

**BEFORE THE ADJUDICATING OFFICER
SECURITIES AND EXCHANGE BOARD OF INDIA
SETTLEMENT ORDER No. SO/JS/DP2025-26/7871-7873**

In respect of:

Sr. No.	Settlement Application No.	Name of the Applicant	PAN
1	7872/2024	Kalyani Steels Limited	AAACK7315D
2	7873/2024	BF Utilities Limited	AABCB7711M
3	7871/2024	Mrs. Deepti R Puranik	ABQPP0917J

In the matter of Kalyani Steels Limited

1. Securities and Exchange Board of India ('hereinafter referred to as '**SEBI**') received an examination report dated March 20, 2023 from National Stock Exchange of India Limited (hereinafter referred to as "**NSE**") in respect of Kalyani Group of Companies. The said examination report observed three listed companies of Kalyani Group made investments in various promoter group companies having 'nil' operations, negative net worth, etc., and impaired these investments either in the same year or within two to three years of making these investments. NSE further observed that the utilization of the funds received by the investee companies also appeared suspicious, as there were multi-layered investments by these companies in Potentially Indirectly Linked Entities (PILE) situated in India or abroad in the name of various projects.
2. Based on the aforesaid observations of NSE, SEBI conducted investigation to ascertain whether the investments made by Kalyani Steels Limited (hereinafter referred to as "**KSL/ Applicant No. 1**") and loans and advances granted by it to various companies, including BF Utilities Limited (hereinafter referred to as "**BFUL/Applicant No. 2**") and their subsequent impairment involves misuse or diversion of funds under the provision of Securities and Exchange Board of India Act, 1992 (hereinafter referred to as "**SEBI Act**"), SEBI (Prohibition of Fraudulent and Unfair Trade Practices) Regulations, 2003 (hereinafter referred to as "**PFUTP Regulations**") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "**LODR Regulations**"). Mrs. Deepti R Puranik was the Compliance Officer and the Company Secretary (hereinafter referred

to as “**Applicant No. 3**”) of Applicant No. 1 during the period of investigation. The period of investigation was Financial Year 2009-10 to Financial Year 2021-22 (hereinafter referred to as “**IP**”).

3. Based on the said investigation, SEBI initiated adjudication proceedings against the Applicant. The following were the findings of the investigation:

3.1. During the IP, Applicant No. 1 had made the following investments and also impaired some of the investments :

(Rs in crore)			
Sr. No.	Name of the company	Amount of investment	Amount of investment impaired
1	DGM Realities Private Limited (DGM)	136	-
2	Lord Ganesha Minerals Private Limited (LGMPL)	77.17	68.17
3	Kalyani Mining Ventures Private Limited (KMOVPL)	4.02	4.02
4	Kalyani Natural Resources Private Limited (KNRPL)	1.32	1.32
5	Kalyani Mukand Limited (KML)	1.005	1.005

3.2. The entities named in the table above and Applicant No. 2 qualify as related parties of Applicant No. 1 in the following manner:

Sr. No.	Name of the entity	Relationship with Applicant No. 1
1.	Applicant No. 2	Clause 10.3 of AS-18 defines control as direct or indirect ownership of more than one half of voting power of an enterprise. During FY 2015-16, Mr. Baba Kalyani and Mr. Amit Kalyani were common directors in both Noticee No.1 and BFUL. As both Applicant No. 1 and Noticee No. 2 were under the common control of Mr. Baba Kalyani, they shall be considered as related parties by virtue of indirect control of Mr. Baba Kalyani (promoter of Kalyani Group) through various promoter companies.
2.	DGM	In reply dated November 17, 2023 of Applicant No. 1, it was mentioned that DGM was incorporated by employees/nominees of Kalyani Group Companies and DGM and Applicant No. 1 are under common control. It was also mentioned that DGM was part of Kalyani Group since the date of its incorporation. In the Notes of examination, the officials of Applicant No. 1 admitted that since the shareholders of DGM (at the time of subscription of FCDs by Applicant No. 1) were nominees/employees of Kalyani Group, Noticee No.1 and DGM were related parties. Further, as admitted by Applicant No. 1, DGM and Applicant No. 1 were also under the common control of Kalyani Group.
3.	KSLHPL	Clause 10.3 of AS-18 defines control as direct or indirect ownership of more than one half of voting power of an enterprise. As KSLHPL and Applicant No. 1 were under the common control

Sr. No.	Name of the entity	Relationship with Applicant No. 1
		of Mr. Amit B. Kalyani and Mr. Baba Kalyani, they shall be considered as related parties by virtue of indirect control of these individuals (promoter of Kalyani Group) through various promoter companies over Applicant No. 1 and KSLHPL. Therefore, Applicant No. 1 and KSLHPL would be considered as related parties as per clause 49 of the listing agreement.
4.	KICL	Applicant No. 1 had disclosed KICL as its related party under AS-18, by virtue of common control in the FY 2015-16
5.	LGMPL	LGMPL was a subsidiary of Applicant No. 1 during FYs 2015-16, 2016-17 and 2017-18. Applicant No. 1 had disclosed LGMPL as its associate/subsidiary in its annual reports from 2007-08 onwards. Moreover, the employees of Kalyani Group Companies were the subscribers to the memorandum of LGMPL first shareholders of LGMPL and also first directors of LGMPL (Form 32 of Companies Act, 1956)
6.	KMVPL	As per the revised listing agreement, an entity shall be considered related to the Company if such entity is a related party under section 2(76) of the Companies Act, 2013 or such entity is a related party under the applicable accounting standards. As per section 2(76) (iv) of the Companies Act, 2013, related party with reference to a company means a private company in which a director or manager or his relative is a member or director. As Mr. Amit Kalyani was a common director in both Applicant No. 1, (a listed entity) and KMVPL (a private company), it can be stated that KMVPL was a related party of Applicant No. 1. At the time of transaction between KSL and KMVPL on March 24, 2016 (in FY 2015-16) Mr. Amit Kalyani was a common director in both these Companies.
7.	KNRPL	Clause 10.3 of AS-18 defines control as direct or indirect ownership of more than one half of voting power of an enterprise. Both Applicant No. 1 and KNRPL were under the common control of Mr. Baba Kalyani and Mr. Amit Kalyani, they shall be considered as related parties by virtue of indirect control of the aforesaid individuals (promoters of Kalyani Group) through various promoter companies.

A. Allegations with respect to Applicant No. 1:

- (a) Pursuant to examination of the transactions mentioned in para 3.1, it was alleged in the SCN that Applicant No. 1 violated clause 49(VII)(D) of the SEBI Circular CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 read with SEBI Circular

CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 read with regulation 103 of the LODR Regulations and section 21 of Securities Contracts (Regulation) Act, 1956 (hereinafter referred to as “**SCRA**”) by not taking prior approval of the audit committee for the following:

- a. Applicant No. 1 entered into a related party transaction with Applicant No. 2 on August 18, 2015 with respect to purchase of 0% Fully Convertible Debentures (FCDs) of DGM;
- b. Applicant No. 1 entered into a related party transaction with DGM on September 11, 2015 and November 30, 2015 with respect to subscription of 0% FCDs of DGM;
- c. Applicant No. 1 entered into a related party transaction with KSLHPL on October 01, 2015 with respect to purchase of equity shares of LGMPL from KSLHPL;
- d. Applicant No. 1 entered into a related party transaction with KICL on September 16, 2015 with respect to sale of Non-cumulative optionally convertible preference shares (NCOCPS) of LGMPL;
- e. Applicant No. 1 entered into a related party transaction with LGMPL on March 16, 2015 with respect to subscription of 1% Non-Convertible Redeemable Preference Shares (NCRPS) of LGMPL and during the FY 2014-15, with respect to grant of trade advances to LGMPL;
- f. Applicant No. 1 entered into a related party transaction with KMVPL on February 03, 2015, with respect to investment in 8% NCRPS of KMVPL;
- g. Applicant No. 1 entered into a related party transaction with KICL on August 13, 2015 with respect to sale of 8% NCRPS of KMVPL.

(b) It was further alleged that Applicant No. 1 violated regulation 23(2) of LODR Regulations read with section 21 of SCRA by not obtaining prior approval of its audit committee for the following transactions:

- a. Applicant No. 1 entered into related party transactions with LGMPL on March 23, 2016, February 23, 2017 and March 10, 2018, with respect to subscription to 1% NCRPS of LGMPL;

- b. Applicant No. 1 entered into related party transactions with LGMPL during the FY 2015-16, FY 2016-17 and FY 2017-18 with respect to grant of trade advances to LGMPL;
 - c. Applicant No. 1 entered into a related party transaction with KMVPL on March 24, 2016 with respect to investment in 8% NCRPS of KMVPL.
- (c) It was alleged that Applicant No. 1 did not place summary of following related party transactions before its audit committee and therefore, violated clause 49 (IV)(A)(i) of SEBI Circular SEBI/CFD/DIL/CG/1/2004 /12/10 dated October 29, 2004 read with regulation 103 of the LODR Regulations and section 21 of SCRA:
 - a. Related party transactions entered between Applicant No. 1 and KICL with respect to the ICDs borrowed by KSL from KICL, during the period December 27, 2013 to March 19, 2014;
 - b. Related party transactions entered with KSLHPL with respect to investment in 11% NCRPS of KSLHPL on July 31, 2012;
 - c. Related party transactions entered with KICL on March 27, 2014 with respect to sale of NCOCPS of LGMPL;
 - d. Related party transactions entered with LGMPL during FY 2006-07 with respect to grant of trade advances;
 - e. Related party transactions entered with KNRPL on September 05, 2014 with respect to its investment in 8% NCRPS of KNRPL.
- (d) Further, by not taking prior approval of its shareholders through special resolution with respect to the material related party transaction entered with DGM on September 11, 2015 and November 30, 2015, it was alleged that Applicant No. 1 had violated clause 49(VII)(E) of the SEBI Circular CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 read with SEBI Circular CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 read with regulation 103 of the LODR Regulations and section 21 of SCRA.
- (e) It was also alleged that by not making the quarterly disclosure of the material related party transactions entered with DGM on September 11, 2015 and

November 30, 2015 for the quarter ending September 30, 2015 and December 31, 2015, Applicant No. 1 had violated clause 49(VIII)(A)(1) of the SEBI Circular CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 read with SEBI Circular CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 read with regulation 103 of the LODR Regulations and section 21 of SCRA.

B. Allegations with respect to Applicant No. 2:

- (a) It was alleged that Applicant No. 2 violated clause 49(VII)(D) of the SEBI Circular CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 read with SEBI Circular CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 read with regulation 103 of the LODR Regulations and section 21 of SCRA by failing to take prior approval of its audit committee for the related party transaction entered with Applicant No. 1 on August 18, 2015 with respect to sale of 0% FCDs of DGM.
- (b) It was further alleged that Applicant No. 2 had violated clause 49(VII)(E) of the SEBI Circular CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 read with SEBI Circular CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 read with regulation 103 of the LODR Regulations and section 21 of SCRA by failing to take prior approval of its shareholders through special resolution with respect to the material related party transaction entered with Applicant No. 1 on August 18, 2015.
- (c) It was also alleged that Applicant No. 2 had violated clause 49(VIII)(A)(1) of the SEBI Circular CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 read with SEBI Circular CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 read with regulation 103 of LODR Regulations and section 21 of SCRA by failing to make quarterly disclosure of the material related party transactions entered with Applicant No. 1 on August 18, 2015 for the quarter ended September 30, 2015.

C. Allegations with respect to Applicant No. 3

- (d) From the annual reports of Applicant No. 1 for the financial years 2015-16, 2016-17 and 2017-18, it was observed that Applicant No. 3 was the Compliance Officer (**CO**) of Applicant No. 1. By virtue of being the CO of Applicant No. 1, she was

required to ensure conformity with the regulatory provisions applicable to Applicant No. 1 in letter and spirit, ensuring compliance with the rules, regulations and directives framed by SEBI, stock exchanges and ensuring that correct procedures have been followed that would result in correctness and authenticity of the statements and reports filed by Applicant No. 1 under the LODR Regulations.

(e) It was alleged that Applicant No. 3 had violated regulation 6(2)(a), (b) and (c) of LODR Regulations read with section 21 of SCRA on account of the following:

- a. Failed to obtain prior approval of audit committee for the related party transaction entered between Applicant No. 1 and LGMPL on March 23, 2016, February 23, 2017 and March 10, 2018;
 - b. Failed to obtain prior approval of audit committee for the related party transaction entered between Applicant No. 1 and LGMPL, during FY 2015-16, FY 2016-17 and FY 2017-18 with respect to grant of trade advances to LGMPL;
 - c. Failed to obtain prior approval of audit committee for the related party transaction entered between Applicant No. 1 and KMVPL on March 24, 2016 with respect to investment in 8% NCRPS of KMVPL.
4. Pursuant to reallocation of cases, the undersigned was appointed as the Adjudicating Officer (AO) in this matter vide communiqué dated April 04, 2025, under section 15-I of the SEBI Act read with rule 3 of SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 (hereinafter referred to as “Rules”), to inquire into and adjudge under the provisions of section 15HB of the SEBI Act for the aforementioned violations alleged to have been committed by Applicants.
5. A Show Cause Notice Ref. No. EAD-8/SKV/DP/17077/1-3/2024 dated May 16, 2024 (hereinafter referred to as “SCN”) was served upon the Applicants under section 15I of SEBI Act read with rule 4(1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties), 1995 (hereinafter referred to as “**Rules**”) and section 23-I of SCRA read with rule 4(1) of Securities Contracts (Regulation) (Procedure for Holding Inquiry and

Imposing Penalties), 2005 (hereinafter referred to as “**SCR Rules**”), to inquire into and adjudge under the provisions of section 15HB of the SEBI Act and section 23H of SCRA for the violations alleged to have been committed by the Applicants.

6. Pending adjudication proceedings, Applicants proposed to settle the instant proceedings initiated against them, without admitting or denying the findings of facts and conclusions of law, through a settlement order and accordingly filed settlement applications dated June 03, 2024 with SEBI in terms of the provisions of SEBI (Settlement Proceedings) Regulations, 2018 (hereinafter referred to as “**Settlement Regulations**”).
7. Pursuant to the meetings with the Internal Committee of SEBI on September 03, 2024 and August 26, 2025, November 11, 2025 in terms of the Settlement Regulations, the Applicants vide letter dated November 26, 2025, proposed Revised Settlement Terms. The High Powered Advisory Committee (hereinafter referred to as “**HPAC**”) in its meeting held on December 19, 2025, considered the settlement terms proposed and recommended that the case may be settled upon payment of ₹2,80,22,150/- (Rupees Two Crore Eighty Lakh Twenty Thousand and One Hundred Fifty only) payable by Applicant No. 1, ₹36,28,050/- (Rupees Thirty Six Lakh Twenty Eight Thousand and Fifty only) payable by Applicant No. 2 and ₹95,55,000/- (Rupees Ninety Five Lakh Fifty-Five Thousand only) payable by Applicant No. 3 as settlement amount towards the settlement terms.
8. In terms of regulation 14(3) of the Settlement Regulations, the recommendations of the HPAC were placed before the Panel of Whole Time Members of SEBI. The recommendations of the HPAC were accepted by the Panel of Whole Time Members. In view thereof, notice of the demand was issued to the Applicants on February 10, 2026. Subsequently, the Applicants remitted the said settlement amount on February 12, 2026. The credit of said amount has been confirmed by the concerned department of SEBI.
9. Therefore, in view of the acceptance of the settlement terms and the receipt of the settlement amount by SEBI, the instant adjudication proceedings initiated against the Applicants vide SCN Ref. No. EAD-8/SKV/DP/17077/1-3/2024 dated May 16, 2024,

is disposed of in terms of section 15JB of the SEBI Act and section 23JA of SCRA read with regulation 23(1) of the Settlement Regulations on the basis of the settlement terms.

10. This Settlement Order is, however, without prejudice to the right of SEBI to take actions under regulation 28 of the Settlement Regulations, including restoring or initiating the proceedings in respect to which the settlement order was passed against the Applicants, if –

- (a.) any representation made by the Applicants in the present settlement proceedings is subsequently found to be untrue;
- (b.) the Applicants have breached any of the clauses/conditions of undertakings/waivers filed during the present settlement proceedings;
- (c.) there was a discrepancy while arriving at the settlement terms.

11. This Settlement Order is passed on this 23rd day of February, 2026 and shall come into force with immediate effect.

12. In terms of regulation 25 of the Settlement Regulations, a copy of this order is being sent to the Applicants and also published on the website of SEBI.

**JAI
SEBASTIAN** Digitally signed by
JAI SEBASTIAN
Date: 2026.02.23
15:28:04 +05'30'

Date: February 23, 2026
Place: Mumbai

JAI SEBASTIAN
ADJUDICATING OFFICER