaluation of performance of independent directors.

5.4 Other functions:

Perform other activities related to this Charter as requested by the Board of Directors.

Carry out additional functions as required by other regulatory requirements applicable to the Company or in the terms of reference of the Committee.

6. Reporting

1. The Committee will periodically report to the Board on various matters that it has considered.
2. The Annual Report of the Company shall disclose the composition of the Committee, brief description of the scope of the Committee Charter, names of members, Chairperson, Meetings and attendance.

7. Compensation

Members of the Committee shall receive such sitting fees and / or commission, if any, for their services as Committee members as may be determined by the Board in its sole discretion.

8. Evaluation

The Committee shall conduct an annual self-evaluation of its performance and report the result to the Board of Directors. It shall confirm annually to the Board that the responsibilities outlined above have been carried out.

9. Review of Remuneration Committee Charter

The adequacy of this Charter shall be reviewed and reassessed by the Committee annually. Appropriate Recommendations shall be made to the Board, (based on changes that may be brought about to the regulatory framework or otherwise) from time to time to update the Charter.

For and on behalf of the Board

Rohini G. Kalyani

Executive Chairperson

(DIN: 00519565)

Place: Pune

Date: May 30, 2023

Annexure 2: Highlights of Sexual Harassment Policy

Disclosure under the "Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Act, 2013".

In terms of Section 22 of the above mentioned Act, read with Sexual Harassment of Woman at Workplace (Prevention, Prohibition and Redressal) Rule, 2013, we report as follows for the year ended on March 31, 2023:

| | | |
|---|--|-------|
| 1 | No. of Complaints received in the year | : Nil |
| 2 | No. of Complaints disposed off in the year | : Nil |
| 3 | Cases pending for more than 90 days | : Nil |

For and on behalf of the Board

Rohini G. Kalyani

Executive Chairperson

(DIN: 00519565)

Place: Pune

Date: May 30, 2023

Annexure 3:

Form No. MR-3 Secretarial Audit Report

For The Financial Year Ended On 31st March, 2023

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

To,

The Members,

Kalyani Forge Limited

CIN: L28910MH1979PLC020959

Shangrila Gardens C Wings 1st Floor

Opp Bund Garden,

Pune 411001, Maharashtra

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by KALYANI FORGE LIMITED (CIN: L28910MH1979PLC020959) (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Kalyani Forge Limited books, papers, minute books, forms and returns filed and other records maintained by the Company and records made available to me either physically or electronically and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 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,

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Kalyani Forge Limited for the financial year ended on 31st March, 2023 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under; (Not applicable to the company during the period of audit)
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Provisions of the Foreign Exchange Management Act, 1999 and Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowing (Not applicable to the company during the period of audit).
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz. :
 - 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, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable to the company during the period of audit since the Company has not made any further issue of Shares during the financial Year under review);
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the company during the period of audit as the Company has not introduced any such scheme during the Financial Year under review);
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations, 2008; (Not applicable to the company during the period of audit as the Company has not issued any debts securities during the Financial Year under review)
 - 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 period of audit as the Company has not registered as Issue and Share Transfer Agent during the Financial Year under review)
 - g. The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009; and (Not applicable to the company during the period of audit as the Company has not delisted/ proposed delist its Equity Shares from any Stock Exchange(s) during the Financial Year under review)
 - h. The Securities And Exchange Board of India (Buyback of Securities) Regulations, 1998; (not applicable to the company during the period of audit as the Company has not brought back/proposed to Buy- back any of its securities during the Financial Year under review)

vi. Other laws applicable to the Company mentioned in 'Annexure B' to this Report.

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

- (i) The Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange and National Stock Exchange.
- (iii) SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015.

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

I 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. There were no changes in the composition of the Board of Directors during the period under review.

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of minutes.

The decisions at the Board meetings, as represented by the management, were taken unanimously/ by majority.

I 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.

CS Nitin B Prabhune

FCS. 6707 CP No. 3800

UDIN: F006707E000431527

PRN: 2197/2022

Place: Pune

Date: 30.05.2023

***This report is to be read with my letter of even date which is annexed as Annexure A, Annexure B and Annexure C which form an integral part of this report.**

'Annexure A'

To,

Kalyani Forge Limited

(CIN: L28910MH1979PLC020959)

Shangrila Gardens C Wings 1st Floor

Opp Bund Garden,

Pune 411001, Maharashtra

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to express an opinion on the secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company and relied on the Statutory Auditor and Tax Auditor of the Company for Financial and taxation matters.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis. I have relied and done audit based upon the disclosures made and information provided by the management, its representatives and employees of the company more specifically for other laws.
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.

CS Nitin B Prabhune

FCS. 6707 CP No. 3800

Place: Pune

UDIN: F006707E000431527

Date: 30.05.2023

PRN: 2197/2022

'Annexure B'

List of applicable laws to the company

1. Labour laws
2. Competition Act, 2002
3. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder
4. Environment (Protection) Act, 1986
5. Electricity Act, 2003
6. Indian Stamp Act, 1999
7. Negotiable Instrument Act, 1881
8. Water (Prevention & Control of Pollution) Act, 1974 and rules there under
9. Air (Prevention & Control of Pollution) Act, 1981 and rules there under
10. Local Municipal Laws

I further report that, the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this Audit since the same have been subject to review by the statutory financial auditors, tax auditors, and other designated professionals.

Place: Pune

Date: 30.05.2023

CS Nitin B Prabhune

FCS. 6707 CP No. 3800

UDIN: F006707E000431527

PRN: 2197/2022

'Annexure C'

List of documents verified during the course of Audit:

1. Memorandum and Articles of Association of the Company.
2. Annual Reports for the Financial Year ended 31st March, 2022, 31st March, 2021 and 31st March, 2020.
3. Minutes of Board of Directors, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee with Attendance Registers till 31st March, 2023.
4. Minutes of General Meeting Minutes till 31st March, 2023.
5. Statutory Register of the Company includes:
 - Register of Directors and KMP.
 - Register of Members
 - Register of Directors shareholding
 - Register of Charge
 - Register of Contracts
 - Register of loans, guarantees, securities and acquisitions made by the Company.
 - Register of Transfers
6. Declarations received from the Directors of the Company pursuant to the provisions of Section 149 and Section 184 of the Companies Act, 2013.
7. Forms filed by the Company with the Registrar of Companies, Pune till 31st March, 2023. Documents/ correspondence made by the Company to Bombay Stock Exchange and National Stock Exchange.
8. Information about various filings done by the Company to the Bombay Stock Exchange and National Stock Exchange.

CS Nitin B Prabhune

FCS. 6707 CP No. 3800

UDIN: F006707E000431527

PRN: 2197/2022

Place: Pune

Date: 30.05.2023

'Annexure 4:

Related Party Transactions

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 or arrangements or transactions not at arm's length basis:

Not Applicable as there are no related party transactions during the year which were not on arm's length basis.

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

During the Financial Year 2022-23, all the transactions entered into with related parties were at arm's length.

For and on behalf of the Board

Rohini G. Kalyani

Executive Chairperson

(DIN: 00519565)

Place: Pune

Date: May 30th 2023

Annexure 5:

Highlights of Risk Management Policy

With the past experience and to ensure sustainable business growth with stability, the Company proposes to promote and implement a Risk Management policy, a pro-active approach in reporting, evaluating and resolving risks associated with the business.

The specific objectives of the Risk Management Policy shall be:

1. To ensure that all the current and future material risk exposures of the Company to be identified, assessed, quantified, appropriately mitigated, minimized and managed i.e. to ensure adequate systems for risk management.
2. To establish a framework for the company's risk management process and to ensure its implementation.
3. To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices.
4. To assure business growth with financial stability.

The Company recognizes that risk is an integral and unavoidable component of business and further wishes to manage the risk in a proactive and effective manner. The Company further believes that the Risk cannot be eliminated, but can try to eliminate the same using the following:

5. Transfer to another party, who is willing to take risk, say by buying an insurance policy or entering into a forward contract;
6. Reduced, by having good internal controls;
7. Avoided, by not entering into risky businesses;
8. Retained, to either avoid the cost of trying to reduce risk or in anticipation of higher profits by taking on more risk, and;
9. Shared, by following a middle path between retaining and transferring risk.
10. Ensure customer continuity by way of Quality satisfaction, Quantity requirements and meeting with other business compliances.
11. Contingency Plans, in case of discontinuation of customer.

Risk Management Framework

Activities at all levels of the organization, viz., Enterprise level; Division level; Business Unit level shall be considered in the risk management framework. Since these components are interrelated and drive the Enterprise-Wide Risk Management, the company initially shall focus on three key elements, viz.

- (1) Risk Assessment
- (2) Risk Management
- (3) Risk Monitoring

Risks are to be analysed, considering likelihood and impact, as a basis for determining how they should be managed. Risk Assessment shall consist of a detailed study of threats and vulnerability and resultant exposure to various risks.

Risk Management and Risk Monitoring

In the management of Risk the probability of risk assumption is estimated with available data and information and appropriate risk treatments worked out in the following areas:

1. Economic Environment and Market conditions
2. Fluctuations in Foreign Exchange
3. Political Environment
4. Competition
5. Revenue Concentration
6. Inflation and Cost Structure
7. Technological Obsolescence
8. Financial Reporting Risks
9. Legal Risk
10. Compliance with Local Laws
11. Quality and Project Management
12. Environmental Risk Management

Risks specific to the Company and the mitigation measure to be adopted:

- a. Business dynamics & Operations Risks mitigation measures: The Company functions under a well – defined organization structure.

Flow of information is well defined to avoid any conflict or communication gap between two or more Departments.

Second level positions are created in each Department to continue the work without any interruption in case of non-availability of functional heads.

Proper policies are followed in relation to maintenance of inventories of raw materials, consumables, key spares and tools to ensure their availability for planned production programs.

Effective steps are being taken to reduce cost of production on a continuing basis taking various changing scenarios in the market.

Customer satisfaction in respect of Quality, Quantity and other business compliances. Long term customer relationship to be maintained.

New business avenues to be found and contingency plan in case of discontinuation of customer to be prepared.

- b. Liquidity Risks

Risk Mitigation Measures:

Proper financial planning is put in place with detailed Annual Business Plans discussed at appropriate levels within the organization.

Annual and quarterly budgets are prepared and put up to management for detailed discussion and an analysis of the nature and quality of the assumptions, parameters etc.

These budgets with Variance Analysis are prepared to have better financial planning and study of factors giving rise to variances.

Daily and monthly cash flows are prepared, followed and monitored at senior levels to prevent undue loss of interest and utilize cash in an effective manner.

Cash management services are availed from Bank to avoid any loss of interest on collections.

Exposures to Foreign Exchange transactions are supported by LCs and Bank guarantees and steps to protect undue fluctuations in rates etc.

- c. Credit Risks:

Risk Mitigation Measures:

Systems put in place for assessment of creditworthiness of dealers/customers.

Provision for bad and doubtful debts made to arrive at correct financial position of the Company. Appropriate recovery management and follow up.

- d. Market Risks / Industry Risks: Risk Mitigation Measures:

Raw materials are procured from different sources at competitive prices. Alternative sources are developed for uninterrupted supply of raw materials.

Demand and supply are external factors on which company has no control, but however the Company plans its production and sales from the experience gained in the past and an on-going study and appraisal of the market dynamics, movement by competition, economic policies and growth patterns of different segments of users of company's products.

The Company takes specific steps to reduce the gap between demand and supply by expanding its customer base, improvement in its product profile, delivery mechanisms, technical inputs and advice on various aspects of, enhancement of capacity utilization in customer-plants etc.

Proper inventory control systems have been put in place.

Responsibility Structure The Head of Operations (VP Operations) shall be the Risk Management Head.

The VP Operations shall be responsible for the implementation, identification and control measures for the risk at ground level.

Head- Marketing/ Business shall be responsible for creation, maintenance and compilation of all data including documents relating to the Risk Management and control measures of Risks.

Example: Documents relating to Insurance requirements, EPCG licenses, etc. till the conclusion of the necessary task/ project.

Head- Marketing/ Business shall review the same on regular interval due to close relations with Customers and shall ultimately report the same to the Compliance Officer for necessary reporting to the Stake Holders.

All the other departments and individual sections shall co-operate in setting these strategies (implementation and review).

All the other decisions involving significant risk associated with the business shall be reported to Board or the Audit Committee, where appropriate, for consideration and approval.

Reporting Significant Risk

The Head of the Department and Head of Operations (VP, Operations) shall determine the intensity of risks. The risks which are of higher impact shall be highlighted to the Management for further review.

Audit

The Finance Head or the Executive Director will make arrangements for the audit, risk process for each Department as part of a regular cycle of audits and will report explicitly on the risk management processes to the Board.

Necessity of the Risk Management policy:

The Company is passing through many unidentified risks, which have adversely impacted the Company's performance. The Company still continues to be exposed to these unidentified risks which shall have an adverse impact on the Company's business in near future. Quantification of the impact of these risks is not possible at this stage. These unidentified risks are because of the failure to identify and control at the operational/ground level. The Company is facing problems relating to failure of Quality and Delivery compliances with customers on day to day basis.

While scrutiny of these failures, the Company has realized that these problems are not due to past legacies. These problems have currently arisen at ground level and intensified in the last 2-3 years' time

For and on behalf of the Board

Rohini G. Kalyani

Executive Chairperson

(DIN: 00519565)

Place: Pune

Date: May 30th 2023

Annexure 6:

Annual Report on CSR Activities and CSR Policy

1. Brief outline on CSR Policy of the Company:

A brief outline of the Company's CSR policy, including overview of projects proposed to be undertaken and a reference to the web-link to the CSR policy and projects to program.

The main objective of CSR Policy is to lay down the guidelines for the Company to make CSR as a key business process for sustainable development of the society. It aims at supplementing Government's role in enhancing welfare measures of the society. We propose to take our CSR activities to a higher scale by designing various projects related to needy, economically deprived children, woman and senior citizens, deprived and marginalized sections of the society etc. In addition to this, we also wish to provide an opportunity to our employees to contribute to these efforts through volunteering various CSR projects undertaken by the Company.

The Company's CSR Policy is available on website of the Company: <https://www.kalyaniforge.co.in/investors/corporate-information/>

2. Composition of 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 | Mrs. Rohini G. Kalyani | Chairperson of the Committee & Executive Chairperson Director | 1 | 1 |
| 2 | Mr. Viraj Kalyani | Committee Member & Executive Director | 1 | 0 |
| 3 | Mr. Pradip Nadkarni | Committee Member & Independent Director | 1 | 1 |

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company. <https://www.kalyaniforge.co.in/investors/corporate-information/>
4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report). NA
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any. NA
6. Average net profit of the company as per section 135(5) calculated in accordance with S. 198 of Companies Act 2013: During the preceding years the Company incurred losses, considering the same there was no CSR Liability for the Current year.

| Sl. No | Financial Year | Amount available for set-off from preceding financial years (in lacs) | Amount required to be set-off for the financial year, if any (in lacs) |
|--------|----------------|---|--|
| | | | |

Nil

7. (a) Two percent of average net profit of the company as per section 135(5):- NIL
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:- NIL
- (c) Amount required to be set off for the financial year, if any: NIL
- (d) Total CSR obligation for the financial year (7a+7b-7c): NIL

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

| Total Amount Spent for the Financial Year. (In lacs.) | Amount Unspent (in lacs) | | | | |
|---|--|-------------------|--|---------|-------------------|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer. |
| | 0 | NA | NA | | |

During the preceding years, the Company incurred losses, considering the same, there was no CSR liability for the current year.

(b) Details of CSR amount spent against ongoing projects. for the financial year:

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---------|----------------------|--|-----------------------|--------------------------|----------|-------------------|--|--|--|---|--|--------------------------|
| Sl. No. | Name of the Project. | Item from the list of activities in Schedule VII to the Act. | Local area (Yes/ No). | Location of the project. | | Project duration. | Amount allocated for the project (in lacs.). | Amount spent in the current financial Year (in lacs.). | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in lacs). | Mode of Implementation - Direct (Yes/No). | Mode of Implementation - Through Implementing Agency | |
| | | | | State | District | | | | | | Name | CSR Registration number. |
| Nil | | | | | | | | | | | | |

(c) Details of CSR amount spent against other than ongoing projects for the financial year

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---------|---------------------|--|-----------------------|--------------------------|----------|--|---|--|--------------------------|
| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act. | Local area (Yes/ No). | Location of the project. | | Amount spent for the project (in lacs.). | Mode of implementation - Direct (Yes/No). | Mode of Implementation - Through Implementing Agency | |
| | | | | State | District | | | Name | CSR Registration number. |
| Nil | | | | | | | | | |

(d) Amount spent in Administrative Overheads: NIL

(e) Amount spent on Impact Assessment, if applicable: NA

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

(g) Excess amount for set off, if any

| S. No. | Particular | Amount (in Rs.) |
|--------|---|-----------------|
| (i) | Two percent of average net profit of the company as per section 135(5) | 0.00 |
| (ii) | Total amount spent for the Financial Year | 0.00 |
| (iii) | Excess amount spent for the financial year [(ii)-(i)] | 0.00 |
| (iv) | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | 0.00 |
| (v) | Amount available for set off in succeeding financial years [(iii)-(iv)] | 0.00 |

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

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

| Sl. No. | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135 (6) (in lacs.) | Amount spent in the reporting Financial Year (in lacs.). | Amount transferred to any fund specified under Schedule VII as per section 135(6), if any. | | | Amount remaining to be spent in succeeding financial years. (in lacs.) |
|---------|---------------------------|--|--|--|-------------------|-------------------|--|
| | | | | Name of the Fund | Amount (in lacs). | Date of transfer. | |
| 1. | 2019-20 | 1,18,000 | 10,82,000 | - | - | - | - |
| 2. | 2020-21 | 7,31,341 | 8,30,341 | - | - | - | |
| 3. | 2021-22 | 0 | 0 | | | | |
| | Total | 8,49,341 | 19,12,341 | | | | |

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---------|-------------|----------------------|--|-------------------|--|--|--|---|
| Sl. No. | Project ID. | Name of the Project. | Financial Year in which the project was commenced. | Project duration. | Total amount allocated for the project (in lacs.). | Amount spent on the project in the reporting Financial Year (in lacs). | Cumulative amount spent at the end of reporting Financial Year. (in lacs.) | Status of the project - Completed /Ongoing. |

NA

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

(a) Date of creation or acquisition of the capital asset(s).

(b) Amount of CSR spent for creation or acquisition of capital asset.

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). - NA

Mr. Pradip P. Nadkarni

(Director)

(DIN: 01670826)

Mrs. Rohini G. Kalyani

Chairperson of CSR Committee

(DIN :00519565)

Place: Pune

Date: May 30th, 2023

Annexure 7:

Statement of Particulars of employees pursuant to the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Sr. | Name | Designation/ Nature of Duties | Remuneration Received [lacs.] | Qualification | Experience in years | Age in years | Date of commencement of employment | Last employment held |
|-----|------|-------------------------------|-------------------------------|---------------|---------------------|--------------|------------------------------------|----------------------|
| No. | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| NIL | | | | | | | | |

There are no employees whose salary is more than 1.2 Crore / year.

Details pertaining to remuneration as required under section 197 (12) of the companies act, 2013 read with rule 5(1) of the companies (appointment and remuneration of managerial personnel) rules, 2014.

1 & 2) Ratio of the remuneration of each director to the median remuneration of the employees of the Company and the percentage increase in remuneration of Director's & KMPs in the Financial Year:

| Sr. No | Name | Designation/ Nature of Duties | Ratio of Remuneration of each Director to Median Remuneration of Employees | Percentage increase in Remuneration during FY 2022-23 |
|--------|-------------------------|---|--|---|
| 1 | Mrs. Rohini G. Kalyani | Executive Chairperson | 3.86:1 | 0% |
| 2 | Mr. Viraj G. Kalyani | Executive Director | 3.86:1 | 0% |
| 3 | Mr. G.N. Kalyani | Non- Executive Director | 0:1 | 0% |
| 4 | Mr. Pradip Nadkarni | Independent Director | 0:1 | 0% |
| 5 | Mr. Abhijit Sen | Independent Director | 0:1 | 0% |
| 6 | Mr. Adit Rathi | Independent Director | 0:1 | 0% |
| 8 | Mr. Laxmi Narayan Patra | Chief Financial Officer | NA | NA |
| 9 | Mr. Rohan Deshpande | Company Secretary & Compliance Officer* | NA | NA |
| 10 | Mr. Aniruddha Hublikar | Company Secretary & Compliance Officer | NA | NA |

* Mr. Rohan Deshpande was Company Secretary and Compliance Officer of the Company till 13th November 2022. In his place, Mr. Aniruddha Hublikar was appointed as Company Secretary & Compliance Officer of the Company from 14th November, 2022.

| | |
|--|--|
| 3. Percentage increase in the median remuneration of employees in the financial year | NIL |
| 4. Number of permanent employees on the rolls of Company as at March 31, 2023 | 780 |
| 5. 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; | The average increase in remuneration of the employees other than the managerial personnel was NIL as compared to the increase in the managerial remuneration |

| | |
|--|---|
| 6. The key parameters for any variable component of remuneration availed by the directors; | Executive Directors–Nomination and Remuneration Committee determines the variable compensation annually based on their individual and organization performance. Non-Executive Directors – Parameters such as responsibilities undertaken, Membership or Chairmanship of the Committees, time spent in carrying out duties etc. |
| 7. Affirmation that the remuneration is as per the remuneration policy of the Company | It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, KMPs and other Employees |

For and on behalf of the Board

Rohini G. Kalyani

Executive Chairperson

(DIN: 00519565)

Place : Pune

Date : May 30, 2023

Annexure 8:

Highlights of Whistle Blower Policy

The Company is committed to developing a culture where it is safe for all employees to raise concerns about any poor or unacceptable practice and any event of misconduct.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations. To maintain these standards, the Company encourages its employees who have concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.

A Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairman/Managing Director/Chairman of the Audit Committee in exceptional cases.

This neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations about a personal situation.

For and on behalf of the Board

Rohini G. Kalyani

Executive Chairperson

(DIN: 00519565)

Place : Pune

Date : May 30, 2023

Report On Corporate Governance

(Pursuant to Regulation 17 to 27 and clauses (b) to (i) of sub regulation (2) of regulation 46 & para C, D, & E of Schedule V of Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015)

COMPANY'S PHILOSOPHY OF CORPORATE GOVERNANCE

We believe that Corporate Governance signifies ethical highest standards of transparency, integrity and accountability towards all its stakeholders. These ethical standards can be ingrained in the character of the organization through tradition, value systems and commitment to the later as much as the spirit of laws and regulations. Corporate Governance is the cornerstone of Kalyani Forge Limited governance philosophy of the trusteeship, transparency, accountability and ethical corporate citizenship.

In our endeavour to adopt the best Corporate Governance and disclosure practices, the Company complies with all the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time ("Listing Regulations").

Pursuant to Regulation 34 read with Part C of Schedule V of the Listing Regulations, the Company hereby presents a Report on Corporate Governance to its members for the Financial Year 2022-23.

BOARD OF DIRECTORS

The Board of Directors provides leadership and guidance to the Company's management and directs, supervises and controls the performance of the Company while adhering to the highest standards of good corporate governance. The Independent Directors are trustees of good corporate governance. Combined, they truly safeguard the rights and interests of the shareholders of the Company. The Board of the Company comprises of a diverse and fine blend of experienced and responsible Executive and Independent Directors.

a) Size and Composition of Board:

- The Board of Directors of the Company has optimum combination of Executive and non – executive Directors who has in depth knowledge of business, in addition to expertise in their areas of operation. As on 31st March 2023, the strength of the Board of Directors was Six Directors, of which four are non-executive Directors including three Independent Directors. The Composition of Board is in conformity with Regulation 17 of the Listing Regulations.
- Relationship between Directors inter-se: Mrs. Rohini G. Kalyani is wife of Mr. Gaurishankar N. Kalyani & Mr. Viraj G. Kalyani is son of Gaurishankar & Rohini Kalyani. Rest none of the directors are related with each other.
- None of the Directors on the Board is a member of more than ten committees or Chairman of more than five committees across all the Companies in which he/she is a Director. Necessary disclosures regarding committee positions in other public companies as on 31 March 2023 have been made by the Directors to the Company.
- The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and number of Directorships and Committee Chairmanship/Membership held by them in other Companies are given herein below. Other Directorship does not include Alternate Directorships, Directorship of Private Limited Companies, Section 8 Companies and of Companies Incorporated outside India. Chairmanship / Membership of Board Committees include Audit Committee and Stakeholders' Relationship Committees:-

| Name of Director | Category | Number of Board Meetings held during the year 2022-23 | | Whether attended last AGM held on 18th August, 2022 | No. of Directorship in other Public Ltd. Companies as on 31st March 2023 | No. of Committee positions held in other Public Limited Companies as on 31st March 2023 | | Other Directorship in Listed Entity, Designation and Name of the Company | Numbers of Equity Shares held as on 31 March, 2023 |
|---|----------------------------|---|----------|---|--|---|--------|--|--|
| | | Held | Attended | | | Chairperson | Member | | |
| Mrs. Rohini G. Kalyani (Executive Chairperson & Director) | Executive | 4 | 4 | Yes | - | - | - | -- | 32236 |
| Mr. Gaurisankar N. Kalyani | Non- Executive | 4 | 4 | Yes | - | - | - | -- | 47020 |
| Mr. Viraj G. Kalyani | Executive | 4 | 4 | Yes | - | - | - | -- | 36794 |
| Mr. Pradip Nadkarni | Non- Executive Independent | 4 | 4 | Yes | 0 | 0 | 0 | -- | 306 |

| | | | | | | | | | |
|-----------------|----------------------------|---|---|-----|---|---|---|---|---|
| Mr. Abhijit Sen | Non- Executive Independent | 4 | 4 | Yes | 7 | 2 | 5 | List of Companies given in below table a) | - |
| Mr. Adit Rathi | Non- Executive Independent | 4 | 3 | Yes | - | - | - | Z F STEERING GEAR (INDIA) LIMITED | - |

Table a)

| Abhijit Sen | Designation |
|--|----------------------|
| 1) Manappuram Finance Limited | Independent Director |
| 2) Uργο Capital Limited | Independent Director |
| 3) Tata Investment Corporation Limited | Independent Director |

5. Four numbers of Board Meetings were held during the year from 1st April 2022 to 31st March 2023 and the gap between two meetings did not exceed 120 days. The dates on which the board meeting were held as follows : During the year 2022-23, four Board Meetings were held on 27th May, 2022, 11th August, 2022, 14th November, 2022, 13th February, 2023.
6. None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.
7. During the year, information as mentioned in Part A of Schedule II of the Listing Regulations has been placed before the Board for its consideration. Based on the information placed before the Board, strategic and vital decisions are taken for effective governance of the Company.
8. Among other important information, minutes of all the Committee meetings, are regularly placed before the Board in their meetings.
9. The Board periodically reviewed compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances, if any.
10. In the opinion of the Board, all the Independent Directors of the Company fulfill the conditions specified in Regulation 17 of Listing Regulations and are independent of the management.

BOARD, DIRECTOR, COMMITTEE EVALUATION AND CRITERIA

During the year, the Board has carried out an annual evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees.

The Nomination and Remuneration Committee has defined the evaluation criteria for performance evaluation of individual Directors, the Board and its Committees.

The criteria for evaluation of individual Directors includes inter alia aspects such as knowledge and competency, fulfillment of functions, ability to function as a team, initiative taken, availability and attendance at the meeting, commitment, integrity, independence, contribution at Board/Committee Meetings and guidance/support to the management outside Board/Committee Meetings. In addition, the Chairman is also evaluated on key aspects of his role, including effectiveness of leadership and ability to steer the meetings, impartiality, ability to keep shareholders' interests in mind and motivating and providing guidance to the Executive Directors.

The criteria for Board Evaluation includes inter alia, structure of the Board, meetings and functions of the Board, degree of fulfilment of key responsibilities, establishment and delineation of responsibility to Committees, effectiveness of Board processes, information and functioning and quality of relationship between the Board and the Management.

The criteria for Committee evaluation includes inter alia, mandate and composition, effectiveness of the Committee, structure of the Committee and meetings, independence of the Committee from the Board, contribution to decisions of the Board, effectiveness of the meetings and quality of relationship of the Committee with the Board and the Management.

BOARD SKILLS, CAPABILITIES AND EXPERIENCES

The Board comprises directors who have a range of experiences, capabilities and diverse points of view. This helps the Company to create an effective and well-rounded board. The capabilities and experiences pursued in the directors are outlined here:

| Sr. No. | Name of the Director | Skills/expertise/competence |
|---------|-----------------------------|---|
| 1 | Mrs. Rohini G. Kalyani | Expertise in managing the forging business which also includes administrative, financial and legal aspects of forging industry. |
| 2 | Mr. Gaurishankar N. Kalyani | Expertise in management and financial sector of the Company |
| 3 | Mr. Viraj G. Kalyani | Expertise in implementation of expansion plans, business systems, research potential new business opportunities and diversification and financial sector of the Company |
| 4 | Mr. Abhijit Sen | Expertise in Finance Sector of the Company |
| 5 | Mr. Pradip P. Nadkarni | Expertise in International Business, Strategic Planning and Global Supply Chain Management |
| 6 | Mr. Adit Rathi | Expertise in Industrialist, Top Management, Technology & Engineering and others. |

FAMILIARISATION PROGRAMMES FOR INDEPENDENT BOARD MEMBERS

The Board members are provided with necessary documents, reports and policies to enable them to familiarize with the Company's procedures and practices. Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, business environment, business strategy and risks involved.

The details of such familiarization programs for Independent Directors are posted on the website of the Company and can be accessed at: www.kalyaniforge.co.in

SEPARATE MEETING OF INDEPENDENT DIRECTORS

In accordance with the provisions of Schedule IV (Code for Independent Directors) of the Companies Act, 2013 and Regulation 25(3) & (4) of the Listing Regulations, the Independent Directors of the Company are required to hold at least 1 (One) meeting in a year, without the presence of Non-Independent Directors and members of the management.

During the financial year 2022-23, the separate meeting of Independent Director i.e. Mr. Abhijit Sen, Mr. Pradip P. Nadkarni and Mr. Adit Rathi was held on 10th March, 2023 in accordance with the aforementioned provisions.

AUDIT COMMITTEE

The Audit Committee of the Company has been formed in accordance with Regulation 18 of the Listing Regulations and Section 177 of the Companies Act, 2013 and comprises of three members, in which all members are Independent Directors. Company Secretary of the Company acts as the Secretary to the Audit Committee. The Chairman of the Audit Committee is an Independent Director and was present at the last Annual General Meeting of the Company. The Executive Chairperson and Chief Financial Officer are permanent invitees to the Audit Committee Meetings.

a. Terms of Reference to Audit Committee

The Audit Committee is entrusted, inter alia, with the following:

- Oversight of Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to the Board, the appointment, reappointment and, if required, the removal of statutory auditors, including internal and cost auditors, and fixation of audit fees and other terms of appointment;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Review, with the management, the annual financial statements and Auditors' Report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of sub section 5 of Section 134 of the Act;
 - b. Changes, if any, in accounting policies and practices, and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions; and
 - g. modified opinions in the draft audit report

- Review of management discussion and analysis of financial condition and results of operations;
- Review with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, qualified institutional placement etc.) and making appropriate recommendations to the Board to take up steps in this matter;
- Review the quarterly statement of deviation(s) including report of monitoring agency, if applicable, in terms of Regulation 32(1) of the Listing Regulations, being submitted to the Stock Exchange(s).
- Review the annual statement of funds utilised for purpose other than those stated in the offer document/ prospectus in terms of Regulation 32(7) of the Listing Regulations;
- Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- Examination and reviewing with the management, the quarterly financial results and financial statements and the auditors' report thereon, before submission to the Board for approval;
- 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 and oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that there exists appropriate internal control over financial reporting;
- Review financial statements, in particular the investments made by the Company's unlisted subsidiaries;
- Review with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Review 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;
- Review internal audit reports relating to internal control weaknesses and discussion with internal auditors regarding any significant findings and follow-up thereon;
- Review 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;
- Review management letters/ letters of internal control weaknesses issued by the statutory auditors;
- Discussion with statutory auditors, before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- 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;
- Review the functioning of vigil mechanism/whistle blower mechanism for the Directors and employees to report their genuine concerns or grievances and provide mechanism for adequate safeguards against victimization;
- Review the appointment, removal Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background etc. of the candidate; and terms of remuneration of the chief internal auditor;
- Investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if necessary;
- reviewing the utilization of loans and/ or advances from/investment by the company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;
- Review compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time, at least once in a financial year and verify that the systems for internal control are adequate and are operating effectively;
- Carry out all the functions as may be entrusted (i) by the Board of Directors, from time to time; and (ii) by the virtue of applicable provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable provisions of Laws, as amended from time to time

b. Meetings

During the year under review four Audit Committee Meetings were held on 27th May, 2022, 11th August, 2022, 14th November, 2022, 13th February, 2023.

Composition of Audit Committee and attendance

The composition of the Audit Committee as on 31 March 2023 and attendance of members in the meetings held during the financial year 2022-23 are as under:

| Name of the Member | Designation | Category | No. of meetings attended |
|-----------------------------|-------------|--|--------------------------|
| Mr. Abhijit Sen | Chairman | Non – Executive & Independent Director | 4 |
| Mr. Pradip P. Nadkarni | Member | Non – Executive & Independent Director | 4 |
| Mr. Gaurishankar N. Kalyani | Member | Non – Executive Director | 3 |
| Mr. Viraj G. Kalyani | Member | Executive Director | 1 |

Note – Mr. Gaurishankar N. Kalyani resigned as a member of the audit committee and members of the committee noted the same in their meetings held on 14th November 2022.

Viraj G. Kalyani was appointed as a member of the committee in the board meeting held on 14th November 2022 as per the recommendation of the Audit Committee.

NOMINATION AND REMUNERATION COMMITTEE

The purpose of the Nomination and Remuneration Committee ('NRC') is to oversee the Company's nomination process including succession planning for the senior management & the Board and specifically to assist the Board in identifying, screening and reviewing individuals qualified to serve as Executive Directors, Non-Executive Directors and Independent Directors consistent with the criteria as stated by the Board in its Policy on Appointment and Removal of Directors. The NRC also assists the Board in discharging its responsibilities relating to compensation of the Company's Executive Directors and Senior Management.

a. Terms of Reference to Nomination and Remuneration Committee

- To recommend to the Board appointment, re-appointment of Directors, Executive Directors and Key Managerial Personnel and determination, fixation of the remuneration and revision in the remuneration payable to the Executive Directors of the Company and removal of the director/Executive Director/Key Managerial Personnel;
- To formulate the criteria for determining qualifications, positive attributes and independence of the director;
- To recommend the Board the policy related to the remuneration of Directors, Key Managerial Personnel, Senior Management Personnel (SMP) and other employees;
- To formulate the criteria for effective evaluation of performance of Board of Directors, its Committees, Chairperson and individual Directors (including Independent Directors), to be carried out either by the Board or by NRC or through an independent external agency and review its implementation and compliance;
- To carry out evaluation performance of every Director of the Company;
- To determine whether to extend or continue the term of appointment of the independent Director, based on the report of performance evaluation of Independent Directors;
- To devise a policy on diversity of Board of Directors;
- To identify 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 of directors their appointment and removal;
- To formulate and recommend to the Board of Directors the policy relating to the stock options to the employees, grant the stock options to the eligible employees and review the management of stock option scheme;
- To allot shares under ESOS to the employees who has exercise the options granted to them;
- To recommend to the board, all remuneration, in whatever form, payable to senior management;
- Carry out functions as may be entrusted (i) by the Board of Directors from time to time; and (ii) by the virtue of applicable provisions of the Companies Act, 2013 (iii) the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable provisions of Laws, as may be amended from time to time.

b. Meetings of Nomination and Remuneration Committee

During the year under review, two meetings of the Nomination and Remuneration Committee took place on 26th May, 2022 and 14th November, 2022.

Composition of Nomination and Remuneration Committee:

The composition of the Nomination and Remuneration Committee as on 31 March 2023 and attendance of members in the meetings held during the financial year 2022-23 are as under:

| Name of the Member | Designation | Category | No. of meetings attended |
|-----------------------------|-------------|--|--------------------------|
| Mr. Pradip P. Nadkarni | Chairman | Non – Executive & Independent Director | 2 |
| Mr. Abhijit Sen | Member | Non – Executive & Independent Director | 2 |
| Mr. Gaurishankar N. Kalyani | Member | Non – Executive Director | 2 |

c. Remuneration Policy

The remuneration policy is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice. While deciding on the remuneration for Directors, the Board and Nomination & Remuneration Committee consider the performance of the Company, the current trends in the industry, the director's participation in Board and Committee meetings during the year and other relevant factors. The performance of the Company and individual performance as well employees' potential, criticality and longevity in the grade are considered while determining remuneration to the Employee.

Company has complied with Section 178 of The Companies Act, 2013 and Regulation 19 the Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015

d. Performance evaluation criteria for Independent Directors

On the basis of the Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors, a process of evaluation was followed by the Board for its own performance and that of its Committees and individual Directors.

e. Nomination and Remuneration Committee Charter

Nomination and Remuneration Charter has been formed to help the Board to discharge their responsibilities to shareholders, the investment community and other stakeholders with respect to (i) preparations relating to the election of members of the Board of Directors (ii) handling matters within its scope of responsibility that relate to the conditions of employment and remuneration of senior management; (iii) setting the performance standards, budgets and targets for the Executive team of the Company; (iv) setting the compensation and performance bonuses of the Company's executive officers; (v) overseeing the Company's Human Resources and People strategy; (vi) identifying independent Directors to be inducted to the Board from time to time; (vii) to recommend nomination for Chairmanship & memberships of various committees viz. Audit Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee, etc functioning under the Board of Directors of the company.

f. Remuneration to the Directors:-

The details of remuneration paid/ payable to the Directors(including sitting fees) paid for attending Board Meeting and Committee Meetings) during the financial year 2022-23 are given below:

| Name | Fixed Salary | | | Commission | Total Compensation | Fully paid-up Ordinary Shares Nos. (Rs. 10 Each) |
|-----------------------------|--------------|------------------------|--------------------|------------|--------------------|--|
| | Basic | Perquisites/ Allowance | Total Fixed Salary | | | |
| Mrs. Rohini G. Kalyani | 17.57 | | 17.57 | - | 3.00 | |
| Mr. Viraj G. Kalyani | 17.57 | | 17.57 | - | 3.00 | |
| Mr. Gaurishankar N. Kalyani | | | | - | 0.82 | 47,020 |
| Mr. Pradip Nadkarni | | | | - | 0.94 | |
| Mr. Adit Rathi | | | | - | 0.30 | |
| Mr. Abhijit Sen | | | | - | 0.82 | |

g. Criteria of making payments to non-executive directors.

The Criteria for making payments to non-executive directors is disclosed on website of the company at <https://www.kalyaniforge.co.in/>

STAKEHOLDERS' RELATIONSHIP COMMITTEE

Stakeholders' Relationship Committee was constituted to look into Redressal of Shareholders and Investors' Complaint matters – non-receipt of annual report, non-receipt of dividend and to look into matters that can facilitate better services and relations.

In terms of Regulation 6 and Schedule V of the SEBI Listing Regulations, the Board has appointed Mr. Aniruddha Hublikar, Company Secretary, as the Compliance Officer of the Company.

The committee consists of three Non-Executive Directors out of which two are independent Directors. Mr. Gaurishankar N. Kalyani is the Chairman of the committee.

a. Terms of Reference to Stakeholders' Relationship Committee

- Redressal of the investors' complaints like non-receipt of annual reports, dividend payments, change or deletion of name, issue of new/duplicate share certificates, general meetings etc.;
- Dematerialization, re-materialization, transfer, transmission, consolidation, sub-division of shares, debentures and securities and other allied transactions;
- Delegation of power to the executives of the Company and to the Registrar and Transfer Agent of the Company to accomplish aforesaid objectives;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- Review of the various measures and initiatives taken by Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
- The Company has given authority to its Registrar and Transfer Agent i.e. Link Intime India Private Limited to resolve the complaints of shareholders of the Company. As on 31st March 2023 the 77.95% shares of the Company are held in Dematerialized form.

b. Meeting

During the year under review, four meetings of Stakeholders' Relationship Committee were held on 26th May, 2022, 11th August, 2022, 14th November, 2022, and 13th February, 2023

c. Composition and attendance of Stakeholders' Relationship Committee

The constitution of the Committee as on 31 March 2023 is as follows:

| Name of the Member | Designation | Category | Attendance for the meeting held |
|------------------------|-------------|------------------------|---------------------------------|
| Mr. G. N. Kalyani | Chairman | Non-Executive Director | 4 |
| Mr. Abhijit Sen | Member | Independent Director | 4 |
| Mr. Pradip P. Nadkarni | Member | Independent Director | 4 |
| | | | |

d. Shareholders / Investors Complaint Status

The details and status of complaint from the 1 April 2022 up to 31 March 2023 is as follows:

| | |
|--|----------|
| Opening Complaints as on 1st April 2022 | 0 |
| Number of complaints received | 1 |
| No. of complaints resolved | 1 |
| No. of Complaints not solved to the satisfaction of the Shareholders | 0 |
| Closing As on 31st March 2023 | 0 |

SEBI COMPLAINTS REDRESS SYSTEM (SCORES)

The investor complaints are processed in a centralized web-based complaints redress system i.e. SEBI Complaints Redress System (SCORES). The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Company set up under the provisions of Section 135 of the Companies Act, 2013 read with the Companies (CSR Policy) Rules, 2014 comprises of three members, in which one member is Independent Director.

a. Terms of Reference to Corporate Social Responsibility Committee

- To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the Company in compliance with provisions of the Companies Act, 2013 and rules made there under
- To recommend the amount of expenditure to be incurred on the CSR activities
- To monitor the implementation of the framework of CSR Policy; and
- To recommend the Board, approval of CSR expenditure including contribution to corpus for projects/ programs related to CSR activities.

b. Meeting

During the financial year 2022-23, the Corporate Social Responsibility Committee met at one time on 26th May, 2022.

c. Composition of Corporate Social Responsibility Committee

The composition of the Corporate Social Responsibility Committee is as follows:

| Name of the Member | Designation | Category | Attendance |
|------------------------|------------------------------|----------------------|------------|
| Mrs. Rohini G. Kalyani | Chairperson of the Committee | Executive Director | 1 |
| Mr. Pradip P. Nadkarni | Member | Independent Director | 1 |
| Mr. Viraj G. Kalyani | Member | Executive Director | 0 |

d. Details of the Annual General Meetings

The details of previous three Annual General Meetings of the Company are as follows:

| Financial Year | Date and Time | Venue | Special Resolution Passed | Purpose of Special Resolution |
|----------------|----------------------|--|---------------------------|--|
| 2022-23 | 18th August, 2022 | Meeting conducted through VC / OAVM pursuant to the MCA Circular(Please mention the record room address) | No | - |
| 2021-22 | 14th August, 2021 | Meeting conducted through VC / OAVM pursuant to the MCA Circular | Yes | Reappointment of Mr. Abhijit Sen as an Independent Director of the Company |
| 2020-21 | 25th September, 2020 | Meeting conducted through VC / OAVM pursuant to the MCA Circular | Yes | Reappointment of Mr. Pradip Nadkarni as an Independent Director of the Company |

POSTAL BALLOT:

The Company has not obtained any approval of members by way of postal ballot (e-voting and postal ballot) during FY 2021-22.

DISCLOSURES:

A. Subsidiary Companies

Company does not have any subsidiary Company.

B. Insider Trading Code

The company has formulated Code of fair disclosure. The said code can be accessed at www.kalyaniforge.co.in

The Company regularly monitors the transactions in terms of the Code undertaken by the employees of the Company. The Company also informs the stock exchange(s) periodically about the transaction(s) undertaken by the designated employees and their shareholdings as per the regulations.

C. Materially Significant Related Party Transactions

There were no materially significant related party transactions with its promoters, directors or its management, their subsidiaries/associates or relatives, etc. that had a potential conflict with the interest of the Company.

The disclosure of transactions with related parties set out in Note No. 30.7(b) of Standalone Financial Statements, forming part of the Annual Report.

All related party transactions are done on arms' length basis, and are intended to further the Company's interests.

The company has formulated a policy on Related Party transaction. The said policy can be accessed at: www.kalyaniforge.co.in

D. Non-compliance/strictures/penalties

The Company has complied with rules and regulations prescribed by the Stock Exchanges, Securities and Exchange Board of India and any other statutory authority relating to capital market during the financial year 2022-23.

E. Whistle Blower Mechanism/Vigil Mechanism

The Vigil Mechanism of the Company, which also incorporates a whistle blower policy in terms of the Listing Regulation, includes an Ethics & Compliance Task Force comprising senior executives of the Company. Protected disclosures can be made by a whistle blower through an e-mail, or dedicated telephone line or a letter to the Task Force or to the Chairman of the Audit Committee.

The Company seeks to maintain the highest ethical and business standards in the course of its business and has put in place mechanism of reporting illegal or unethical behavior. Directors, employees, vendors or customers may report violations of the laws, rules, regulations or unethical conducting by writing to the notified person. The report received from employees will be reviewed by Audit Committee. The Directors and Management Personnel are obligated to maintain confidentiality of such reporting and ensure that the whistle blowers are not subjected to any discriminatory practices. No person has been denied access to the Audit Committee.

The said policy can be accessed at following link: www.kalyaniforge.co.in.

F. Adoption of Mandatory Requirements

The Company has complied with all the mandatory requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has complied with the requirements with respect to the Corporate Governance as stipulated in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.

G. Code of Conduct

The Board of Directors of your Company have laid down its code of conduct and ethics for all Board Members and Senior Management personnel of the Company and the same has been posted on the website of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the code. A declaration signed by Executive Chairperson is annexed to this report.

MEANS OF COMMUNICATION

The quarterly, half yearly and annual financial results of the Company are published in leading newspapers in India which include Financial Express and Loksatta. The results are also displayed on Company's website: www.kalyaniforge.co.in

Electronic Filing with NSE and BSE

All periodical compliance filings like shareholding pattern, corporate governance report, financial results, media releases, among others are also filed electronically on the NSE Electronic Application Processing System and BSE Listing Centre.

a. Corporate Identification Number (CIN)

The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is CIN: L28910MH-1979PLC020959

b. AGM Information and Financial Year

Day, Date and Time of AGM: Wednesday, 20th September, 2023 at 10.00 AM.

Venue : Ministry of Corporate Affairs(MCA) has vide it's circular dated 5th May, 2022 read with the circulars dated May 5, 2020 and January, 13 2021(collectively referred to as 'MCA Circulars')permitted the holding of the Annual General Meeting ("AGM") through VC/OAVM

Financial Year : 01st April 2022 to 31st March 2023

Book Closure : From 14th September, 2023 to 20th September, 2023

Dividend Payment Details : On and from September 25th, 2023 (subject to approval of the shareholders at the AGM)

c. Listing on Stock Exchanges and Scrip Code

The Company's shares have been listed on the following exchanges:

- i. National Stock Exchange of India Limited (NSE), Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400051
- ii. BSE Limited (BSE), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001.

Scrip Code

BSE Code : 513509

NSE Code : KALYANIFRG

NSE Code: KALYANIFRG

d. Payment of annual listing fees and custodian charges

Annual listing fees have been paid for the financial year 2022-23 to NSE & BSE.

Annual custodian charges/issuers fees have been paid for the financial year 2022-23 to CDSL and NSDL.

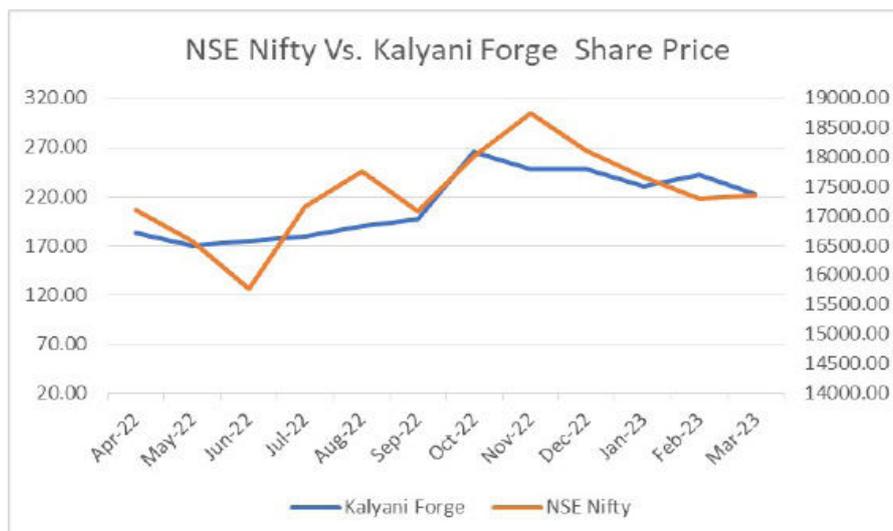
e. Market Price Data

The monthly high and low quotations and volume of shares traded on BSE and NSE from 01st April 2022 up to 31st March 2023 is as follows:

| Month | National Stock Exchange (NSE) | | | | Bombay Stock Exchange (BSE) | | | |
|-----------|-------------------------------|-------------|---------------------|----------------------|-----------------------------|-------------|---------------------|----------------------|
| | High (lacs.) | Low (lacs.) | Close Price (lacs.) | No. of Shares traded | High (lacs.) | Low (lacs.) | Close Price (lacs.) | No. of Shares traded |
| 29-Apr-22 | 203.50 | 170.65 | 183.15 | 16000 | 209.8 | 173.75 | 188 | 6488 |
| 31-May-22 | 193.00 | 161.90 | 170.50 | 11000 | 195.8 | 158.6 | 182.9 | 6521 |
| 30-Jun-22 | 185.95 | 165.10 | 175.20 | 6000 | 191 | 173 | 173.4 | 3759 |
| 29-Jul-22 | 190.35 | 175.00 | 180.05 | 5000 | 189.4 | 174.3 | 178 | 1148 |
| 30-Aug-22 | 197.60 | 180.10 | 190.50 | 16000 | 195 | 178.55 | 187.25 | 3380 |
| 30-Sep-22 | 224.90 | 181.30 | 197.60 | 32000 | 224.65 | 186.25 | 190.4 | 9736 |
| 29-Oct-22 | 265.20 | 190.00 | 265.20 | 33000 | 266.85 | 187.7 | 266.25 | 14001 |
| 30-Nov-22 | 292.70 | 236.00 | 248.75 | 85000 | 293.5 | 236.95 | 250 | 29999 |
| 30-Dec-22 | 270.80 | 222.00 | 248.70 | 24000 | 272.9 | 219.5 | 251.6 | 6034 |
| 31-Jan-23 | 257.85 | 221.50 | 230.80 | 20000 | 259.75 | 225.05 | 226.8 | 5553 |
| 28-Feb-23 | 262.55 | 223.00 | 242.40 | 25000 | 260.9 | 221.7 | 242.95 | 5589 |
| 31-Mar-23 | 255.25 | 206 | 222.90 | 23000 | 254.65 | 205 | 222 | 6004 |

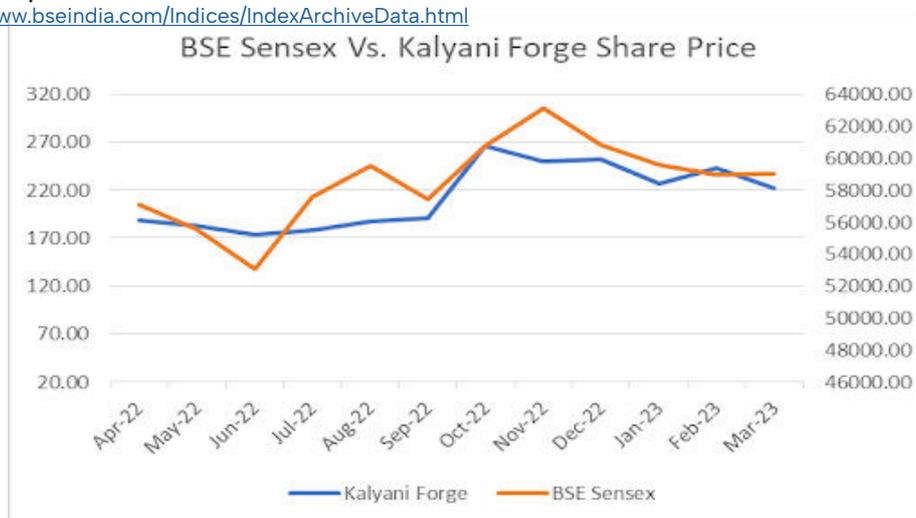
f. Performance in comparison to the Board-based Indices
Performance in comparison to NSE Nifty

Source: <https://www.niftyindices.com/reports/historical-data>



Performance in comparison to BSE Sensex

Source: <https://www.bseindia.com/Indices/IndexArchiveData.html>



g. Registrar & Share Transfer Agent and Share Transfer System

Link Intime India Private Limited is the Registrar & Share Transfer Agent (RTA) of the Company in respect of the equity capital in Demat and physical mode. They process share transfer and transmission on fortnightly basis. Their address is as follows:

Name of RTA: Link Intime India Private Limited

Address: Block No. 202, 2nd Floor, Akshay Complex, Off. Dhole Patil Road, Near Ganesh Mandir, Pune- 411001.

Tel/Fax : 020 26160084

E-mail : pune@linkintime.co.in

Website : linkintime.co.in

h. Distribution of Shareholding / Shareholding Pattern as on 31 March 2023

The distribution of shareholding of the Company as on 31 March 2023 is as follows:

| Sr.No. | Share Holding of Shares | Number of Share-holders | Percentage of Total (%) | Total Shares | Percentage of Total(%) |
|--------|-------------------------|-------------------------|-------------------------|--------------|------------------------|
| 1. | 1 to 5000 | 5050 | 99.31 | 6,07,518 | 16.70 |
| 2. | 5001 to 10000 | 4 | 0.08 | 27,245 | 0.75 |
| 3. | 10001 to 20000 | 5 | 0.09 | 80,279 | 2.20 |
| 4. | 20001 to 30000 | 2 | 0.04 | 54,700 | 1.50 |
| 5. | 30001 to 40000 | 11 | 0.22 | 3,53,898 | 9.73 |
| 6. | 40001 to 50000 | 1 | 0.02 | 46,820 | 1.29 |
| 7. | 50001 to 100000 | 6 | 0.12 | 4,78,640 | 13.16 |
| 8. | 100001 to ***** | 6 | 0.12 | 19,88,900 | 54.67 |
| | Total | 4314 | 100.00 | 3,63,8000 | 100.0000 |

| Category | Number of Shares | Percentage (%) |
|--|------------------|----------------|
| Promoter and Promoter Group | 21,35,805 | 58.71 |
| Non Resident Indians | 15,591 | 0.43 |
| Bodies Corporate | 6,22,759 | 17.12 |
| Resident Indians | 7,92,083 | 21.77 |
| Limited Liability Partnership (LLP) | 2 | 0 |
| Trust | 100 | 0.00275 |
| Hindu Undivided Family (HUF) | 34,604 | 0.95 |
| Clearing Member | 903 | 0.025 |
| Investor Education And Protection Fund | 36,153 | 0.99 |
| Total | 36,38,000 | 100% |

i. Dematerialization of shares and liquidity

Equity shares of the Company representing 77.95% of the Company share capital are dematerialised as on 31 March 2023. International Securities Identification Number (ISIN) allotted to the Company by NSDL and CDSL is INE314G01014 ISIN Number.

j. Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ ADRs/ Warrants or other instruments, which are pending for conversion.

k. Commodity price risk or foreign exchange risk and hedging activities

The Company is not involved in commodity price market and hedging activities hence there is no risk for commodity price, foreign exchange and hedging activities.

l. Plant Location

Hot Forging Division (HFD) and Metal Forms Division (MFD) Koregaon Bhima, Tal: Shirur, Dist. Pune. Pin 412207.
Precision Auto comp Division, Gat No. 914/1 & 2, Sanaswadi, Tal: Shirur, Dist: Pune, Pin – 412208

m. Nomination

Every holder of securities of a company may, at any time, nominate, in the prescribed manner, any person to whom his securities shall vest in the event of his death. Members can avail nomination facility. Blank nomination forms will be supplied on request.

n. Certificate from Practicing Company Secretary

The Company has obtained a certificate from CS Nitin B. Prabhune (Membership No. FCS 6707), Practicing Company Secretary, that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority as per item 10(i) of Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

o. Credit rating

The Company has obtained credit rating as BBB+/Stable Reaffirmed (Long Term) and A2/Reaffirmed (Short Term) for the total bank facilities of 100 Crores from CRISIL.

p. Total fees paid for all services availed from Statutory Auditor for the Company

The total fees paid for all services availed from Statutory Auditor for the Company are set out in Note No. 30.3 of the Financial Statements, forming part of the Annual Report.

q. The Company has complied with the mandatory Corporate Governance requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**r. The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32(7).****s. There was no recommendation that has been proposed by the committees, which has not been approved by the Board.****t. Reconciliation of Share Capital:**

A qualified Practicing Company Secretary carried out a Reconciliation of Shares Audit on quarterly basis to reconcile the total share capital with National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) along with physical holding and the total issued and listed share capital. The audit confirms that the total issued/paid-up capital is in agreement with total number of shares in physical form and total number of dematerialized shares held with NSDL & CDSL.

u. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has adopted a policy on prevention and redressal of Sexual Harassment at workplace. Pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has in place an Internal Complaints Committee for prevention and redressal of complaints of sexual harassment of women at the workplace.

Status of Complaints received during the year under review:

| Received during the year | Resolved | Pending at the year end |
|--------------------------|----------|-------------------------|
| 0 | 0 | 0 |

Address for Correspondence: Registered Office:

Kalyani Forge Limited,

Shangrila Gardens, 'C' Wing, 1st Floor,

Opp. Bund Garden, Pune – 411 001

Factory:

Kalyani Forge Limited Koregaon Bhima,

Tal : Shirur Dist.- Pune, Pin – 412 216

Phone : 02137-252335, 252755,252757

Fax : 02137-252344, 252756

Registrar and Share Transfer Agent:

Link Intime India Private Limited 202, 2nd Floor Akshay Complex,

Off. Dhole Patil Road, Near Ganesh Mandir, Pune- 411 001

Tel : (020) 26161629

Fax : No.(020)- 2616 3503

E-mail :pune@linkintime.co.in

For effective and efficient Investor Grievance Management, the Company has dedicated E-mail Id: companysecretary@kforge.com

Certificate on Corporate Governance

To the Members of Kalyani Forge Limited

1. We have examined the compliance of conditions of Corporate Governance as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). of Kalyani Forge Limited for the year ended March 31, 2023.

Management Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility also includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ("the ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2023

Other Matter

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

For K.S. Aiyar & Co,

Chartered Accountants

ICAI Firm Registration No: 100186W

Rajesh Joshi

Partner

Membership No.:038526

UDIN: 23038526BGWQEH9196

Place: Mumbai

Date: May 30, 2023

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 Forge Limited,

Shangrila Gardens C Wings 1st Floor

Opp Bund Garden,

Pune 411001, Maharashtra

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Kalyani Forge Limited (hereinafter referred to as 'the Company'), having CIN: L28910MH1979PLC020959 and having registered office at Shangrila GardensC Wings 1st Floor Opp Bund Garden, Pune 411001, Maharashtra produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my 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 me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on 31st March, 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.

| Sr No | Name of Director | DIN | Date of appointment in Company |
|-------|--------------------------------|----------|--------------------------------|
| 1 | Rohini Gaurishankar Kalyani | 00519565 | 16/10/2013 |
| 2 | Gaurishankar Neelkanth Kalyani | 00519610 | 26/04/2003 |
| 3 | Viraj Gaurishankar Kalyani | 02268846 | 17/05/2013 |
| 4 | Abhijit Sen | 00002593 | 02/02/2016 |
| 5 | Pradip Prabhakar Nadkarni | 01670826 | 28/07/2007 |
| 6 | Adit Madhusudan Rathi | 00084380 | 14/04/2021 |

Ensuring the eligibility for the appointment/ continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my 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.

CS Nitin B Prabhune

FCS. 6707 CP No. 3800

UDIN: F006707E000431538

PRN: 2197/2022

Place: Pune

Date: 30.05.2023

Certificate by Chief Executive Officer and Chief Financial Officer of the Company

(Under Regulation 17 read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Board of Directors,

Kalyani Forge Limited.

As required under regulation 17(8) read with Part B of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the best of our knowledge and belief, I certify that:

- a. I have reviewed financial statements and the cash flow statement for the Financial Year ended 31 March 2023 and that to the best of my knowledge and belief:
 - ii. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - iii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps taken or proposed to be taken to rectify these deficiencies.
- d. I have indicated to the auditors and the Audit committee that:
 - i). there are no significant changes in internal control over financial reporting during the year;
 - ii). there are no significant changes in accounting policies during the year;
 - iii). there are no instances of significant fraud of which we have become aware nor the involvement therein of the management or an employee having significant role in the company's internal control system over financial reporting.

For and on behalf of the Board

Rohini G. Kalyani

Executive Chairperson

(DIN: 00519565)

Place: Pune

Date: May 30, 2023

Code of conduct

As required by Regulation 34(3) & Schedule V Para D of the (Securities & Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015), this is to confirm that the Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. The Code is available on the Company's website.

I confirm that the Company has in respect of the financial year ended 31st March, 2023, received from the senior management team of the Company and the Members of the Board, a declaration of compliance with the Code of Conduct as applicable to them.

For and on behalf of the Board

Rohini G. Kalyani

Executive Chairperson

(DIN: 00519565)

Place: Pune

Date: May 30, 2023



FINANCIAL STATEMENTS

Independent Auditor's Report

To the Members of Kalyani Forge Limited

Report on the Audit of Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Kalyani Forge Limited, which comprise the balance sheet as at 31st March, 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (herein after referred to as "financial statements")

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the 'Basis for Qualified opinion' section of our report, 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its profit for the year (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion:

1. The Company is in the process of updating inventory records in Materials Module (MM Module) of SAP ERP system and refining its stock valuation process by updating the standard rates of material, labour and overheads based on the current prevailing rates and relevant data. Presently, the inventories have been valued as per the values as appearing in Finance Module (FI Module) of SAP ERP which is not matching with the Materials Module (MM Module) of SAP ERP. As the said process is not completed as at year end, consequential financial impact, if any, arising on updating of the inventory records and its valuation will have to be given in the books of accounts after its completion. Management has carried out a physical verification of inventory as at 31st March, 2023 and discrepancies of Rs.641.37 Lakhs (Net of provision already made as per management estimate and judgement) have been observed.
2. Trade Receivables include certain old and disputed receivables of Rs.641.33 Lakhs.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

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. There are no Key Audit Matters to be reported.

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

The Company's Board of Directors is responsible for the other information. Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, 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 identified above when it becomes available and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

The other information is expected to be made available to us after the date of this auditor's report and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the rules made thereunder. 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, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements in place and the operating effectiveness of such controls. Refer to our separate report in Annexure B.
- 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 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.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Government of India – Ministry of Corporate Affairs, in terms of sub-section (11) of section 143 of the Act, we enclose in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the said Order.
2. As required by Section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit except what is stated at Para above on 'Qualified Opinion'.
 - b. Except for the possible effects of the matters described in the Basis for Qualified Opinion Paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income) and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the aforesaid financial statements comply with Accounting Standards specified under Section 133 of the Act to the extent applicable and read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
 - e. On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g. 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:
 - h. In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - i. The matters described at Paragraph on Qualified Opinion above may have some adverse impact on the relevant amounts disclosed in these Financial Statements.
 - j. 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:

- i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer note 30.1 to Financial Statements;
- ii. The Company doesn't have any long-term contracts including derivative contracts requiring provision for material foreseeable losses.
- iii. During the year, no amounts were required to be transferred to the Investor Education and Protection Fund by the Company on account of unpaid dividend.
- iv.
 - a. The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) 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 or entity, including foreign entity ("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. The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("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 notice 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. As stated in Notes to the financial statements:

The dividend proposed in the previous year i.e., year ended on 31st March, 2022 was declared and paid by the Company during the current financial year is in accordance with Section 123 of the Act, as applicable. (Refer Note 14)

The Board of Directors of the Company have proposed final dividend for the current financial year i.e., year ended on 31st March, 2023, which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with section 123 of the Act, as applicable. (Refer Note 13)
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company only with effect from April 01, 2023, and accordingly, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

For K. S. Aiyar & Co.

Chartered Accountants

ICAI Firm Registration No. 100186W

Rajesh S. Joshi

Partner

Membership No.: 038526

UDIN: 23038526BGWQDI2235

Place: Mumbai

Date: 30th May, 2023

Annexure 'A' to the Auditor's Report

(Referred to in paragraph I under the heading 'Report on Other Legal and Regulatory Requirements' of our Report of even date on the financial statements for the year ended on March 31, 2023, of Kalyani Forge Limited)

(i)(a) A. The Company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;

(i)(a) B. The Company is maintaining proper records showing full particulars of intangible assets.

(i)(b) As per information and explanations given to us, these Property, Plant and Equipment have not been physically verified during the year by management.

(i) (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 all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.

(i)(d) As per the information obtained and explanations given to us, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(i)(e) As per the information obtained and explanations given to us, no proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii)(a) We are informed that Physical verification of the inventory (excluding stocks with third parties and goods in transit) has been conducted at reasonable intervals by the Management during the year. As at the year-end physical verification of inventories, management has observed a difference of Rs.641.37 Lakhs (Net of provision made as per management estimate and judgement) between SAP value and Physical Value. In respect of inventory lying with third parties, some confirmations were received having differences that need to be reconciled. In our opinion, the coverage and procedure of physical verification and valuation needs to be strengthened considering the size and nature of the business of the Company. As per the information and explanations given to us, based on the stock take report of the management as at year end, material discrepancies of 10% or more in the aggregate, were noticed in some class of the inventories;

(ii) (b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets.

We are not provided with the quarterly returns or statements filed by the Company with such banks and financial institutions. Therefore, whether they are in agreement with the books of account or not cannot be commented upon by us.

(iii)(a) During the year the company has not made any investments in, not provided any guarantee or security or not granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties except for Rs.35.30 Lakhs given as other advance (not considered in the nature of loan) by the management to a related party as disclosed in Note No. 30.7)

As there are no investments made, no guarantees provided, no security given or no loans or advances in the nature of loans are given clause 3(iii) (b, c, d, e and f) are not applicable to the Company.

(iv) As there are no loans, investments, guarantees, and security, the compliance requirement of the provisions of section 185 and 186 of the Companies Act is not applicable to the Company.

(v) There are no deposits accepted by the company or amounts which are deemed to be deposits from public, consequently the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules made are not applicable to the Company;

(vi) Maintenance of cost records have been specified by the Central Government under sub-section (1) of section 148 of the Companies Act in respect of products manufactured by the Company such accounts and records have been so made and maintained by the Company;

(vii)(a) The Company is generally regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. No undisputed statutory dues were in arrears as on the last day of the financial year for a period of more than six months from the date they became payable.

(vii)(b) Statutory dues referred to in sub-clause (a) which have not been deposited on account of any dispute are as per the details given below.

| Name of the Statute | Nature of the dues | Amount (lacs.) | Period to which the amount relates | Forum where dispute is pending | Remarks, if any. |
|----------------------------------|---|----------------|--|---|------------------|
| Central Excise Act, 1944 | Interest on supplementary Invoices | 4,25,113 | From 2001-02 to 2004-05 | High Court of Bombay, Mumbai. | |
| Central Excise Act, 1944 | Cenvat Credit on Rejection Received from customer | 2,44,406 | From 2008-09 to 2011-12 | CESTAT Mumbai | |
| Goods And Services Tax Act, 2017 | E way bill expired | 3,01,400 | Y2018-19, From 22-10- 2018 to 15-11-2018 | Additional Commissioner of GST and Central Excise, (Appeals) Coimbatore | |

| | | | | | |
|------------------------------------|---|-------------|------------|--|--|
| Central Goods and Service Tax 2017 | Excess outward Tax in e-way Bills Excess ITC claimed | 1,35,50,267 | 2018-19 | Deputy / Joint Commissioner of GST, Pune (Appeals) | |
| Income Tax Act, 1961 | Disallowance of Expenditure on expansion / upgradation of projects | 6,95,976 | AY 1992-93 | High Court of Bombay, Mumbai. | |
| Income Tax Act, 1961 | Loss on options settled. | 23,24,857 | AY 2008-09 | Commissioner of Income Tax (Appeals) Pune. | |
| Income Tax Act, 1961 | Expenditure incurred Bad debts and other expenses | 22,93,529 | AY 2011-12 | Commissioner of Income Tax (Appeals) Pune. | |
| Income Tax Act, 1961 | Assessment Order received with demand for disallowance of late payment of TDS, Additional Depreciation, Stock Value | 7,76,426 | AY 2013-14 | Commissioner of Income Tax (Appeals) Pune. | |
| Income Tax Act, 1961 | Disallowance of Additional Depreciation on electrical installations | 3,09,074 | AY 2016-17 | Commissioner of Income Tax (Appeals) Pune. | |
| Income Tax Act, 1961 | Disallowance of Liabilities Written Back u/s 41(1) (a) of the Act | 21,00,172 | AY 2021-22 | Commissioner of Income Tax (Appeals) Pune. | |

(viii) There are no transactions which were not recorded in the books of account and have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961);

(ix)(a) The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(ix)(b) The company is not a declared wilful defaulter by any bank or financial institution or other lender;

(ix)(c) The Term loans were applied for the purpose for which the loans were obtained;

(ix)(d) On an overall examination of the financial statements of the Company, Funds raised on short term basis have, prima-facie, been not utilized during the year for long term purposes.

(ix)(e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.;

(ix)(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.;

(x)(a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Therefore, the question of reporting of its application, delays or default and subsequent rectification, if any, does not arise;

(x)(b) According to the information and explanations given to us and based on our examination of the books and records, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Therefore, the question of complying with section 42 and section 62 of the Companies Act, 2013 and reporting on its utilization does not arise.;

(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 obtained and explanations given to us, no instances of fraud by the Company or any fraud on the Company has been noticed or reported during the year.

(xi)(b) We, have not filed any report under sub-section 12 of section 143 of the Companies Act, 2013 in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(xi)(c) As per the information and explanation given by the Company, no whistle blower complaint is received by the company.

(xii)(a) In our opinion and according to the information obtained and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) (b and c) of the Order is not applicable to the Company;

(xiii) According to the information obtained and explanations given to us and based on our examination of the records of the Company, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Financial Statements, as required by the applicable Indian Accounting Standards;

(xiv)(a) The Company has an internal audit system, wherein an external consulting firm is carrying out the internal audit work. The internal auditor has stated that their engagement with the Company is advisory in nature and is not subjected to any Assurance or other Standards issued by Institute of Chartered Accountants of India. In our opinion, it's scope and coverage need to be increased so as to be commensurate with the size and nature of the business of the Company. During financial year 2022-23, Quarterly report of internal auditors for Sept 2022 was not provided to us.

(xiv)(b) We have considered, the internal audit reports that were issued to the Company and provided to us.

(xv) According to the information obtained and explanations given to us and based on our examination of the records, the Company has not entered during the year into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable;

(xvi)(a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) (b, c and d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.

(xviii) There has not been any resignation of the statutory auditors during the year.

(xix) According to the information obtained 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, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is capable of meeting its liabilities existing as at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

(xx) (a) There is no unspent amount towards Corporate Social Responsibility (CSR) requiring a transfer to a Fund specified in Schedule VII to the Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of section 135 of the said Act;

For K. S. Aiyar & Co.

Chartered Accountants

ICAI Firm Registration No. 100186W

Rajesh S. Joshi

Partner

Membership No.: 038526

UDIN: 23038526BGWQDI2235

Place: Mumbai

Date: 30th May, 2023

Annexure – B to the Independent Auditor’s Report of even date on the Financial Statements of Kalyani Forge Limited.

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

We have audited the internal financial controls with reference to financial statements of Kalyani Forge 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.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

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

Opinion

Except for consequences of

- i. Company not having a CFO during the last quarter (CFO resigned on 6th January, 2023);
- ii. the required accounting staff;
- iii. the possible effects of the matters described in the Qualified Opinion Paragraph of our main audit report on these Financial Statements, and
- iv. related weaknesses in internal control systems over financial reporting, in our opinion, the Company has in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March 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. We have considered the above in expressing our Qualified Opinion on these Financial Statements of the Company for the year ended on Mar 31, 2023.

For K. S. Aiyar & Co.

Chartered Accountants

ICAI Firm Registration No. 100186W

Rajesh S. Joshi

Partner

Membership No.: 038526

UDIN: 23038526BGWQDI2235

Place: Mumbai

Date: 30th May, 2023

ANNEXURE I

Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone and Consolidated separately)

| Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023 | | | |
|---|---|--|---|
| [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016] | | | |
| Sl. No. | Particulars | Audited Figures (In Lakhs) (as reported before adjusting for qualifications) | Adjusted Figures(In Lakhs) (audited figures after adjusting for qualifications) |
| 1. | Turnover / Total income | 27,366.11 | Not Applicable Refer Item II(d) below |
| 2. | Total Expenditure | 26,677.40 | |
| 3. | Net Profit/(Loss) | 360.84 | |
| 4. | Earnings Per Share | 9.92 | |
| 5. | Total Assets | 20,580.91 | |
| 6. | Total Liabilities | 10,033.05 | |
| 7. | Net Worth | 10,547.86 | |
| 8. | Any other financial item(s) (as felt appropriate by the management) | | |

II. Audit Qualification (each audit qualification separately):

| | |
|--|---|
| Details of Audit Qualification: | <p>The Company is in the process of updating inventory records in Materials Module (MM Module) of SAP ERP system and refining its stock valuation process by updating the standard rates of material, labour and overheads based on the current prevailing rates and relevant data. Presently, the inventories have been valued as per the values as appearing in Finance Module (FI Module) of SAP ERP which is not matching with the Materials Module (MM Module) of SAP ERP. As the said process is not completed as at year end, consequential financial impact, if any, arising on updating of the inventory records and its valuation will have to be given in the books of accounts after its completion. Management has carried out a physical verification of inventory as at 31st March, 2023 and discrepancies of Rs.641.37 Lakhs (Net of provision already made as per management estimate and judgement) have been observed.</p> <p>Trade Receivables include certain old and disputed receivables of Rs.641.33 Lakhs.</p> |
| Type of Audit Qualification: | Qualified Opinion |
| Frequency of qualification: | First time |
| For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: | Not Applicable |
| For Audit Qualification(s) where the impact is not quantified by the auditor: | |
| Management's estimation on the impact of audit qualification: | Not Ascertainable |

| | |
|--|---|
| <p>If management is unable to estimate the impact, reasons for the same</p> | <p>1. Management's views to Audit Qualification 1 of the Audit Report: With reference to para 1 of that section, regarding Inventory Accounting, the company has completed a comprehensive inventory revaluation exercise, using updated rates for materials and overheads. This exercise increases the inventory value compared to the figures SAP (which have not been updated due to operational constraints) by at least Rs. 5 cr. The reflection of the results of this exercise in SAP will be completed by Q1 of FY24, to bring the records completely up to date and incorporating residual shortfall if any</p> <p>2. Management's views to Audit Qualification 2 of the Audit Report: With reference to para 1 on receivables. In Q4 FY23, the company has written off bad debts of old dues of 8 major customer accounts amounting to Rs. 1.2 cr based on clear reconciliation exercises with its customers. It has utilized existing provisions taken during previous quarters of FY23 to give final effect and therefore improve the balance sheet with more current items. For one debtor accounts, the company has initiated legal recourse and has been advised that there is a strong case of recovery of those dues, this amounts to around Rs. 2.9 cr. The debtor in question has responded and admitted to their dues and asked for a settlement which is being pursued. For the remaining accounts, the company is in discussion with its customers and is on track for recovering and reconciling the dues. The overall ageing of overdue receivables therefore has significantly improved in Q4 FY23 and management is confident of recovery/settlement.</p> |
| <p>Auditors' Comments on (i) or (ii) above:</p> | <p>No additional comment required.</p> |

III. Signatories:

ROHINI G. KALYANI

Executive Chairperson

ABHIJIT SEN

Audit Committee Chairman

CA. RAJESH JOSHI

Statutory Auditor

Place: Pune

Date: 30th May, 2023

Balance Sheet

as at 31.03.2023

| | | Note No | As at March 31, 2023 | As at March 31, 2022 |
|---|--|---------|----------------------|----------------------|
| | ASSETS | | | |
| 1 | Non-current assets | | | |
| | (a) Property, Plant and Equipment | 1 | 3,912.04 | 4,393.90 |
| | (b) Capital work-in-progress | 1(a) | 310.76 | 230.93 |
| | (c) Other Intangible assets | 2 | - | 0.32 |
| | (d) Investments | 3 | 0.50 | 0.50 |
| | (e) Deferred tax assets (net) | 4 | 416.29 | 361.60 |
| | (f) Income tax assets (net) | 5 | 45.17 | 77.24 |
| | (g) Other non-current assets | 6 | 222.99 | 396.41 |
| | Total Non - Current Assets | | 4,907.76 | 5,460.91 |
| 2 | Current assets | | | |
| | (a) Inventories | 7 | 7,012.12 | 4,886.96 |
| | (b) Financial Assets | | | |
| | (i) Trade receivables | 8 | 7,635.55 | 7,281.73 |
| | (ii) Cash and cash equivalents | 9 | 102.87 | 186.61 |
| | (iii) Other Bank Balances | 10 | 443.56 | 303.15 |
| | (iv) Others current financial assets | 11 | 9.72 | 6.38 |
| | (c) Other current assets | 12 | 469.35 | 219.64 |
| | Total Current Assets | | 15,673.15 | 12,884.47 |
| | Total Assets (1 + 2) | | 20,580.91 | 18,345.38 |
| | EQUITY AND LIABILITIES | | | |
| 1 | Equity | | | |
| | (a) Equity Share capital | 13 | 363.90 | 363.90 |
| | (b) Other Equity | 14 | 10,183.96 | 9,929.94 |
| | Total equity (I+II) | | 10,547.86 | 10,293.84 |
| 2 | Liabilities | | | |
| | Non-current liabilities | | | |
| | (a) Financial Liabilities | | | |
| | - Borrowings | 15 | 89.20 | 8.60 |
| | (b) Provisions | 16 | 661.09 | 647.22 |
| | Total Non - Current Liabilities | | 750.29 | 655.82 |
| | Current liabilities | | | |
| | (a) Financial Liabilities | | | |
| | (i) Borrowings | 17 | 3,730.05 | 2,597.76 |
| | (ii) Trade payables | | | |

| | | | | |
|--|---|----|------------------|------------------|
| | a. Dues of micro enterprises and small enterprises | 18 | 204.23 | 302.89 |
| | b. Dues of creditors other than micro enterprises and small enterprises | 18 | 4,019.76 | 3,135.07 |
| | | | | |
| | (iii) Other current financial liabilities | 19 | 661.94 | 572.57 |
| | (b) Provisions | 20 | 216.08 | 229.88 |
| | (c) Other current liabilities | 21 | 450.70 | 557.55 |
| | Total Current Liabilities | | 9,282.76 | 7,395.72 |
| | | | | |
| | Total Equity and Liabilities (1 + 2) | | 20,580.91 | 18,345.38 |

The attached notes 1 to 35 are an integral part of these financial statements

As per our attached report of even date.

For and on behalf of the board of directors

FOR M/S K.S AIYAR

Firm Registration Number : 100186W
Chartered Accountants

ROHINI G. KALYANI

Executive Chairperson
(DIN:00519565)

ABHIJIT SEN

Director
(DIN:00002593)

RAJESH JOSHI

Partner
Membership Number : 038526

ANIRUDDHA HUBLIKAR

Company Secretary

Pune: 30.05.2023

Pune: 30.05.2023

Pune: 30.05.2023

Profit and Loss Statement

for the period ended 31.03.2023

₹ in lakhs

| Particulars | | As at March 31, 2023 | As at March 31, 2022 |
|------------------------------|---|----------------------|----------------------|
| Continuing Operations | | | |
| I | Income | | |
| | Revenue from operations | 26,667.38 | 24,650.21 |
| | Other Income | 698.73 | 131.63 |
| | Total Revenue (I) | 27,366.11 | 24,781.84 |
| II | EXPENSES | | |
| | (a) Cost of raw materials and components consumed | 15,778.58 | 13,106.46 |
| | (b) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (866.13) | 144.79 |
| | (c) Employee benefit expense | 3,675.58 | 3,523.89 |
| | (d) Finance costs | 337.16 | 362.70 |
| | (e) Depreciation and amortisation expense | 1,119.14 | 1,234.24 |
| | (f) Other expenses | 6,633.08 | 6,007.64 |
| | Total Expenses (II) | 26,677.40 | 24,379.72 |
| III | Profit/(loss) before exceptional items tax (I-II) | 688.70 | 402.12 |
| IV | Exceptional items- Gains/ (Loss) | 182.07 | - |
| V | Profit before tax (III-IV) | 506.63 | 402.12 |
| VI | Tax Expense | | |
| | (a) Current tax | 200.49 | 221.11 |
| | (b) Deferred tax | (54.69) | (132.25) |
| | Total tax expense | 145.80 | 88.86 |
| VII | Profit/(loss) after tax from continuing operations (V-VI) | 360.84 | 313.26 |
| VIII | Discontinued Operations | | |
| | (1) Profit/(loss) from discontinued operations | - | - |
| | (2) Tax Expense of discontinued operations | - | - |
| | Profit/(loss) after tax from discontinued operations | - | - |
| IX | Profit/(loss) for the period (VII+VIII) | 360.84 | 313.26 |
| X | Other comprehensive income | | |
| A | (i) Items that will not be recycled to profit or loss | | |
| | (a) Remeasurements of the defined benefit liabilities / (asset) | 3.22 | 21.96 |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | (0.90) | (6.11) |
| B | (i) Items that may be reclassified to profit or loss | - | - |
| | (ii) Income tax on items that may be reclassified to profit or loss | - | - |
| | Total other comprehensive income for the period | 2.32 | 15.85 |

Profit and Loss Statement

for the period ended 31.03.2023

| | | | |
|-----|--|---------------|---------------|
| XI | Total comprehensive income for the period (IX + X) | 363.16 | 329.11 |
| XII | Earnings per equity share : | | |
| | Basic | 9.92 | 8.61 |
| | Diluted | 9.92 | 8.61 |

As per our attached report of even date.

FOR M/S K.S AIYAR

Firm Registration Number : 100186W
Chartered Accountants

RAJESH JOSHI

Partner
Membership Number : 038526

Pune: 30.05.2023

For and on behalf of the board of directors

ROHINI G. KALYANI

Executive Chairperson
(DIN:00519565)

ANIRUDDHA HUBLIKAR

Company Secretary

Pune: 30.05.2023

ABHIJIT SEN

Director
(DIN:00002593)

Pune: 30.05.2023

Cash Flow Statement

As On 31.03.2023

₹ in lakhs

| A. CASH FROM OPERATING ACTIVITIES | | | March 31, 2023 | March 31, 2022 |
|--|---|-----------------|-----------------------|-----------------------|
| Profit before Taxation | | | | |
| Less: | IND AS adjustments | | 506.63 | 402.12 |
| | Revised Profit before Taxation | | (2.32) | (15.85) |
| | | | 508.96 | 417.97 |
| Add: | Depreciation | 1,119.14 | | 1,234.24 |
| | Bad Debts Written off | 351.70 | | 461.77 |
| | Provision for doubtful debts | - | | |
| | Finance Cost | 337.16 | | 362.70 |
| | Sundry debit balances written off/Advances Written off | - | | 0.91 |
| | | | 1,808.00 | 2,059.62 |
| | | | 2,316.96 | 2,477.59 |
| Less: | Surplus on sale of assets during the year | (172.41) | | (40.21) |
| | Provision no longer required AND Others | (302.98) | | (35.38) |
| | | | (475.39) | (75.58) |
| Operating profit before working capital changes | | | 1,841.57 | 2,402.00 |
| | (Increase)/Decrease in Current & Non-Current Assets | | | |
| | Inventories | (2,125.17) | | (399.06) |
| | Trade Receivables | (705.49) | | (1,041.06) |
| | Other Current Assets and Loans & Advances | (179.57) | | 400.73 |
| | Trade Payable | 786.03 | | (126.86) |
| | Increase/(Decrease) in Non-Current Liabilities | 301.04 | | 27.11 |
| | | | (1,923.16) | (1,139.14) |
| | Net cash generated from operations | | (81.59) | 1,262.85 |
| Less : | Income tax paid | | 168.41 | 150.69 |
| NET CASH FROM OPERATING ACTIVITIES | | | (250.00) | 1,112.16 |
| B.CASH FROM INVESTING ACTIVITIES | | | | |
| | Expensed/Advance for Property, Plant and Equipment | (764.52) | | (467.35) |
| | Sale Proceeds of Assets | 180.00 | | 53.68 |
| NET CASH FROM INVESTING ACTIVITIES | | | (584.52) | (413.67) |
| C. CASH FROM FINANCING ACTIVITIES | | | | |
| | Availment /(Repayment) in Cash Credit & PCFC from Banks | 1,132.29 | | (12.06) |
| | Availment /(Repayment)in Other Secured Loans | 37.77 | | (71.25) |
| | Interest & Finance Charges paid | (337.15) | | (362.70) |
| | Dividend paid (including out of unpaid dividend) | (82.13) | | (76.12) |
| NET CASH FROM FINANCING ACTIVITIES | | | 750.78 | (522.13) |
| NET INCREASE/(USE) OF CASH AND CASH EQUIVALENTS | | | (83.74) | 176.35 |



Cash Flow Statement

As On 31.03.2023

| | | |
|---|--------|--------|
| Opening Balances of Cash and Cash equivalents | 186.61 | 10.26 |
| Closing Balances of Cash and Cash equivalents | 102.87 | 186.61 |

As per our attached report of even date.

FOR M/S K.S AIYAR

Firm Registration Number : 100186W
Chartered Accountants

RAJESH JOSHI

Partner
Membership Number : 038526

Pune: 30.05.2023

For and on behalf of the board of directors

ROHINI G. KALYANI

Executive Chairperson
(DIN:00519565)

ABHIJIT SEN

Director
(DIN:00002593)

ANIRUDDHA HUBLIKAR

Company Secretary

Pune: 30.05.2023

Pune: 30.05.2023

Notes To Financial Statements

for the year ended March 31, 2023

1: Significant Accounting Policies

1.1 Basis of Preparation of Financial Statements

"These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendments issued thereafter. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use."

1.2 Use of Estimates

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS which requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognized prospectively in future periods. Key sources of estimation of uncertainty at the date of the financial statements which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of useful lives of property, plant and equipment, provisions and contingent liabilities.

1.3 Property, plant and equipment and depreciation

- i. Since there is no change in the functional currency, the company has elected to continue with the carrying value for all of its property, plant and equipment as recognized in its Indian GAAP financial statements as deemed cost at the transition date viz. April 1, 2016. Property, plant and equipment are stated at their cost of acquisitions including incidental expenses related to acquisition and installation of the concerned assets and including cost of specific borrowings. The Property, plant and equipment manufactured internally by the Company are stated at manufacturing cost. Property, plant and equipment are shown net of accumulated depreciation, except free hold and, which is at cost
- ii. Expenditure on New Projects and Expenditure during the construction etc:-
In case of new projects and in case of substantial modernization or expansion at the existing units of the company, expenditure incurred including interest on borrowings and financing cost of specific loan, prior to the commencement of commercial production is being capitalized to the cost of asset. Trial run expenditure is also capitalized.
- iii. Intangible assets are measured on initial recognition at cost. Expenditure incurred in development phase, where it is reasonably certain that outcome of development will be commercially exploited to yield future economic benefit to the company is considered as an intangible asset. Such developmental expenditure is capitalized at cost including share of allocable expenses.
- iv. Depreciation / Amortization on Assets (other than Freehold Land) :
Pursuant to enactment of the companies act 2013 (the 'Act'), the company has revised useful life of its Property, plant and equipment as per provision of schedule II of the said act. Accordingly the company provides depreciation on all its assets on the "Straight Line Method" in accordance with the said act.
Cost of Power line is being amortized over a period of 7.5 years when put to use.
Intangible assets are amortized over their respective individual estimated useful lives on a straight line basis, commencing from the date the asset is available to the Company for its intended use.

1.4 Inventories

- i. Stores and spares, raw materials and components are valued at cost or net realizable value whichever is lower, Cost of Inventories has been computed to include all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
- ii. Cost of Raw materials is ascertained on weighted moving average basis.
- iii. Work-in-process, Dies under fabrication and Finished Goods are valued at the lower of cost or net realizable value.
- iv. Scrap and Non-moving semi-finished goods, slow-moving and obsolete items, are valued at the lower of cost or net realizable value.
- v. Stock of Trial Product is valued at cost.
- vi. Dies, Die Block and Die Steel are valued at material cost.
- vii. Goods in transit are stated at actual cost up to the date of Balance Sheet.

1.5 Research & Development costs

- i. Capital Expenditure is included in Fixed Assets & Capital Work in Progress and depreciation is provided at the respective applicable rates.
- ii. Revenue expenditure incurred on R&D is included in the respective account heads in the financial statements.

1.6 Share Issue expenses

Share issue expenses are written off over a period of ten years

Notes To Financial Statements

for the year ended March 31, 2023

1.7 Post employment and other employee benefits

- i. **Short terms employee benefits –**
Short-term employee benefits such as salaries, wages, performance incentives etc. are recognised as expenses at the undiscounted amounts in the Statement of Profit and Loss of the period in which the related service is rendered. Expenses on non-accumulating compensated absences is recognised in the period in which the absences occur.
- ii. **Provident Fund –**
Benefits in the form of Provident Fund and Pension Scheme whether in pursuance of law or otherwise which are defined contributions and are accounted on accrual basis and charged to statement of profit and loss of the year.
- iii. **Gratuity –**
The employees' gratuity fund scheme is Company's defined benefit plan. Payment for present liability of future payment of gratuity is being made to the approved gratuity fund under cash accumulation policy of the Life Insurance Corporation of India. The Employees' gratuity, a defined benefit plan, is determined based on valuations, as at the balance sheet date, made by an independent actuary using the Projected Unit Credit Method. Re-measurement, comprising of actuarial gains and losses, in respect of gratuity are recognised in the OCI, in the period in which they occur and is not eligible to be reclassified to the Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Statement of Profit and Loss in the year of plan amendment or curtailment. The classification of the Company's obligation into current and non-current is as per the actuarial valuation report.
- iv. **Privilege Leave Benefits –**
Accumulated leave which is expected to be utilised within next twelve months, is treated as short-term employee benefit. Leave entitlement, other than short term compensated absences, are provided based on a actuarial valuation, similar to that of gratuity benefit. Re-measurement, comprising of actuarial gains and losses, in respect of leave entitlement are recognised in the Statement of Profit and Loss in the period in which they occurred.
- v. **Termination Benefits –**
Termination benefits such as compensation under voluntary retirement scheme is recognized as liability in the year of termination.

1.8 Foreign Currency Transactions

- i. **Initial recognition –**
The company's financial statements are presented in INR , which is also its functional currency. Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of transaction.
- ii. **Conversion –**
Monetary Assets and Liabilities, designated in foreign currencies are revalued at the rate prevailing on the date of Balance Sheet or forward contract rate or other appropriate contracted rate. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not revalued
- iii. **Exchange Differences –**
Exchange difference arising on the settlement and conversion on foreign currency transactions is recognized as income or expenses in the year in which it arises.

1.9 Investments and Other Financial Assets

- i. **Initial Recognition**
In the case of financial assets, not recorded at fair value through profit or loss (FVPL), financial assets are recognised initially at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.
- ii. **Subsequent Measurement**

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

a. Financial Assets at Amortised Cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model with an objective to hold these 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. Interest income from these financial assets is included in finance income using the effective interest rate ("EIR") method. Impairment gains or losses arising on these assets are recognised in the Statement of Profit and Loss.

b. Financial Assets Measured at Fair Value

Financial assets are measured at fair value through Other Comprehensive Income ("OCI") if these financial assets are held within a business model with an objective to hold these assets in order to collect contractual cash flows or to sell these 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. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in the Statement of Profit and Loss.

Notes To Financial Statements

for the year ended March 31, 2023

In respect of equity investments (other than for investment in subsidiaries and associates) which are not held for trading, the Company has made an irrevocable election to present subsequent changes in the fair value of such instruments in OCI. Such an election is made by the Company on an instrument by instrument basis at the time of transition for existing equity instruments/ initial recognition for new equity instruments.

1.10 Revenue Recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer. The policy of recognizing the revenue is determined by the five stage model proposed by Ind AS 115 "Revenue from contract with customers.

- i. Revenue from the domestic sales is recognised when the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the transaction price of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.
- ii. Revenue from export sales are recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on the basis of date of Bill of Lading. Export incentives are accounted for on Export of goods if the entitlements can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.
- iii. Dividend is recorded in the year in which right to receive payment is established.
- iv. Interest income is recognized using the effective interest method.

1.11 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 any deferral or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

1.12 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with bank. Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

1.13 Borrowing Costs

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready to be put to use, as part of the cost of that asset. Other borrowing costs are recognized as expenses in the period in which these are incurred.

1.14 Earnings per share

The basic & diluted earning per share is computed by dividing the net profit or loss attributable to equity shareholder for the period by the weighted average number of equity shares outstanding during the period.

1.15 Impairment of Assets

The Management assesses for any impairment of assets or cash generating units, if indicators, external or internal, suggest possibilities of reduction in net realisable value of assets or value in use of cash generating units below their carrying costs. Impairments, if any, is recognised in the Profit and Loss Account.

1.16 Provisions and Contingent Liabilities

Provisions are recognized when the company has a present legal or constructive obligation as a result of past event, 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. The Company does not recognize a contingent liability but discloses its existence in the financial statements. A disclosure of contingent liability is made where there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources.

1.17 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and is allocated to statement of profit and loss over the periods and in the

Notes To Financial Statements

for the year ended March 31, 2023

proportions in which depreciation on those assets is charged.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

1.18 Taxation

Current Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current tax is recognized in statement of profit and loss, except when it relates to items that are recognized in Other Comprehensive income or Equity, in which case Current Tax is also recognized in Other Comprehensive income or Equity

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 liability method 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 recognised for all taxable temporary differences, except:

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

Deferred tax is recognized in statement of profit and loss, except when it relates to items that are recognized in Other Comprehensive income or Equity, in which case Deferred Tax is also recognized in Other Comprehensive income or Equity.

1.19 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. All financial assets are recognised 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. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

1.20 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgement or complexity, 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 estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

Tax expense Note 33

Estimation of contingent liabilities refer Note 30.1

Estimates and judgements 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.

1.21 Recent Pronouncements

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective 1 April 2023. The Rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions. Specifically, no changes would be necessary as a consequence of amendments made to Ind AS 12 as the group's accounting policy already complies with the now mandatory treatment.

1.22 Additional regulatory information required by Schedule III

Notes To Financial Statements

for the year ended March 31, 2023

i. Wilful Defaulter

None of the entities in the group have been declared wilful defaulter by any bank or financial institution or government or any government authority.

ii. Relationship with struck off Companies

The group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

iii. Details of benami property held

No proceedings have been initiated on or are pending against the group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

iv. Compliance with number of layers of companies

The group has complied with the number of layers prescribed under the Companies Act, 2013.

v. Compliance with approved scheme(s) of arrangements

The group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

vi. Utilisation of Borrowed funds and Share premium

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 Group to or in any other person or entity, including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Group (Ultimate Beneficiaries). The Group has not received any fund from any party (Funding Party) with the understanding that the Group shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Group ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

vii. Undisclosed Income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

viii. Details of crypto currency or virtual currency

The group has not traded or invested in crypto currency or virtual currency during the current or previous year.

ix. Valuation of PP&E, intangible asset and investment property

The group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

1.23. New Amendments

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

i. Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103.

ii. Ind AS 16 – Proceeds before intended use

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss.

iii. Ind AS 37 – Onerous Contracts – Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contract

iv Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability.

Notes To Financial Statements

for the year ended March 31, 2023

v Ind AS 116 – Annual Improvements to Ind AS (2021)

The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration.

The Company is assessing the impact of these changes and will accordingly incorporate the same in the financial statements for the year ending March 2023.

Balance Sheet:

Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current. Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

Specified format for disclosure of shareholding of promoters.

Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used. Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

Ind AS 116, Leases

Practical expedient relating to rent concessions occurring as a direct consequence of COVID-19 has been modified. Accordingly, a lessee is not required to account for rent concessions as lease modifications if the reduction in lease payments affects only payments originally due on or before 30th June 2022 (earlier 30th June 2021) and subject to compliance with other specified conditions.

Effective date: A lessee should apply the amendment for annual reporting periods beginning on or after 1 April 2021. In case a lessee has not yet approved the financial statements for issue before the issuance of the amendment, then the same may be applied for annual reporting periods beginning on or after the 1st April 2020.

A lessee should apply the amendment retrospectively and recognises the cumulative effect of initially applying them in the opening retained earnings of the annual reporting period in which it is first applied.

Ind AS 107, Financial Instruments: Disclosures

Additional disclosures included relating to interest rate benchmark reform. Those, inter alia, include information about:

- a. Nature and extent of risks to which the entity is exposed arising from financial instruments subject to interest rate benchmark reform and how the entity manages these risks and
- b. Entity's progress in completing the transition to alternative benchmark rates and how the entity is managing the transition.

Effective date: An entity should apply the amendments when it applies amendments to Ind AS 109, Ind AS 104 or Ind AS 116.

Ind AS 109, Financial Instruments

A new paragraph included on changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform.

As per the guidance provided, the basis for determining the contractual cash flows of a financial asset or financial liability can change in the following manner:

- i. By amending the contractual terms specified at the initial recognition of the financial instrument.
- ii. In a way that was not considered by or contemplated in the contractual terms at the initial recognition of the financial instrument, without amending the contractual terms
- iii. Due to the activation of an existing contractual term.
- iv. Effective date: An entity should apply the amendments for annual reporting periods beginning on or after 1st April, 2021

Notes to financial statements

for the year ended March 31, 2023

Note 1: Property Plant and Equipment

₹ in lakhs

| Particulars | Free hold Land | Buildings | Roads | Plant & Machinery | Electrical Installation | Factory Equipment | Laboratory Equipments | Furniture & Fixtures | Office Equipment | Data Processing Equipment | Vehicles | TOTAL | CAPITAL WORK IN PROGRESS |
|--|----------------|-----------|-------|-------------------|-------------------------|-------------------|-----------------------|----------------------|------------------|---------------------------|----------|-----------|--------------------------|
| Gross carrying amount | | | | | | | | | | | | | |
| Cost as at 01.04.2022 | 213.04 | 1,613.31 | 2.06 | 8,324.52 | 482.20 | 340.11 | 168.11 | 38.00 | 38.94 | 58.73 | 31.03 | 11,310.06 | 230.93 |
| Additions | - | 16.17 | 56.00 | 449.17 | 2.26 | 87.75 | - | - | - | 23.27 | 9.94 | 644.55 | 79.83 |
| Disposals | - | - | - | (142.72) | - | - | - | - | - | - | - | (142.72) | - |
| Transfers | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Closing gross carrying amount | 213.04 | 1,629.48 | 58.06 | 8,630.97 | 484.45 | 427.86 | 168.11 | 38.00 | 38.94 | 82.00 | 40.96 | 11,811.89 | 310.76 |
| Accumulated depreciation | | | | | | | | | | | | | |
| Accumulated depreciation as at 01 April 2022 | - | 476.58 | 2.06 | 5,645.52 | 296.97 | 251.03 | 109.57 | 27.22 | 31.31 | 56.50 | 19.39 | 6,916.15 | - |
| Depreciation charge during the year | - | 79.39 | 2.92 | 898.99 | 48.63 | 51.79 | 25.46 | 2.83 | 2.51 | 2.38 | 3.92 | 1,118.82 | - |

| | | | | | | | | | | | | | |
|--------------------------------------|--------|----------|------|----------|--------|--------|--------|-------|-------|-------|-------|----------|--------|
| Closing accumulated depreciation | - | 476.58 | 2.06 | 5,645.52 | 296.97 | 251.03 | 109.57 | 27.22 | 31.31 | 56.50 | 19.39 | 6,916.15 | - |
| Net carrying amount as at 31.03.2022 | 213.04 | 1,136.73 | 0.00 | 2,679.00 | 185.22 | 89.08 | 58.54 | 10.78 | 7.63 | 2.23 | 11.64 | 4,393.90 | 230.93 |

Capital work-in-progress – Tangible Assets
Capital work-in-progress ageing

₹ in lakhs

| Particulars | Capital work-in-progress Ageing Schedule as on 31.03.2023 (Amount in Rs. lakhs) | | | | | Total |
|-------------------------------------|---|-------------|-------------|-------------------|--|--------|
| | Amounts in capital work-in-progress for a period of | | | | | |
| | Less than one year | 1 – 2 years | 2 – 3 years | More than 3 years | | |
| (i) Projects in progress | 244.14 | 66.51 | - | 0.11 | | 310.76 |
| (ii) Projects temporarily suspended | - | - | - | - | | - |

₹ in lakhs

| Particulars | Capital work-in-progress Ageing Schedule as on 31.03.2023 (Amount in Rs. lakhs) | | | | | Total |
|-------------------------------------|---|-------------|-------------|-------------------|--|--------|
| | Amounts in capital work-in-progress for a period of | | | | | |
| | Less than one year | 1 – 2 years | 2 – 3 years | More than 3 years | | |
| (i) Projects in progress | 230.93 | - | - | | | 230.93 |
| (ii) Projects temporarily suspended | | | | | | |

Notes to financial statements

for the year ended March 31, 2023

Note 2 : Intangible assets

₹ in lakhs

| Particulars | Computer software | TOTAL | Capital work in progress |
|--|-------------------|-------|--------------------------|
| Gross carrying amount | | | |
| Cost as at 01.04.2022 | 64.83 | 64.83 | - |
| Additions | - | - | - |
| Disposals | - | - | - |
| Transfers | - | - | - |
| Closing gross carrying amount | 64.83 | 64.83 | - |
| Accumulated depreciation | | | |
| Accumulated depreciation as at 01 April 2022 | 64.50 | 64.50 | - |
| Depreciation charge during the year | 0.32 | 0.32 | - |
| Disposals | - | - | - |
| Closing accumulated depreciation | 64.82 | 64.82 | - |
| Net carrying amount as at 31.03.2023 | 0.00 | 0.00 | - |
| Gross carrying amount | | | |
| Cost as at 01.04.2021 | 64.83 | 64.83 | - |
| Additions | - | - | - |
| Disposals | - | - | - |
| Transfers | - | - | - |
| Closing gross carrying amount | 64.83 | 64.83 | - |
| Accumulated depreciation | | | |
| Accumulated depreciation as at 01 April 2021 | 61.50 | 61.50 | - |
| Depreciation charge during the year | 3.00 | 3.00 | - |
| Disposals | - | - | - |
| Closing accumulated depreciation | 64.50 | 64.50 | - |
| Net carrying amount as at 31.03.2022 | 0.32 | 0.32 | - |

Note 3: Investments

₹ in lakhs

| Particulars | March 31, 2023 | | March 31, 2022 | |
|---|----------------|------------|----------------|-------------|
| | Nos | ₹ in lakhs | Nos | ₹ in lakhs |
| A. INVESTMENTS CARRIED AT AMORTISED COST | | | | |
| I. Quoted Investments | | | | |
| II. Unquoted Investments (all fully paid) | | | | |
| (a) Investments in Equity Instruments | | | | |
| The Shamrao Vithal Co-operative Bank Ltd | 2000 | - | 2000 | 0.50 |
| TOTAL INVESTMENTS CARRIED AT AMORTISED COST [A] | | - | | 0.50 |
| B. Less : Aggregate amount of impairment in value of investments | | | | |
| TOTAL IMPAIRMENT VALUE (B) | | - | | - |
| TOTAL INVESTMENTS CARRYING VALUE (A) - (B) | | | | 0.50 |

Notes to financial statements

for the year ended March 31, 2023

Note 4: Deferred tax assets (net)

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|----------------|----------------|
| A. Tax effect of items constituting deferred tax liabilities | | |
| 1) On difference between book balance and tax balance of fixed assets | (150.84) | (88.43) |
| | (150.84) | (88.43) |
| 1) Provision for compensated absences, gratuity and other employee benefits | 259.05 | 253.43 |
| 3) Provision for Local Taxes | 6.40 | 19.75 |
| | 265.45 | 273.18 |
| Deferred Tax Asset/(Liability) (Net) | 416.29 | 361.61 |

Note 5: Income tax assets (net)

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---------------------------|----------------|----------------|
| Current Tax Asset: | | |
| Advance income tax (net) | 45.17 | 77.24 |
| Total | 45.17 | 77.24 |

Note 6: Other Non Current Assets

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|--|----------------|----------------|
| (a) Capital advances | 83.64 | 43.17 |
| (b) Balances with government authorities (other than income taxes) | 133.46 | 353.24 |
| (c) Secured, considered good | 5.90 | |
| TOTAL | 222.99 | 396.41 |

Note 7: Inventories

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------------------------|-----------------|-----------------|
| (a) Raw materials | 3,107.13 | 1,930.34 |
| (b) Work-in-progress, at cost | 2,673.52 | 1,835.10 |
| (c) Completed Finished Goods | 163.87 | 202.16 |
| (d) Stores and spares | 236.83 | 198.85 |
| (e) Loose Tools | 247.29 | 222.23 |
| (f) Others - Scrap | 440.89 | 374.89 |
| (g) Die Room Inventory: | | |
| Dies at cost | 38.37 | 38.37 |
| Fabrication, at cost | 104.21 | 85.02 |
| TOTAL | 7,012.12 | 4,886.96 |

Note 8: Trade Receivables

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|--|-----------------|-----------------|
| 1 Trade receivables | | |
| a. Secured, considered good | | |
| b. Unsecured, considered good | 7,635.53 | 7,281.73 |
| c. Unsecured, considered Doubtful | - | - |
| 2 Impairment allowance (allowance for bad and doubtful assets) | | |
| a. Unsecured, considered doubtful | - | - |
| Total | 7,635.53 | 7,281.73 |

Notes to financial statements

for the year ended March 31, 2023

Note 9: Cash and cash equivalents

₹ in lakhs

| | Particulars | March 31, 2023 | March 31, 2022 |
|-----|---------------------------------------|----------------|----------------|
| | Current Cash and bank balances | | |
| (a) | Balances with banks | | |
| | In current accounts | 102.83 | 186.60 |
| | In deposit accounts | - | - |
| (b) | Cash in hand | 0.04 | 0.01 |
| | Total | 102.87 | 186.61 |

Note 10: Other Bank Balances

₹ in lakhs

| | Particulars | March 31, 2023 | March 31, 2022 |
|-----|--|----------------|----------------|
| | Other bank balances | | |
| (a) | Balances held as margin money or security against borrowings, guarantees and other commitments | 404.38 | 290.97 |
| | | - | - |
| (b) | Earmarked accounts – unpaid dividend accounts | 39.18 | 12.18 |
| | | | |
| | Total | 443.56 | 303.15 |

Note 11: Other Current Financial Assets

₹ in lakhs

| | Particulars | March 31, 2023 | March 31, 2022 |
|----|---|----------------|----------------|
| | Financial assets at amortised cost | | |
| a) | Other items | | |
| | Interest Receivable | 9.72 | 6.38 |
| | Loan Processing Fees | - | - |
| | Total Financial assets at amortised cost | 9.72 | 6.38 |
| | Total | 9.72 | 6.38 |

Note 12: Other Current Assets

₹ in lakhs

| | Particulars | March 31, 2023 | March 31, 2022 |
|-----|---|----------------|----------------|
| (a) | Advances to suppliers | 327.52 | 65.93 |
| (b) | Advances to employees | 19.47 | 20.88 |
| (c) | Balances with government authorities (other than income taxes)* | 64.72 | 89.54 |
| (d) | Prepayments | 57.22 | 42.88 |
| (e) | Others** | 0.41 | 0.41 |
| | Total | 469.35 | 219.64 |

*This includes Export Incentive receivable of ₹ 22.67 lakhs and RODTP/Duty Drawback ₹ 42.02 lakhs

Notes to financial statements

for the year ended March 31, 2023

Note 13: Equity Share Capital

₹ in lakhs

| | Particulars | March 31, 2023 | | March 31, 2022 | |
|-----|--|--------------------|-----------------|--------------------|-----------------|
| | | Nos | ₹ in lakhs | Nos | ₹ in lakhs |
| (a) | Authorised: | | | | |
| | Equity shares of ₹ 10/- each | 75,00,000 | 750.00 | 75,00,000 | 750.00 |
| | Cumulative Redeemable Preference Shares of ₹ 10/- each | 50,00,000 | 500.00 | 50,00,000 | 500.00 |
| | Unclassified Shares of ₹ 10/- each | 25,00,000 | 250.00 | 25,00,000 | 250.00 |
| | | 1,50,00,000 | 1,500.00 | 1,50,00,000 | 1,500.00 |
| (b) | Issued, Subscribed and Fully Paid: | | | | |
| | Equity shares of ₹ 10/- each | 36,40,000 | 364 | 36,40,000 | 364 |
| | Forfeited Equity Shares | 2,000 | 0.10 | 2,000 | 0.10 |

1. Reconciliation of Equity Shares outstanding at the beginning and at the end of the Reporting period

₹ in lakhs

| | March 31, 2023 | | March 31, 2022 | |
|--|------------------|---------------|------------------|---------------|
| | No. Of Shares | ₹ in lakhs | No. Of Shares | ₹ in lakhs |
| At the beginning of the period | 36,38,000 | 363.90 | 36,38,000 | 363.90 |
| Issued/ Reduction if any during the year | - | - | - | - |
| Outstanding at the end of the Period | 36,38,000 | 363.90 | 36,38,000 | 363.90 |

2. Terms/Rights attached to the equity shares

The Company has only one class of equity shares having par value of ₹ 10/- each. Each equity holder is entitled to one vote per share and have a right to receive dividend as recommended by Board of Directors subject to the necessary approval from the shareholders.

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.

3. Shares held by holding/ultimate holding Company and/or their subsidiaries/associates

NIL

4. Number of Shares held by each shareholder holding more than 5% Shares in the company

₹ in lakhs

| Sr. No. | Name of Shareholders | March 31, 2023 | | March 31, 2022 | |
|---------|--|----------------|--------------|----------------|--------------|
| | | No. of Shares | % Of Holding | No. of Shares | % Of Holding |
| 1 | BF Investments Limited | 5,69,600 | 15.66 | 5,69,600 | 15.66 |
| 2 | Kalyani Consultants Pvt. Ltd. | 3,77,280 | 10.37 | 3,77,280 | 10.37 |
| 3 | Vakratund Investments Pvt. Ltd. | 3,42,342 | 9.41 | 3,42,342 | 9.41 |
| 4 | Pax Investments Pvt. Ltd. | 3,40,074 | 9.35 | 3,40,074 | 9.35 |
| 5 | Squirrel Financers & Investors Pvt. Ltd. | 1,86,480 | 5.13 | 1,86,480 | 5.13 |

Notes to financial statements

for the year ended March 31, 2023

5. Details of promoters shareholding percentage in the Company is as below:

₹ in lakhs

| | | As at March 31, 2023 | | % Change during the year |
|----------|---|----------------------|-----------------------------|--------------------------|
| | | No. of Shares | "% of Issued Share Capital" | |
| A | Name of Promoter | | | |
| 1 | Gaurishankar Neelkanth Kalyani | 47020 | 1.2925 | Nil |
| 2 | Viraj Gaurishankar Kalyani | 36794 | 1.0114 | 0.0965 |
| 3 | Rohini Gaurishankar Kalyani | 32236 | 0.8861 | Nil |
| 4 | Sheetal Gaurishankar Kalyani | 31635 | 0.8696 | Nil |
| B | Name of Promoter group | | | |
| 1 | Kalyani Consultants Pvt.Ltd. | 377280 | 10.3705 | Nil |
| 2 | Vakratund Investment Pvt Ltd | 342342 | 9.4102 | Nil |
| 3 | Pax Investments Pvt Ltd | 340074 | 9.3478 | Nil |
| 4 | Squirrel Financers And Investors Pvt Ltd | 186480 | 5.1259 | Nil |
| 5 | Bellona Investment Pvt Ltd | 173124 | 4.7588 | Nil |
| 6 | Kalyani Exports & Investments Pvt.Ltd. | 95600 | 2.6278 | Nil |
| 7 | Attila Investment Pvt Ltd | 94500 | 2.5976 | Nil |
| 8 | Monte Carlo Investment Private Limited | 94500 | 2.5976 | Nil |
| 9 | Vikat Investment Pvt Ltd | 65520 | 1.801 | Nil |
| 10 | Dukhaharta Investment Pvt Ltd | 64260 | 1.7664 | Nil |
| 11 | Sukhakarta Investment Pvt Ltd | 64260 | 1.7664 | Nil |
| 12 | Agasti Investment & Trading Private Limited | 35280 | 0.9698 | Nil |
| 13 | Rajgad Trading Company Pvt.Ltd. | 28200 | 0.7752 | Nil |
| 14 | Aboli Investment Pvt Ltd | 26500 | 0.7284 | Nil |
| 15 | Jannhavi Investment Private Limited | 200 | 0.0055 | Nil |

Note 14: Statement of changes in equity for the period ended March 31, 2023

Equity share capital

₹ in lakhs

| | " Opening balance as at April 1, 2022 " | Changes in equity share capital during the year | " Closing balance as at March 31, 2023 " |
|----------------------------|---|---|--|
| Equity shares of ₹ 10 each | 363.90 | - | 363.90 |
| Other Equity | 363.90 | - | 363.90 |

Notes to financial statements

for the year ended March 31, 2023

Reserves and Surplus

₹ in lakhs

| Particular | Capital reserve | Securities premium reserve | General reserve | " Other reserve Capital Re-demption Reserve " | Other comprehensive income (OCI) | Retained earnings | Total |
|---|-----------------|----------------------------|-----------------|---|----------------------------------|-------------------|------------------|
| Balance at the beginning of the reporting period | 25.00 | 691.63 | 927.40 | 10.00 | (232.75) | 8,508.67 | 9,929.94 |
| Total Comprehensive income for the year | | | | | 2.32 | 360.84 | 363.16 |
| Dividend and tax thereon | | | | | | (109.14) | (109.14) |
| Transfer from retained earnings | | | | | | - | - |
| Proposed dividend and tax thereon. | | | | | | | - |
| Balance at the end of the reporting period | 25.00 | 691.63 | 927.40 | 10.00 | (230.43) | 8,760.36 | 10,183.96 |

As per our attached report of even date.

FOR M/S K.S AIYAR

Firm Registration Number : 100186W
Chartered Accountants

RAJESH JOSHI

(Partner)
Membership Number : 038526

Pune: 30.05.2023

For and on behalf of the board of directors

ROHINI G. KALYANI

Executive Chairperson
(DIN:00519565)

ABHIJIT SEN

Director
(DIN:00002593)

ANIRUDDHA HUBLIKAR

Company Secretary

Pune: 30.05.2023

Pune: 30.05.2023

Notes to financial statements

for the year ended March 31, 2023

Note 15: Non Current Borrowings

₹ in lakhs

| | Particulars | March 31, 2023 | March 31, 2022 |
|-----------|---|----------------|----------------|
| | Measured at amortised cost* | | |
| A. | Secured Borrowings: | | |
| (a) | Term Loans | | |
| | (1) From Banks | | |
| | State Bank of India (Note 1) | 89.20 | 8.60 |
| | Total Secured Borrowings | 89.20 | 8.60 |
| B. | Unsecured Borrowings – at amortised Cost | | |
| (a) | Term Loans | | |
| | (1) From Banks | - | - |
| | Total Unsecured Borrowings | - | - |
| | Total Borrowings carried at Amortised Cost | 89.20 | 8.60 |
| | Measured at FVTPL | | |
| | 1) Bonds / Debentures | - | - |
| | 2) Term Loans | - | - |
| | Total Borrowings carried at FVTPL | - | - |
| | Total Borrowings | 89.20 | 8.60 |

*Terms of Repayment

"1. Term Loan of ₹ 365.20 Lakhs (P.Y 8.60 Lakhs)/- (Sanction ₹ 11,50,00,000/-) was availed from State Bank of India, IFB, Pune out of the total sanction limit at the rate of interest of 4.45% above MCLR-6 M.

"

Nature of security for Item no. A (a) (1)

For the above Rupee Term Loan, the company has created the first charge in favour of lending banks by way of hypothecation of assets to be acquired out of bank finance as primary security and second pari passu charge by way of hypothecation/ mortgage on the present and future fixed assets including land and building situated at Sanaswadi and Koregaon Bhima, Pune as a collateral security.

Note 16: Non Current Provisions

₹ in lakhs

| | Particulars | March 31, 2023 | March 31, 2022 |
|-----|---|----------------|----------------|
| (a) | Provision for employee benefits | | |
| | (i) Provision for compensated absences [Leave Encashment] | 165.42 | 230.50 |
| | (ii) Gratuity | 495.67 | 416.72 |
| | Total Provisions | 661.09 | 647.22 |

Notes to financial statements

for the year ended March 31, 2023

Note 17: Current Borrowings

₹ in lakhs

| | Particulars | March 31, 2023 | March 31, 2022 |
|-----------|--|-----------------|-----------------|
| A. | Secured Borrowings – at Amortised cost: | | |
| (a) | Loans repayable on demand | | |
| | (i) From Banks | | |
| | Cash credit from Bank | 3,454.06 | 2,597.76 |
| (b) | SBI Term Loans | 276.00 | |
| | Total Secured Borrowings | 3,730.06 | 2,597.76 |
| B. | Unsecured Borrowings – at Amortised cost: | | |
| (a) | Loans repayable on demand | | |
| | From Banks | | |
| | - Cash Credit / Packing Credits | - | - |
| | Total Unsecured Borrowings | - | - |
| | Total Current Borrowings | 3,730.06 | 2,597.76 |

Notes :-

- Company's fund and non fund based working capital facilities of ₹ 74,50,00,000/- are secured by first charge by way of hypothecation on pari passu basis with existing working capital lenders (State Bank of India–Lead Bank and HDFC Bank Ltd.) over the company's entire current assets including stocks, WIP, receivables and finished goods and also the second charge on the whole of the fixed assets of the Company on pari passu basis with consortium working capital lenders
- The packing credit foreign currency loan is availed from State Bank of India at the rate of Interest of Fixed Margin over USD London inter bank offer rate i.e. LIBOR

Note 18: Trade Payables

₹ in lakhs

| | Particulars | March 31, 2023 | March 31, 2022 |
|-----|---|-----------------|-----------------|
| A) | Creditors for supplies / services | 4,223.99 | 3,437.96 |
| i) | Total outstanding due to micro enterprises and small enterprises | 204.23 | 302.89 |
| ii) | Total outstanding due to creditors other than micro enterprises and small enterprises | 4,019.76 | 3,135.07 |
| | Total trade payables | 4,223.99 | 3,437.96 |

Note 19: Other Current Financial Liabilities

₹ in lakhs

| | Particulars | March 31, 2023 | March 31, 2022 |
|-----|---|----------------|----------------|
| | Other Financial Liabilities Measured at Amortised Cost | | |
| (a) | Current maturities of long-term debt* | - | 42.47 |
| (b) | Unpaid dividends | 39.18 | 12.18 |
| (c) | Other liabilities | | |
| | (i) Creditors for capital supplies/services | 12.03 | 21.78 |
| | (ii) Other credit balances | 610.72 | 496.14 |
| | Total other financial liabilities | 661.94 | 572.57 |

Notes to financial statements

for the year ended March 31, 2023

Note 20: Current Provisions

₹ in lakhs

| Particulars | | March 31, 2023 | March 31, 2022 |
|-------------------------|---------------------------------|----------------|----------------|
| (a) | Provision for employee benefits | | |
| | (i) Leave Encashment | 36.50 | 52.02 |
| | (ii) Gratuity | 179.58 | 177.86 |
| Total Provisions | | 216.08 | 229.88 |

Note 21: Other Current Liabilities

₹ in lakhs

| Particulars | | March 31, 2023 | March 31, 2022 |
|--------------------------------|--|----------------|----------------|
| (a) | Advances received from customers | - | - |
| (b) | - Employee Recoveries and Employer Contributions | 322.20 | 275.61 |
| | - Statutory Dues (GST, sales tax, TDS, Royalty etc.) | 128.51 | 281.94 |
| TOTAL OTHER LIABILITIES | | 450.70 | 557.55 |

Note 22: Revenue from Operations

₹ in lakhs

| Particulars | | March 31, 2023 | March 31, 2022 |
|--------------|--|------------------|------------------|
| (a) | Sale of products | 26,564.60 | 24,586.17 |
| (b) | Other Operating Revenues | | |
| | - Die development charges | 12.66 | - |
| | - Export incentives/Duty Drawback/RODTEP | 90.12 | 63.52 |
| | - Gain on foreign exchange fluctuations, net | - | - |
| | - Miscellaneous receipts | | 0.52 |
| Total | | 26,667.38 | 24,650.21 |

Note 23: Other Income

₹ in lakhs

| Particulars | | March 31, 2023 | March 31, 2022 |
|-------------------------------|---|----------------|----------------|
| Interest Income | | | |
| | Interest income earned on financial assets that are not designated as at fair value through profit and loss | 14.79 | 21.16 |
| Other gains and losses | | | |
| (a) | Gain on foreign exchange fluctuations, net | 135.62 | - |
| (b) | Sundry Balances Written Back | 302.98 | 35.38 |
| (c) | Discount received | 27.50 | 23.14 |
| (d) | Miscellaneous Income | 45.44 | 11.75 |
| (e) | Gain on sale of property plant and equipments | 172.41 | 40.21 |
| Total | | 698.73 | 131.63 |

Notes to financial statements

for the year ended March 31, 2023

Note 24: Cost of raw materials and components consumed

₹ in lakhs

| | Particulars | March 31, 2023 | March 31, 2022 |
|-----|---|------------------|------------------|
| (a) | Raw materials consumed | | |
| | Opening stocks | 1,930.34 | 1,434.34 |
| | "Less : Value of obsolete and non-moving material written-down (net of realisable value)" | - | - |
| | Add : Purchases | 16,853.14 | 13,544.03 |
| | Less : Stocks at close | 3,107.13 | 1,930.34 |
| | Subtotal (a) | 15,676.34 | 13,048.03 |
| (b) | Dies consumed | | |
| | Dies | 38.37 | 38.37 |
| | Die Blocks, Die Steel and Dies under fabrication | 85.02 | 83.03 |
| | Opening stocks | 123.39 | 121.40 |
| | Add: Purchases and processing charges | 121.43 | 60.42 |
| | Sub total | 244.82 | 181.81 |
| | Less: Stock at close | | |
| | Dies | 38.37 | 38.37 |
| | Die Blocks, Die Steel and Dies under fabrication | 104.21 | 85.02 |
| | Sub total | 142.58 | 123.39 |
| | Subtotal (b) | 102.24 | 58.42 |
| | Total | 15,778.58 | 13,106.46 |

Note 25: Changes in inventories of finished goods, work-in-progress and stock-in-trade

₹ in lakhs

| | Particulars | March 31, 2023 | March 31, 2022 |
|--|-------------------------------|----------------|----------------|
| | (Increase)/decrease in stocks | | |
| | Less : Opening stocks | | |
| | Work-in-process | 1,835.10 | 2,145.48 |
| | Finished goods | 202.16 | 60.70 |
| | Scrap | 374.89 | 350.76 |
| | Stocks at close: | | |
| | Work-in-process | 2,673.52 | 1,835.10 |
| | Finished goods | 163.87 | 202.16 |
| | Scrap | 440.89 | 374.89 |
| | | -866.13 | 144.79 |
| | Total | -866.13 | 144.79 |

Notes to financial statements

for the year ended March 31, 2023

Note 26: Employee Benefit Expense

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|---|-----------------|-----------------|
| Salaries and wages, including bonus | 3,159.70 | 3,039.96 |
| Contribution to provident and other funds | 143.04 | 141.08 |
| Gratuity Expenses | 83.76 | 79.06 |
| Staff welfare expenses | 289.07 | 263.79 |
| Total | 3,675.58 | 3,523.89 |

Note 27: Finance Cost

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|------------------------------------|----------------|----------------|
| Interest expense | | |
| - On Bank Borrowings | 19.48 | 1.82 |
| - On Cash credit | 260.19 | 292.59 |
| Other borrowing cost- Bank charges | 57.49 | 68.29 |
| Total | 337.16 | 362.70 |

Note 28: Depreciation and amortization expense

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|-------------------------------|-----------------|-----------------|
| Depreciation | | |
| Property, Plant and Equipment | 1,118.82 | 1,231.24 |
| Other Intangible assets | 0.32 | 3.00 |
| Total | 1,119.14 | 1,234.24 |

Note 29: Other Expenses

₹ in lakhs

| Particulars | March 31, 2023 | March 31, 2022 |
|--|-----------------|-----------------|
| Manufacturing Expenses | | |
| Stores, spares and tools consumed | 1,617.17 | 1,325.08 |
| Processing charges | 526.87 | 637.67 |
| Power and fuel | 2,538.91 | 2,292.88 |
| Repairs to building | - | 1.41 |
| Repairs to machinery | 337.73 | 294.61 |
| Freight Charges | 109.69 | 139.55 |
| Other manufacturing expenses | 35.45 | 30.05 |
| | 5,165.81 | 4,721.25 |
| Selling Expenses | | |
| Freight and forwarding | 303.66 | 260.57 |
| Royalty, technical and license fees etc. | 0.25 | 0.25 |
| Other selling expenses | 30.23 | 5.01 |
| | 334.14 | 265.83 |
| Administration Expenses | | |
| Rent | 3.24 | 3.24 |

Notes to financial statements

for the year ended March 31, 2023

₹ in lakhs

| | | |
|---|-----------------|-----------------|
| Rates and taxes | 23.00 | 71.00 |
| Insurance (Including Keyman Insurance) | 87.94 | 96.54 |
| Other repairs and maintenance | 0.64 | 1.23 |
| Travelling and conveyance | 30.11 | 3.97 |
| Vehicle Expenses(Including on hired vehicles) | 107.14 | 100.59 |
| Professional & consultancy fees | 102.89 | 73.39 |
| Auditor's remuneration (refer note 30.3) | 27.30 | 18.66 |
| Director's Sitting Fees | 0.90 | 2.42 |
| Directors' commission | - | 4.05 |
| Miscellaneous expenses | 263.72 | 179.58 |
| Sales Tax Expenses | 134.55 | - |
| Sundry balances written off | - | 0.91 |
| Loss on foreign exchange fluctuations, net | - | 3.21 |
| Bad Debts written off | 351.70 | 461.77 |
| | 1,133.13 | 1,020.56 |
| Total | 6,633.08 | 6,007.64 |

NOTE NO. 30

₹ in lakhs

| 30.1 | Contingent Liability not provided for in respect of : | As at 31st March, 2023 | As at 31st March, 2022 |
|------|--|---------------------------|---------------------------|
| | i. Claims against the Company, not acknowledged as debts | 107.14 | 107.14 |
| | ii Disputed Income Tax demand, matter under appeal | 94.24 | 138.05 |
| | iii Disputed Excise demand, matter under appeal | 366.88 | 9.71 |
| | iv In respect of Bank Guarantee (*) | 220.30 | 220.30 |

*Guarantees given by the company's Banker's on behalf of the Company, against sanctioned " guarantee limits (BG+LC-one way interchangeability from LC to BG limit) aggregating to Rs. 1300 lakhs as at 31st March 2023 (As at 31st March 2022 Rs. 1300 lakhs for contracts undertaken" by the Company and other matters are secured by extension of charge by way of joint hypothecation of stock in trade, stores and spares etc., book debts subject to prior change in their favour.Amount outstanding as on 31st March, 2023 is Rs. 220.30 lakhs (31st March 2023 Rs 220.30 Lakhs)

| 30.2 | | As at 31st March, 2023 | As at 31st March, 2022 |
|------|--|---------------------------|---------------------------|
| | Estimated Amount of contracts remaining to be executed on Capital Account and Not provided for (net of advances) | 154.38 | 180.69 |

| 30.3 | | 2022-23 | 2021-22 |
|------|----------------------|---------|---------|
| | Payments to Auditors | | |
| | Statutory Audit | 17.50 | 9.50 |
| | Tax Audit | 3.60 | 1.80 |

Notes to financial statements

for the year ended March 31, 2023

₹ in lakhs

| | | | |
|-----------------------------|--|-------|-------|
| In Other Capacity : | | | - |
| For Limited Review & Others | | 5.70 | 5.70 |
| For Expenses | | 0.50 | 1.66 |
| Total | | 27.30 | 18.66 |

30.4 Disclosure pursuant to Ind AS 19 Employee Benefits

Details of Long Term Employees benefits determined by an appointed Actuary are as follows :

| a) Funded Scheme - Gratuity. | | ₹ in lakhs | |
|------------------------------|--|-----------------|-----------------|
| | Particulars | 31st March 2023 | 31st March 2022 |
| | | Gratuity | Gratuity |
| (i) | Amounts to be recognised in Balance Sheet | | |
| | a. Present Value of Defined Benefit Obligations | | |
| | Funded | 791.87 | 748.00 |
| | b. Fair Value of Plan Assets | 116.61 | 153.41 |
| | c. Net Asset / (Liability) recognised in the Balance Sheet | (675.25) | (594.59) |
| (ii) | Amount to be recognised in Statement of Profit & Loss Account | | |
| | a. Current Service Cost | 41.54 | 41.98 |
| | b. Interest on defined benefit obligations | 42.22 | 37.08 |
| | c. Expected return on planed assets | - | - |
| | d. Net Actuarial Losses/(Gain) Recognised in year | - | - |
| | Total, included in "Employee Benefits" | 83.76 | 79.06 |
| (iii) | Change in Defined Benefit obligation and reconciliation thereof | | |
| | a. Present value of Defined Benefit obligation at the beginning of the year | 748.00 | 697.99 |
| | b. Interest Cost | 51.47 | 47.57 |
| | c. Current Service Cost | 41.54 | 41.98 |
| | d. Actuarial Losses/ (Gains) | (3.02) | (22.43) |
| | e. Benefits Paid | (46.12) | (17.12) |
| | f. Present value of Defined Benefit obligation at the close of the year | 791.87 | 748.00 |
| (iv) | Change in the fair value of Plan Assets and the reconciliation thereof | | |
| | a. Fair value of Plan Assets at the beginning of the Year | 153.41 | 160.64 |
| | b. Add : Expected return on Plan Assets | 9.26 | 10.49 |
| | c. Add/ (Less) : Actuarial (Losses) / Gains | 0.19 | (0.47) |
| | d. Add : Contributions by employer | - | - |
| | e. Less -Benefits Paid | (46.12) | (17.12) |
| | f. Mortality charges & taxes | (0.13) | (0.13) |
| | g. Fair value of Plan Assets at the closed of the year | 116.61 | 153.41 |
| (v) | Broad Categories of plan assets as a percentage of total assets as at 31st March, 2019 | | |
| | a. Insurer Managed Funds | 100% | 100% |
| | TOTAL | 100% | 100% |

Notes to financial statements

for the year ended March 31, 2023

₹ in lakhs

| | | | |
|------|--------------------------------------|-------|-------|
| (vi) | Summary of the Actuarial Assumptions | | |
| | Discount Rate | 7.40% | 7.10% |
| | Expected Rate of Return on Assets | 7.10% | 6.90% |
| | Salary Escalation Rate | 6.00% | 5.00% |

30.5 Movement in Leave Encashment (Long Term & Short Term Compensated Absences)

₹ in lakhs

| Year | Opening Balance | Addition (Net) | Closing Balance |
|---------|-----------------|----------------|-----------------|
| 2022-23 | 282.52 | (80.60) | 201.92 |
| 2021-22 | 261.80 | 20.72 | 282.52 |
| 2020-21 | 183.92 | 77.88 | 261.80 |

30.6 The disclosure pursuant to the MSMED Act, 2006 is as under:

₹ in lakhs

| | | 31st Mar'2023 | 31st Mar'2022 |
|----|---|---------------|---------------|
| a) | (i) The principal amount remaining unpaid to any supplier | 204.23 | 302.89 |
| | (ii) The interest due on above. | 12.59 | 43.55 |
| | The total of (i) & (ii) | 217 | 346 |
| b) | The amount of interest paid by the Company in terms of section 16 of the MSMED Act. | - | - |
| c) | the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. | 73.32 | 54.93 |
| d) | The amounts of interest accrued and remaining unpaid at the end of financial year | 12.59 | 43.55 |
| e) | The amount of further interest remaining due and payable even in the succeeding years, included in (d) above, until such date when the interest dues as above are actually paid to the small enterprises. | - | - |

Note: The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

- 30.7 a. The company has single Product, viz: "Forgings" consequently there are no Reportable Segments of the company as per Ind AS 108 "Operating segments"
- b. Disclosures of transactions with Related Parties as required by Ind AS - 24 "Related Party Disclosures" is given below. Related parties as defined under clause 3 of the Accounting Standard have been identified on the basis of representations made by the Key Managerial Personnel, information available with the company and taken on record by the Board.

| Sr. No. | Nature of relationship / Name of related party | Nature of Transaction | Transaction Value (Rs.) | Out-standing Amounts carried in the Balance Sheet (Rs.) | Transaction Value (Rs.) | Out-standing Amounts carried in the Balance Sheet (Rs.) |
|---------|--|-----------------------|-------------------------|---|-------------------------|---|
| | Key Managerial personnel | | | | | |
| 1 | Mrs. R. G. Kalyani | Salary | 17.75 | 1.73 | 19.77 | 0.74 |
| | (Executive Chairperson) | Siting fees | 3.00 | - | - | - |
| | | Total | 20.75 | 1.73 | 19.77 | 0.74 |

Notes to financial statements

for the year ended March 31, 2023

| | | | | | | |
|---|---|---|-------|------|-------|-------|
| | Relative of Key Managerial Personnel | | | | | |
| 2 | Mr. Viraj G. Kalyani | Salary | 17.75 | 1.73 | 20.75 | 1.73 |
| | (Executive Director and CEO) | Siting fees | 3.00 | - | - | - |
| | | Total | 20.75 | 1.73 | 20.75 | 1.73 |
| | Relative of Key Managerial Personnel | | | | | |
| 3 | Mr. G.N. Kalyani | Commission | - | - | 1.01 | 1.01 |
| | (Director) | Siting fees | 0.36 | - | 0.70 | - |
| | | Total | 0.36 | - | 1.71 | 1.01 |
| 4 | Enterprise in which Key Managerial Person is common | | | | | |
| | NSF Trust | Rent | 3.24 | | 3.24 | |
| | | Total | 3.24 | - | 3.24 | - |
| 5 | Enterprise in which Key Managerial Person is common | | | | | |
| | Kalyani Property Pvt.Ltd. | Royalty | 0.25 | | 0.25 | |
| | | Total | 0.25 | - | 0.25 | - |
| 6 | Enterprise in which Key Managerial Person is common | | | | | |
| | Shrid Metal Technologies Pvt. Ltd. | Rent – Revenue | 0.73 | - | 2.40 | 2.24 |
| | | Other advances (not considered in the nature of loan) | 12.00 | - | 23.30 | 23.30 |
| | | Total | 12.73 | - | 25.70 | 25.54 |

30.8

₹ in lakhs

| Earnings Per Share: | 2022-23 | 2021-22 |
|--|-----------|-----------|
| Earnings attributable to the equity share holder | 360.84 | 313.26 |
| Total weighted average No. of shares | 36,38,000 | 36,38,000 |
| (a) Basic | 9.92 | 8.61 |
| (b) Diluted | 9.92 | 8.61 |

30.9' CORPORATE SOCIAL RESPONSIBILITY EXPENCES

- Amount required to be spent by the company during the year: NIL
- Gross amount spent by the Company on CSR activities during the financial year ended March 31, 2023 is NIL. (Previous Year Rs. 8.31 Lakhs)
- Shortfall at the end of the year: NIL
- Total of previous year shortfall: NIL
- Reason for shortfall: Not Applicable
- Nature of CSR activities: Not Applicable as the Company was not required to spend any amount towards CSR activities during the year.
- Details of related party transaction: No related party transaction for CSR during current year.
- Contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard: No such contribution during the year.

Notes to financial statements

for the year ended March 31, 2023

i. 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 should be shown separately:

j. Amount spent during the year on:

₹ in lakhs

| Particulars | | 22-23 | 21-22 |
|-------------|--|--------------|-------|
| | Unspent CSR Expenditure carried forward from previous year | 0.00 | 8.31 |
| | Amount required to be spent by the Company during the year | 0 | |
| i | Construction / acquisition of any asset | Current Year | - |
| ii | On purposes other than (i) above through contribution to | Current Year | 8.31 |
| | Short fall at the end of the year | 0.00 | 0.00 |

* During the year there was no CSR liability pursuant to section 135(5) as per Companies Act 2013.

30.10 Research and Development:

The Company has obtained approval of its In-house Research & Development (R&D) facility u/s 35(2AB) TU/IV-15(1737)/35(2AB)/3CM/(1499)/2019 dated 29.11.2019. Accordingly the Company has incurred expenses on it's in house R&D Facility as follows-

| Financial Year | Revenue Expenditure | Capital Expenditure | Total R&D Expenditure |
|----------------|---------------------|---------------------|-----------------------|
| 2020-21 | 262.66 | | 262.66 |
| 2021-22 | 224.44 | 16.52 | 240.96 |
| 2022-23 | 290.39 | 282.85 | 573.24 |
| Total | 777.49 | 299.37 | 1,076.86 |

30.11 Relationship with struck of companies

Details of struck of companies with whome the company has transaction during the year or outstanding balance:

₹ in lakhs

| Name of struck of company | Nature of transaction with struck of company | as on 31st March-2023 | as on 31st March-2022 |
|------------------------------------|--|-----------------------|-----------------------|
| Sukrut export private ltd | Trade payable- Services | 5.07 | 5.07 |
| COIN Consultancy Services Pvt.Ltd. | Trade payable- Services | 0.00 | 0.79 |
| KEON SOLUTIONS PVT.LTD. | Trade payable- Services | -1.56 | -1.56 |

Note 31. Category-wise clasification of financial instruments

₹ in lakhs

| Particulars | Refer Note no. | Non-current | | Current | |
|---|----------------|-------------|------------|------------|------------|
| | | 31.03.2023 | 31.03.2022 | 31.03.2023 | 31.03.2022 |
| Financial Assets measured at Fair value through Profit or loss (FVTPL) | | | | | |
| Investment in Equity shares (Net of provision)* | 3 | 0.50 | 0.50 | - | - |
| | | 0.50 | 0.50 | - | - |
| Financial Assets measured at Fair value through other comprehensive income (FVTOCI) | | - | - | - | - |
| | | - | - | - | - |
| Financial Assets measured at amortised cost | | | | | |
| Trade receivables | 8 | - | - | 7,635.55 | 7,281.73 |
| Cash and cash equivalent | 9 | - | - | 102.87 | 186.61 |
| Other balances with banks | 10 | - | - | 443.56 | 303.15 |

Notes to financial statements

for the year ended March 31, 2023

| | | | | | |
|--|----|---|---|----------|----------|
| Interest Accrued on Fixed Deposit | 11 | - | - | 9.72 | 6.38 |
| Security Deposit | 11 | - | - | - | - |
| | | - | - | 8,191.69 | 7,777.86 |
| Financial Liabilities measured at amortised cost | | | | | |
| Borrowings | 17 | - | - | 3,730.05 | 2,597.76 |
| Trade payables | 18 | - | - | 4,223.99 | 3,437.96 |
| Current maturities of long-term debt | 19 | - | - | - | 42.47 |
| Unpaid Dividends | 19 | - | - | 39.18 | 12.18 |
| Payable towards expenses | 19 | - | - | 12.03 | 21.78 |
| Other credit balances | 19 | - | - | 610.72 | 496.14 |
| | | | | | |
| | | - | - | 8,615.97 | 6,608.29 |

₹ in lakhs

| FAIR VALUE MEASUREMENTS | Fair Value hierarchy | | | |
|--|-----------------------------|--|---|---|
| | Fair Value as at 31.03.2023 | Quoted price in active markets (Level 1) | " Significant observable inputs (Level 2) " | " Significant unobservable inputs (Level 3) " |
| Financial Assets / financial liabilities | | | | |
| Financial assets measured at fair value through profit or loss | - | - | - | - |
| Financial assets measured at fair value through other comprehensive income (OCI) | NA | NA | NA | NA |

| FAIR VALUE MEASUREMENTS | Fair Value hierarchy | | | |
|--|-----------------------------|--|---|---|
| | Fair Value as at 31.03.2022 | Quoted price in active markets (Level 1) | " Significant observable inputs (Level 2) " | " Significant unobservable inputs (Level 3) " |
| Financial Assets / financial liabilities | | | | |
| Financial assets measured at fair value through profit or loss | - | - | - | - |
| Financial assets measured at fair value through other comprehensive income (OCI) | NA | NA | NA | NA |

32 FINANCIAL RISK MANAGEMENT

32.1 Market risk

The Company's financial risk management is an integral part of how to plan and execute its business strategies. Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument.

32.2 Interest rate risk :

The company has investment in fixed deposits. However interest income from fixed deposits is a residuary income and not going to affect the significant cash flow of the company.

32.3 Foreign currency risk:

Company is exposed to foreign exchange risk through its sales and services to foreign countries, and purchases from overseas suppliers in various foreign currencies.

Notes to financial statements

for the year ended March 31, 2023

The following table analyzes foreign currency risk from financial instruments:

₹ in lakhs

| Particulars | As at 31st March 2023 | | | As at 31st March 2022 | | |
|-------------------------------------|-----------------------|-------------|---------------|-----------------------|-------------|---------------|
| | USD | Euro | JPY | USD | Euro | JPY |
| Unhedged Trade receivables | 6.82 | 2.63 | | 7.91 | 4.55 | |
| Unhedged Trade Payables | 0.11 | | 157.38 | 0.09 | | 401.03 |
| Unhedged Advances to Trade Payables | - | - | - | - | - | - |
| Total | 6.92 | 2.63 | 157.38 | 8.00 | 4.55 | 401.03 |

32.4 Credit risk

"Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

Financial assets are written off when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized as income in the statement of profit and loss.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

Based on the historical data, loss on collection of receivable is not material hence no additional provision considered."

Financial Assets are considered to be of good quality and there is no significant increase in credit risk.

Movement in provision for Credit Losses (provision for doubtful debts)

₹ in lakhs

| Particulars | " As at 31st March 2023 " | " As at 31st March 2022 " |
|--------------------------------------|------------------------------|------------------------------|
| Opening provision | - | 121.00 |
| Add : Additional provision made | 351.70 | 340.77 |
| Less : Provision write off/ Bad Debt | 351.70 | 461.77 |
| Less : Provision reversed | - | - |
| Closing provision | - | - |

32.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset.

Notes to financial statements

for the year ended March 31, 2023

Trade Payables Ageing

₹ in lakhs

| Particulars | Trade Payable Ageing Schedule as on 31.03.2023 (Amount in Rs. lakhs) | | | | | |
|----------------------------------|--|------------------|--------------|--------------|-------------------|------------------|
| | Outstanding for following periods from due date of payment | | | | | |
| | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i)Gross MSME Credit | -139.48 | -63.96 | -1.62 | - | -0.04 | -205.09 |
| (ii) Gross Others Credit | -2,164.60 | -2,320.32 | -5.29 | -4.65 | -45.00 | -4,539.86 |
| Less unadjusted advance/payments | - | - | - | - | - | - |
| (i)Gross MSME Debit | - | 0.86 | - | - | - | 0.86 |
| (ii) Gross Others Debit | 188.01 | 212.93 | 49.20 | 48.44 | 21.51 | 520.10 |
| (iii) Disputed Dues - MSME | | | | | | - |
| (iv) Disputed Dues - Others | | | | | | - |
| Total | -2,116.06 | -2,170.48 | 42.30 | 43.78 | -23.52 | -4,223.99 |

| Particulars | Trade Payable Ageing Schedule as on 31.03.2022 (Amount in Rs. lakhs) | | | | | |
|----------------------------------|--|------------------|----------------|--------------|-------------------|------------------|
| | Outstanding for following periods from due date of payment | | | | | |
| | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i)Gross MSME Credit | -158.56 | -146.12 | - | - | -0.03 | -304.71 |
| (ii) Gross Others Credit | -2,193.60 | -1,221.13 | -203.17 | -16.28 | -36.36 | -3,670.54 |
| Less unadjusted advance/payments | | | | | | - |
| (i)Gross MSME Debit | - | 2.33 | - | - | - | 2.33 |
| (ii) Gross Others Debit | | 243.29 | 83.39 | 109.55 | 98.73 | 534.96 |
| (iii) Disputed Dues - MSME | | | | | | - |
| (iv) Disputed Dues - Others | | | | | | - |
| Total | -2,352.16 | -1,121.63 | -119.78 | 93.27 | 62.34 | -3,437.96 |

* Exposure to credit risk

The carrying amount of trade receivable represents the credit exposure. The exposure to credit risk was Rs 7825.87 lakhs and Rs 7281.73 lakhs as at 31st March-2023 and 2022 respectively

Trade receivable ageing schedule

₹ in lakhs

| Particulars | Trade Receivables Ageing Schedule as on 31.03.2023 (Amount in Rs. lakhs) | | | | | | |
|---|--|--------------------|--------------------|-----------|-----------|-------------------|----------|
| | Outstanding for following periods from due date of payment | | | | | | |
| | Not due | Less than 6 months | 6 months to 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables - considered good | 5,477.74 | 1,333.44 | 132.80 | 100.03 | 111.32 | 196.00 | 7,351.86 |
| (ii) Undisputed Trade Receivables - considered doubtful | - | - | - | - | - | - | - |
| (iii) Disputed Trade Receivables - considered good | - | - | - | - | 209.85 | 73.82 | 283.67 |
| (iv) Disputed Trade Receivables - considered doubtful | - | - | - | - | - | - | - |

Notes to financial statements

for the year ended March 31, 2023

₹ in lakhs

| Particulars | Trade Receivables Ageing Schedule as on 31-03-2022 (Amount in Rs. lakhs) | | | | | | |
|---|--|--------------------|--------------------|-----------|-----------|-------------------|----------|
| | Outstanding for following periods from due date of payment | | | | | | |
| | Not due | Less than 6 months | 6 months to 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| (i) Undisputed Trade receivables – considered good | 5,508.46 | 638.79 | 174.13 | 206.62 | 87.14 | 22.95 | 6,638.09 |
| (ii) Undisputed Trade Receivables – considered doubtful | - | - | - | - | - | - | - |
| (iii) Disputed Trade Receivables – considered good | - | - | - | 232.43 | 133.91 | 277.31 | 643.65 |
| (iv) Disputed Trade Receivables – considered doubtful | - | - | - | - | - | - | - |

NOTE 33: CFO

The Financials are not signed by the CFO as the incumbent CFO resigned from the company effective 6-Apr-2023. Company is actively recruiting and in the process of appointing a new CFO in his place.

Note 34:

A reconciliation of the income tax and deferred tax expenses to the amount computed by applying the statutory income tax rate to the profit before income taxes is summarized below:

₹ in lakhs

| Particulars | 2022-23 | 2021-22 |
|--|----------------|-----------------|
| Current tax | | |
| Current Tax on taxable income for the year | 200.49 | 221.11 |
| Total current tax expense | 200.49 | 221.11 |
| Deferred Tax | | |
| Deferred tax charge/(credit) | (54.69) | (132.25) |
| MAT Credit (taken)/utilised | - | - |
| Total deferred income tax expense/(benefit) | (54.69) | (132.25) |
| Tax in respect of earlier years | - | - |
| Total income tax expenses | 145.80 | 88.86 |

| Particulars | 2022-23 | 2021-22 |
|---|---------------|---------------|
| Enacted income tax rate in India applicable to the Company | 27.82% | 27.82% |
| Profit before tax | 506.63 | 402.12 |
| Current tax expenses on Profit before tax expenses at the enacted income tax rate in India | 140.95 | 111.87 |
| Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income | | |
| Permanent Disallowances | 3.50 | 6.93 |
| Depreciation (net effect) | (62.41) | (110.66) |
| Deduction under section 43B of the Income Tax Act | 7.73 | (53.05) |
| Tax in respect of earlier years | - | - |
| Income exempted from income taxes | - | - |
| Other items | 56.04 | 133.78 |
| OCl Items | | |
| Total income tax expenses/(credit) | 145.80 | 88.86 |

Notes to financial statements

for the year ended March 31, 2023

Note 35 Previous Year's figures have been regrouped wherever necessary to make them comparable with those of the current year.

As per our attached report of even date.

FOR M/S K.S AIYAR

Firm Registration Number : 100186W
Chartered Accountants

RAJESH JOSHI

(Partner)
Membership Number : 038526

Pune: 30.05.2023

For and on behalf of the board of directors

ROHINI G. KALYANI
Executive Chairperson
(DIN:00519565)

ABHIJIT SEN
Director
(DIN:00002593)

ANIRUDDHA HUBLIKAR
Company Secretary

Pune: 30.05.2023

Pune: 30.05.2023

REGISTERED OFFICE

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'C' Wing, 1st Floor, Opp. Bund Garden,
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