

Good morning ladies and gentlemen,

The financial year 2023-2024 has been transformative, marked by significant milestones, including a major development that will shape our future trajectory. Pursuant to the Order passed by the Hon'ble NCLT, Mumbai on 24 July 2024 and after completing necessary formalities with the MCA, the Scheme of Arrangement and Merger has become operative effective from 1 April 2023. ISMT Limited stands merged into the Company from 8 August 2024. As per the Share Exchange ratio, 2.49 Crores equity shares of ₹ 5 each have been allotted to those shareholders of ISMT Limited as of the Record Date of 6 August 2024. BSE Limited has granted on 19 September 2024 the listing approval for aforesaid equity shares and the trading at the stock exchange is expected to commence in this week.

Integration of ISMT's seamless tube manufacturing capabilities with expertise of KFIL in pig iron and foundry-grade castings will enhance products portfolio and market reach. This strategic move will enable us to better serve our customers, optimise operations and drive sustainable growth.

### **Highlights of merged financial results for FY 2023–2024**

Post-merger, the Board at its meeting held on 9 August 2024 has approved merged and consolidated financial statements for the financial year ended 31 March 2024 and recommended the same for adoption by the Members of the Company.

Highlights of merged financial results :

Total Income was ₹ 6,157 Crores as compared to ₹ 6,450 Crores for the previous financial year.

Profit before tax was ₹ 476 Crores as compared to ₹ 619 Crores for the previous financial year with a decrease of around 23 percent.

Profit after tax was ₹ 321 Crores as compared to ₹ 439 Crores for the previous financial year with a decrease of around 26 percent.

### **Operational Performance for FY 2023–2024**

During the financial year, sale value of pig iron was ₹ 1,805 Crores as against ₹ 2,036 Crores in previous year.

Sale value of castings was ₹ 1,508 Crores as against ₹ 1,673 Crores in previous year.

Sale value of tubes was ₹ 2,064 Crores as against ₹ 1,976 Crores in previous year.

Sale value of steel was ₹ 534 Crores as against ₹ 556 Crores in previous year.

The Company continued to maintain the market leadership position in the domestic casting business. However, decrease in tractor demand affected the sales in this segment.

During the financial year, there was a reduction in sale realization of pig iron due to the market dynamics. Average realisation of pig iron was around ₹ 43,100 per MT as against ₹ 49,000 per MT in the previous year.

As regards tubes business, entry into new premium connections market resulted in increase in sales to oil and gas and projects sectors, which in turn resulted in higher sales realisation of seamless tubes.

During the financial year, fall in the scrap prices impacted the sales realisation of steel.

### **Update on customers**

During the year under review, the Company was successful in increasing the share of business from current customers and also developed new products to meet requirement of customers. Supply of machined castings increased and obtained successfully new orders in machined condition. Discussions initiated with new potential customers for catering to their casting needs.

The Company retained most tube customers and increased sales in the bearing and auto segments. Sales in the OCTG segment grew by thirty percent due to setting up of new heat treatment capacities and tender major orders from oil industry. The Company continues to strengthen relationships with existing customers and add new ones with tailored products.

### **Update on projects in progress**

The Company has been consistently maintaining its growth trajectory. Projects are mainly focused on capacity expansion and cost optimization in existing manufacturing plants.

Following major projects are in progress :

- Oxygen enrichment plant for both mini blast furnaces at Koppal.
- Expansion of machining capacity.
- New moulding line (phase II) at Solapur plant for enhancing castings capacity by additional 20,000 MT per annum.
- Installation of solar power plant.
- De-bottlenecking projects.

### **Safety, Health and Environment**

The Company believes that safety of employees is first and foremost priority and is committed to provide safe, healthy and environment friendly workplace. Training programs are conducted at regular intervals to update safety awareness and skills of employees.

New employees are provided with intensive safety induction training and on job training. All statutory requirements related to safety, health, environment and governance are being complied with.

### **Industrial relations**

Employer-employee relations were generally cordial during the financial year.

### **Corporate Social Responsibility**

The Company believes in working for the betterment and upliftment of the society. Corporate Social Responsibility (CSR) has been practiced over the years in the Company. Focus areas under CSR include Education, Health and Hygiene, Environment and Rural Development.

Various CSR activities have been carried out directly or through implementing agencies. Details of CSR activities are provided in the Annual Report.

### **Awards and Recognitions**

The Company received awards and recognitions viz. 'Genentech International EHS Awards – 2023', 'Greentech HR Award – 2023' and 'IIM National Sustainability Award'. Details of other recognitions / awards received have been provided in the annual report.

## **Dividend**

The Board of Directors at its meeting held on 7 March 2024 declared an Interim Dividend of ₹ 3 per equity share of ₹ 5 each (i.e. 60 percent). The Interim Dividend has been paid to the eligible Members on 28 March 2024.

Further, the Board of Directors at its meeting held on 9 August 2024 has recommended a Final Dividend of ₹ 2.50 per equity share of ₹ 5 each (i.e. 50 Percent) for approval of the Members at the AGM. Accordingly, total dividend for the financial year 2023-2024 aggregates to ₹ 5.50 per equity share of ₹ 5 each (i.e. 110 percent).

## **Changes in Directors**

Pursuant to provisions of the Companies Act, 2013 and rules thereof, myself and Mr. Alawani retire by rotation at the AGM. Both of us desire to retire as Directors and are not seeking reappointment. The Board has decided not to fill the vacancies caused due to retirement at the ensuing AGM or any adjournment thereof.

Mr. Mahesh Chhabria retires by rotation at the AGM and being eligible, offers himself for reappointment.

Upon recommendation of the Nomination and Remuneration Committee, the Board has coopted Mr. M. S. Srinivasan, Mr. N. B. Ektare, Mr. P. Rajashekhar and Mr. S. Rajagopalan as Additional Directors.

Considering expertise of Mr. Ektare in steel and tubes industry, the Board has appointed him as the Executive Director (Operations) for a term from 9 August 2024 to 9 March 2027 subject to the approval of the Members at the AGM.

Based on evaluation carried by the Nomination and Remuneration Committee, the Board recommends the appointment of Mr. M. S. Srinivasan, Mr. P. Rajashekhar and Mr. S. Rajagopalan as Independent Directors for first term and the reappointment of Mr. V. M. Varma as an Independent Director for another term, for approval of the Members at the AGM.

Mr. M. V. Kotwal, Independent Director retired on 9 October 2023 pursuant to the resolution passed by the Members at their AGM held on 11 August 2020. The Board places on record its sincere appreciation and recognition towards his valuable contribution and services.

### **Outlook for the financial year 2024–2025**

Following activities are proposed to be undertaken :

- Strategic planning to acquire mining assets in the auction of iron ore mines as and when declared by the Government.
- Commencement of operations of acquired mine.
- Expansion of machine shops and supply of castings in machined condition.
- Foundry expansion project at Solapur plant.
- Commencement of operations of solar plant to reduce power costs.
- Invest in in-house machining for casing and tubing to increase premium connection business.

### **Note of Gratitude**

I take this opportunity to thank all our customers, bankers, suppliers, vendors, trustees, advisors and stakeholders for their continued support. I would like to express my gratitude to the Government of India, State Governments and local authorities for their support and assistance.

I place on record my appreciation to the leadership of Mr. Gumaste, Mr. Ektare, Senior Management teams and the employees for their hard work and commitment.

Thank you.

Atul Kirloskar  
Chairman