

# BOARD'S REPORT

The Members,

## AIA Engineering Limited

Ahmedabad

Your Directors take pleasure in submitting the 32nd Annual Report and the Audited Annual Accounts of the Company for the year ended 31 March, 2022.

### 1. FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	Year ended 31 March, 2022	Year ended 31 March, 2021	Year ended 31 March, 2022	Year ended 31 March, 2021
Revenue from Sale of Products	3,02,949.05	2,41,031.67	3,51,446.75	2,81,877.87
Other Operating Revenue	5,207.98	6,267.71	5,207.98	6,271.37
<b>Total Revenue from Operations</b>	<b>3,08,157.03</b>	<b>2,47,299.38</b>	<b>3,56,654.73</b>	<b>2,88,149.24</b>
<b>Other Income</b>	<b>26,968.81</b>	<b>14,480.71</b>	<b>15,629.01</b>	<b>17,219.59</b>
<b>Total Income</b>	<b>3,35,125.84</b>	<b>2,61,780.09</b>	<b>3,72,283.74</b>	<b>3,05,368.83</b>
Profit before Finance Cost, Depreciation & Amortisation and Tax Expenses	84,591.86	74,296.87	87,723.52	82,744.19
Finance Cost	363.24	398.52	385.04	429.31
Depreciation & Amortisation	8,983.90	9,097.06	9,211.63	9,350.09
<b>Profit Before Tax</b>	<b>75,244.72</b>	<b>64,801.29</b>	<b>78,126.85</b>	<b>72,964.79</b>
(i) Provision for Taxation (Current)	16,657.86	18,628.27	16,886.01	18,683.22
(ii) Deferred Tax	136.33	(2,317.16)	(720.96)	(2,289.07)
<b>Total Tax (i+ii)</b>	<b>16,794.19</b>	<b>16,311.11</b>	<b>16,165.05</b>	<b>16,394.15</b>
<b>Profit After Tax</b>	<b>58,450.53</b>	<b>48,490.18</b>	<b>61,961.80</b>	<b>56,570.64</b>
Non Controlling Interest	-	-	(6.29)	(41.55)
Net Profit after Non Controlling Interest	<b>58,450.53</b>	<b>48,490.18</b>	<b>61,968.09</b>	<b>56,612.19</b>
Other Comprehensive Income / (Loss) (Net of Tax) (After Minority Interest)	84.66	(273.17)	(2,423.57)	(2,302.17)
Total Comprehensive Income after Non-Controlling Interest	<b>58,535.19</b>	<b>48,217.01</b>	<b>59,544.52</b>	<b>54,310.02</b>

#### Standalone Operating Results:

During the year under review, the Revenue from operation of the Company is ₹ 3,08,157.03 Lakhs as compared to ₹ 2,47,299.38 Lakhs in the previous Financial Year. Exports Turnover registered in the same period is ₹ 2,35,241.37 Lakhs as against the Export Turnover of ₹ 1,90,226.76 Lakhs in the previous Financial Year.

During the year under review, Company has earned a Profit Before Tax (PBT) of ₹ 75,244.72 Lakhs and Profit After Tax (PAT) of ₹ 58,450.53 Lakhs as compared to PBT of ₹ 64,801.29 Lakhs and PAT of ₹ 48,490.18 Lakhs respectively in the previous Financial Year.

#### Consolidated Operating Results:

During the year under review, on a Consolidated basis, your Company (together with its Subsidiaries) has earned Revenue from Operations of ₹ 3,56,654.73 Lakhs as compared to ₹ 2,88,149.24 Lakhs in the previous Financial Year. Correspondingly, the Consolidated Profit After Tax (PAT) registered during the year under review is ₹ 61,968.09 Lakhs (After Minority Interest) as compared to PAT (After Minority Interest) of ₹ 56,612.19 Lakhs in the previous Financial Year.

### 2. DIVIDEND:

The Board of Directors are pleased to recommend a Dividend of ₹ 9/- (450%) per Equity Share of the face value of ₹ 2/- each amounting to ₹ 8,488.83 Lakhs for the Financial Year 2021-22.



## BOARD'S REPORT (Contd.)

The Dividend, if declared by the shareholders at the ensuing Annual General Meeting, will be paid to those Shareholders, whose names stand registered in the Register of Members as on 5 September, 2022. In respect of shares held in dematerialised form, it will be paid to the members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners.

### 3. SHARE CAPITAL:

The paid up Equity Share Capital of the Company as on 31 March, 2022 is ₹ 1,886.41 Lakhs. During the year under review, the Company has neither issued shares with differential voting rights nor granted stock option or sweat equity.

### 4. FINANCE:

Cash and cash equivalents as at 31 March, 2022 were ₹ 25,670.86 Lakhs. The Company continues to focus on judicious management of its Working Capital, Receivables, Inventories, while other Working Capital parameters were kept under strict check through continuous monitoring.

#### Capital Expenditure Outlay:

During the year under review, the Company has incurred Capex of ₹ 12,547.42 Lakhs.

#### Deposits:

During the year under review, the Company has neither accepted nor renewed any deposits within the meaning of Section 73 of the Companies Act, 2013.

#### Particulars of Loans, Guarantees or Investments:

During the year under review, Company has not provided any loan but it has provided a Guarantee covered under the provisions of Section 186 of the Companies Act, 2013. The details of Guarantees provided and Investments made by the Company are given in the notes to the Financial Statements.

#### Internal Financial Control and Audit:

The Company has a formal framework of Internal Finance Control (IFC) in alignment with the requirement of Companies Act, 2013 and has also laid down specific responsibilities on the Board, Audit Committee, Independent Directors and Statutory Auditors with regard to IFC.

Accordingly, the Company has a well-placed, proper and adequate IFC system, which ensures,

- The orderly and effective conduct of its business.
- 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.

The Board reviews the effectiveness of controls documented as part of IFC Framework and take necessary corrective actions wherever weaknesses are identified as a result of such review. This review covers entity level controls, process level controls, fraud risk controls and information technology environment.

Based on this evaluation, no significant events had come to notice during the year that have materially affected, or are reasonably likely to materiality affect, our IFC. The management has also come to a conclusion that the IFC and other financial reporting was effective during the year and is adequate considering the business operations of the Company. The Statutory Auditors of the Company has audited IFC with reference to Financial Reporting and their Audit Reports are annexed as Annexure B to both the Independent Audit Reports under Standalone Financial Statements and Consolidated Financial Statements.

The Company has detected that an employee of the Company has possibly committed a fraud by unlawful acquisition, possession and intentional misuse of confidential information related to certain Products of the Company.

An FIR has been filed with the office of Cyber Cell, Gujarat Police and the accused was arrested on 09.05.2022. Cyber Cell, Gujarat Police will take necessary action in the matter.

#### Related Party Transactions:

All the Related Party Transactions entered during the financial year were on an Arm's Length basis and were in the Ordinary Course of Business. There are no materially significant Related Party Transactions made by the Company with Promoters, Directors, Key Managerial Personnel (KMP) which may have a potential conflict with the interest of the Company at large.

## BOARD'S REPORT (Contd.)

Prior Omnibus approval of the Audit Committee is obtained on yearly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted were placed before the Audit Committee and the Board of Directors for their approval on quarterly basis. The details of Related Party Transactions entered by the Company are disclosed in Form AOC-2 – as per Annexure "A".

The Policy on Related Party Transactions as approved by the Board of Directors is uploaded on the website of the Company viz. <http://www.aiaengineering.com/finances/pdf/POLICYONRELATEDPARTYTRANSACTIONS.pdf>

### Credit Rating:

CRISIL has reaffirmed both the Long Term and Short Term rating of the Company as CRISIL AA+/Stable and CRISIL A1+, respectively.

Dun & Bradstreet Information India Private Limited (D & B) has evaluated the Company during September, 2021 and reassigned a Dun Bradstreet Rating of 5A I, which indicates that overall status of the Company is "Strong".

## 5. HUMAN RESOURCES:

The man power of the organisation is considered by the Company as one of its most valuable asset. The Company is of the firm opinion that growth and success by an organisation can only be achieved through proper utilisation of the skills and knowledge of its human resources. The Company acknowledges the contribution of its human resources in its growth and hence puts in every effort to create an environment conducive to active employee participation.

Just as all assets need to be managed and maintained, human resource management is also extremely important for optimum output and efficiency. The Company understands that human resource management is a scientific process and hence ensures that the right tools and techniques are deployed for proper development of human resources. The Company works in a very structured manner on this aspect and hence engages with some of the topmost agencies and consultants in this area.

Continuous improvement and skill upgradation has been a very important facet of the Company's philosophy. The Company has always looked at avenues of improvement and upgradation in all areas of functioning. Keeping in mind this philosophy, the Company has always encouraged training and

development of all its members in various areas of business. Right from technical and functional training, to managerial and behavioral training, the Company has continuously encouraged and organised programs and workshops to facilitate this. It is primarily for this reason, that there has been a continuous skill upgradation observed in the Company's human resources.

The Company has always been extremely concerned about the health and safety of its employees. It is only because of this, that the Company had remained extremely careful and taken all possible safety measures during the global pandemic. Sanitisation, fumigation, immunity drinks etc were continuously being arranged for good health and hygiene of the team members. Apart from this, yoga, mindfulness and meditation sessions were being organised for the well being of its employees. A task force team was also created to continuously monitor and support any challenge that might crop up in the organisation during the pandemic.

The Company also puts in a very scientific approach towards an employee lifecycle management, right from proper induction, training, skill development to offering a career road map and succession planning. The Company also ensures that appraisals and assessments are performance centric and hence follows a very objective performance based appraisal system.

While the Company has very sound and robust HR practices, it remains open to continuous improvement and upgradation. It is with this objective in mind, that it works with some of the best global consultants and agencies for various HR activities like talent acquisition, creating organisation structure etc. While maintaining the strong and deep rooted organizational philosophy and way of functioning, the Company has continuously kept on strengthening its human resources by bringing in talented and competent professionals who can facilitate and accelerate the Company's journey towards its vision.

## 6. MATERIAL CHANGES, TRANSACTIONS AND COMMITMENTS:

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the close of Financial Year on 31 March, 2022 to which the Financial Statements relates and the date of this Report.



## BOARD'S REPORT (Contd.)

### 7. BUSINESS PROSPECTS:

The Company continues to invest its resources in furthering its market share in the High Chrome mill internal market worldwide with specific focus on high growth in the mining sector. Thus, to a considerable extent, the future growth prospects of the Company are linked to making further inroads in mining industry.

The Company presently focuses on three mineral ore types that represent the biggest pie of the mineral grinding space. These are Iron, Gold and Copper. Annual replacement requirement of Grinding Media is estimated at around 2.5 million tons. Of this, less than 20% is currently converted to High Chrome while the balance is served by Forged Grinding Media. This represents a large potential opportunity to convert Forged Grinding Media to High Chrome.

Your Company has adopted a three pronged approach for capitalizing on this opportunity offered by the mining segment. The first and primary focus area is approaching various mines across the Globe on the basis of the Ware advantage and cost savings – that is to say wherever the mining conditions are such that usage of High Chrome Grinding Media in place of Forged Grinding Media can offer a considerable cost saving, the Company approaches such mines with primary focus on such cost savings. The second approach is focused on the Down Process advantage – that is to say the benefits which the usage of High Chrome Grinding Media can offer in the beneficiation process which has the potential of reduction of consumption of certain expensive and environmentally harmful consumables/reagents and also improve the recovery of the final ore, which is particularly relevant for copper and gold mines. Lastly, the Company is also offering a unique High Chrome mill lining solution based on a Patented design, which offers significant benefits in the form of improving grinding efficiency, and therefore the throughputs; and also significant reduction in the power cost.

Your Company believes that with the capability of offering such comprehensive solutions relating to grinding and crushing in the mining space, your Company is perhaps the only Company in the world who has all such capabilities under one roof and is therefore now in a unique position so as to convert a significantly large portion of the opportunity offered by the mining space and get a prominent market share in longer term.

The Company has consciously made efforts to target multiple ores and spread its presence across all major mining centers like North America, Latin America, Australia, Africa, and Far East Asia, etc. thereby diversifying its risks significantly. On account of this, downturn in any one commodity or political and other issues in any one country will not materially impact the Company. During last few years, your Company has steadily increased its presence in the major mining groups across the globe. Given the current lower level of penetration of High Chrome Consumables in the mining segment as against the total requirement which is currently serviced by Forged Media, the Company has aggressive growth plans so as to capitalise upon the available opportunity in the mining segment and the vision is to emerge as the leading global solution provider in this segment. While the main focus of the Company in mining segment is outside India, your Company also has a major share of the domestic mining demand and shall be able to capture incremental demand as and when the same arises.

The process of conversion of a mine from the conventional Forged Grinding Media to High-Chrome Grinding Media involves significant engagement with the customers. A major portion of this exercise is required to be carried out at the customer's site in physical mode. Due to the impact of Covid-19 pandemic, unfortunately your Company's personnel could not travel to the customers' locations during F.Y. 2020-21 and also practically upto H1 F.Y. 2021-22. However, fortunately the travel restrictions were largely lifted and normal travel has resumed during H2 F.Y. 2021-22 which has enabled your Company to take forward the process of new customer acquisition with full force from H2 F.Y. 2021-22. As you might be aware, every single Mining location represents a separate customer requiring special focus and attention and the entire process of developing a customer – i.e. a new Mine can take anywhere between 1 to 2 years or even longer given the high degree of customisation required in developing a solution for a given Mine. Due to onset of Covid-19 this process had come to a halt because of the travel restrictions as mentioned above. But now since the process has resumed your Company is confident that given the unique strength of the solutions your Company should be able to increase the volume of sales by adding regularly new Mining customers on a sustainable basis.

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Thus, the medium to long term prospects for your Company remain absolutely intact.

Cement market continues to remain flat on a global basis as well as in India. Your Company is happy to inform that it continues to maintain market share and continues to make investments in new alloys, designs and process improvements which will ensure that it continues to be a preferred supplier to Cement Companies worldwide. Your Company is happy to inform that from F.Y. 2021-22 the Cement Industry worldwide has started growing thanks to the resumption of the Capex programmes in Industrial as well as Infrastructure space across the world. Though the relative consumption of your Company's wear parts in Cement industry is much lower as compared to Mining, still your Company feels that there should be some growth coming in the Cement Industry volumes in the coming years, matching with the rate at which there is an overall growth in this segment.

In the Utility sector (Coal Thermal Power Plants), which is driven largely by the domestic market, your Company continues to enjoy a niche position. The Company will strive to maintain a steady growth rate in this particular segment matching with the rate at which the sector grows.

### 8. FUTURE EXPANSION:

The Company's current capacity stands at 3,90,000 MT of annual production of High Chrome Mill Internals.

The Company has started implementing a greenfield facility at Kerala GIDC near Ahmedabad to manufacture 50,000 MT of "Mill Linings" at a cost of ₹ 250 Crores and is estimated to be commissioned in Q2 of F. Y. 2022-23.

In line with earlier estimates, the Company has decided now to start the second phase of the Grinding Media Greenfield capacity expansion of 80,000 MT at GIDC Kerala, Ahmedabad at a cost of ₹ 200 Crores. This new expansion will be done in two phases.

The Company has plan to invest in renewable energy by investing ₹ 55 Crores in Hybrid Project consisting of 2 WTG of 2.1 MW each and 3.78 MW of Solar. The project is expected to be commissioned by 31 March, 2023.

The Company plans to fund all above Capex from its internal cash accruals.

### 9. SUBSIDIARY COMPANIES:

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statements of Subsidiary Companies in Form AOC 1 is given as Annexure "B".

The Company will make available the Annual Accounts of the Subsidiary Companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The Annual Accounts of the Subsidiary Companies will also be kept open for inspection at the Registered Office of the Company. The Consolidated Financial Statements presented by the Company include financial results of its Subsidiary Companies.

The separate Audited Financial statements in respect of each of the Subsidiary Companies are also available on the website of your Company at <http://www.aiaengineering.com/financials.php>.

### 10. INSURANCE:

The Company has taken adequate insurance coverage of all its Assets and Inventories against various types of risks viz. fire, floods, earthquake, cyclone, etc.

### 11. INDUSTRIAL RELATIONS (IR):

The Company continues to maintain harmonious industrial relations. Company periodically reviews its HR policies and procedures to aid and improve the living standards of its employees, and to keep them motivated and involved with the larger interests of the organisation. The Company has systems and procedures in place to hear and resolve employees' grievances in a timely manner, and provides avenues to its employees for their all-round development on professional and personal levels. All these measures aid employee satisfaction and involvement, resulting in good Industrial Relations.

### 12. CORPORATE GOVERNANCE:

In line with the Company's commitment to good Corporate Governance Practices, your Company has complied with all the mandatory provisions of Corporate Governance as prescribed in Regulations 17 to 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations").

A separate report on Corporate Governance and Practicing Company Secretary's Report thereon is included as a part of the Annual Report.

### 13. MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA):

MDA Report covering details of Operations, International Markets, Research and Development, Opportunities and Threats etc. for the year under review is given as a separate statement, which forms part of this Annual Report.



## BOARD'S REPORT (Contd.)

### 14. RISK MANAGEMENT:

In compliance with the provisions of Regulation 21 of SEBI LODR Regulations, the Board of Directors has constituted a Risk Management Committee. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

The Company has a robust Risk Management framework to identify, evaluate business risks and opportunities. Corporate Risk Evaluation and Management is an ongoing process within the Organisation. The Company has a well-defined Risk Management framework to identify, monitor and minimising/mitigating risks.

The Risk Management framework has been developed and approved by the senior management in accordance with the business strategy.

The key elements of the framework include:

- Risk Structure;
- Risk Portfolio;
- Risk Measuring & Monitoring and
- Risk Optimising.

The implementation of the framework is supported through criteria for Risk assessment, Risk forms & MIS.

### 15. POLICIES:

#### (a) Vigil Mechanism/Whistle Blower Policy:

The Company has adopted a Vigil Mechanism/Whistle Blower Policy through which the Company encourages employees to bring to the attention of Senior Management including Audit and Risk Management Committee, any unethical behavior and improper practice and wrongful conduct taking place in the Company. The brief details of such vigil mechanism forms part of the Corporate Governance Report.

#### (b) Policy on protection of Women against Sexual Harassment at Workplace:

In line with the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, the Company has adopted a policy for the same. The brief details of the said policy form part of the Corporate Governance Report of this Annual Report. The Company has not received any complaints in this regard.

#### (c) Code of Conduct to Regulate, Monitor and Report Trading by Insiders:

In Compliance with the SEBI (Prohibition of Insider Trading) Regulations, the Company has revised Model Code of Conduct of Insider Trading Regulations from time to time. The Company adopted the Code of Conduct to regulate, monitor and report trading by Designated Person(s) in order to protect the Investor's Interest. The details of the said Code of Conduct forms part of the Corporate Governance Report.

#### (d) Policy for Business Responsibility

In pursuance of Regulation 34 of SEBI LODR Regulations, top 1000 companies based on market capitalisation (calculated as on March 31 of every financial year) are required to prepare and enclose with its Annual Report, a Business Responsibility Report describing the initiatives taken by them from an environmental, social and governance perspectives. A separate report on Business Responsibility is annexed herewith as Annexure "C".

#### (e) Dividend Distribution Policy:

The Board of Directors had approved the Dividend Distribution Policy in line with SEBI LODR Regulations. The Policy is hosted on website of the Company at <http://www.aiaengineering.com/finances/policy.php>.

### 16. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

#### (a) Board of Directors and KMP:

The Board of Directors of the Company is led by the Independent – Non Executive Chairman and comprises eight other Directors as on 31 March, 2022, including one Managing Director, one Whole-Time Director, four Independent Directors (including one Woman Independent Director) and two Non-Executive Directors (other than Independent Directors).

All the Independent Directors of the Company have furnished declarations that they meet the criteria of Independence as prescribed under the Companies Act, 2013 and SEBI LODR Regulations.

Considering the integrity, expertise and experience (including the proficiency), the Board of Directors recommends the reappointment of the following

## BOARD'S REPORT (Contd.)

Directors at the ensuing Annual General Meeting:

- Mrs. Khushali Samip Solanki (DIN: 07008918), Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offered herself for re-appointment.
- Mr. Yashwant M. Patel (DIN: 02103312) will be re-appointed as a Whole-Time Director for a period of 5 consecutive years from 01.04.2022 to 31.03.2027. The Board on recommendation of Nomination and Remuneration Committee, has re-appointed him as a Whole-Time Director for a period of 5 consecutive years from 1 April, 2022 and proposed a resolution for member's approval at the ensuing Annual General Meeting.

As required under SEBI LODR Regulations amended from time to time, the information on the particulars of the Directors proposed for re-appointment has been given in the Notice of the Annual General Meeting.

### (b) Meetings:

During the year under review, Four Board Meetings and Five Audit Committee meetings were convened and held. The detail of composition of Audit Committee is as under:-

Mr. Sanjay S. Majmudar, Chairman

Mr. Rajendra S. Shah, Member

Mr. Bhadresh K. Shah, Member

Mr. Rajan R. Harivallabhdas, Member

All recommendations made by the Audit Committee during the year were accepted by the Board.

The details of Composition of all Committees and dates of the meetings are given in the Corporate Governance Report. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013 and SEBI LODR Regulations.

### (c) Committees of the Board of Directors:

In compliance with the requirement of applicable laws and as part of the best governance practice, the Company has following Committees of the Board as on 31 March, 2022.

- Audit Committee
- Stakeholders' Relationship Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Risk Management Committee

The details with respect to the aforesaid Committees are given in the Corporate Governance Report.

### (d) Board Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and SEBI LODR Regulations, the Board has carried out an Annual Performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

### (e) Familiarisation Program for Independent Directors:

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying them in their appointment letter along with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. The Company has through presentations at regular intervals, familiarised and updated the Independent Directors with the strategy, operations and functions of the Company and Engineering Industry as a whole. The details of such familiarisation programmes for Independent Directors is posted on the website of the Company and can be accessed at <http://www.aiaengineering.com/finances/corporategovernance.php>.

### (f) Remuneration Policy:

The Board has on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management Personnel and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report which is a Part of the Board's Report. The detailed Policy is placed on the website of the Company at [http://www.aiaengineering.com/finances/pdf/Nomination\\_Remuneration\\_Policy.pdf](http://www.aiaengineering.com/finances/pdf/Nomination_Remuneration_Policy.pdf).



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### (g) Directors' Responsibility Statement:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Clause (c) of Sub-section (3) of Section 134 of the Companies Act, 2013, which states that—

- (i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the Annual Accounts on a going concern basis;
- (v) the Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 17. AUDITORS:

#### Statutory Auditors:

BSR & Co. LLP, Statutory Auditors of the Company have been appointed as Statutory Auditor of the Company for a period of five years in 27th Annual General Meeting of the shareholders of the Company held on 14 August, 2017.

The term of existing Statutory Auditors gets completed on conclusion of 32nd Annual General Meeting of the

Company in terms of the said approval and Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rule, 2014. As their term will expire on conclusion of 32nd Annual General Meeting, the Audit Committee and the Board of Directors at their meetings held on 25 May, 2022, after considering various parameters and subject to approval of the shareholders, recommended the re-appointment of BSR & Co. LLP, Chartered Accountants (Firm Registration 101248W/W-100022) as Statutory Auditors, for a further term of 5 (five) consecutive years commencing from conclusion of this 32nd Annual General Meeting till the conclusion of 37th Annual General Meeting. The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditor' Report does not contain any qualification or reservation. There is also no fraud has been reported by the Auditors in their Audit Report for the year ended 31 March, 2022.

The Report given by the Auditors on the Financial Statements of the Company is part of this Report. There has been no qualification, reservation, adverse remark or disclaimer given by the Auditors in their Report.

#### Internal Auditors:

The Board of Directors at the recommendations of the Audit Committee appointed Talati & Talati LLP, Chartered Accountants as Internal Auditors of the Company and ADCS & Associates, Chartered Accountants as Internal Auditors for its Nagpur Unit for the Financial Year 2022-23.

#### Cost Auditors:

The Cost Auditors has filed the Cost Audit Report for the Financial Year ended 31 March, 2021 before 30 September, 2021.

The Board of Directors on the recommendation of the Audit Committee has re-appointed Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as the Cost Auditors of the Company to conduct the audit of the cost accounting records of the Company for the Financial Year 2022-23. As required under the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be placed before the members of the Company for their ratification at the ensuing Annual General Meeting. Accordingly, a resolution seeking member's ratification to the remuneration payable to Kiran J. Mehta & Co.,



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Cost Accountants, Ahmedabad is included in the Notice convening the 32nd Annual General Meeting.

**Secretarial Auditors:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed, Mr. Tushar M. Vora, Practising Company Secretary (FCS-3459, C.P. No. 1745), Ahmedabad to conduct a Secretarial Audit of the Company's Secretarial and related records for the year ended 31 March, 2022.

The Report on the Secretarial Audit for the year ended 31 March, 2022 is annexed herewith as Annexure "D" to this Board's Report. There were no qualification/ observations in the report.

**18. PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The additional information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo, stipulated under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith to this report.

**19. CONSOLIDATED FINANCIAL STATEMENTS:**

The Consolidated Financial Statements of the Company prepared in accordance with relevant Indian Accounting Standards (Ind AS) viz. Ind AS-27, Ind AS-28 and Ind AS-110 issued by the Ministry of Corporate Affairs, form part of this Annual Report.

**20. ANNUAL RETURN:**

In accordance with the provisions of Section 92(3) of the Act, Annual Return of the Company as on 31 March, 2022 is hosted on website of the Company at [http://www.aiaengineering.com/financial\\_reports/ANNUALRETURN21\\_22.pdf](http://www.aiaengineering.com/financial_reports/ANNUALRETURN21_22.pdf).

**21. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

As per the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the amount required to be spent on CSR activities during the year under review, is ₹ 1,245.33 Lakhs and the Company has spent ₹ 1,233.21 Lakhs during the Financial Year ended 31 March, 2022. The shortfall of ₹ 12.12 Lakhs in the spending during the year under report will be transferred to the Fund specified under Schedule VII

of the Companies Act, 2013 on or before 30.09.2022. The requisite details of CSR activities carried by the Company pursuant to Section 135 of the Companies Act, 2013 is annexed as Annexure "E".

The composition and other details of the CSR Committee is included in the Corporate Governance Report which form part of the Board's Report.

**22. PARTICULARS OF EMPLOYEES:**

The information required pursuant to Section 197 of Companies Act, 2013 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is annexed as Annexure "F". The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate Annexure forming part of this report. Further, the Report and the Accounts are being sent to the members excluding the aforesaid Annexure. In terms of Section 136 of the Act, the said Annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

**23. ENVIRONMENT, HEALTH AND SAFETY:**

We at AIA Engineering Limited are committed to promote occupational health of our staff and workers and, prevent accident and injuries during the operations. We are continually improving occupational safety and environmental protection and the environmental compatibility. Wherever feasible, we are committed to conserve resources and to take advantage of opportunities for recycling. Internally, we use the best available technology for occupational safety and environmental protection when putting new investment into our units.

Company's policies and practices for environmental protection including use of clean technologies, resource conservation resulted in reduction, recycling, and reuse initiatives that contributed to lowering the adverse environmental footprint. We also remain deeply committed to the cause of environmental protection.

Our manufacturing divisions have instituted internationally accepted Quality Management Systems based on ISO 9001: 2015. Our Grinding Media foundries



## BOARD'S REPORT (Contd.)

located at Moraiya and Kerala GIDC have been integrated with ISO 14001: 2015 Environmental Management System and ISO 45001 : 2018 Occupational Health & Safety Management Systems.

### 24. SECRETARIAL STANDARDS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.

### 25. ACKNOWLEDGEMENT:

Your Directors would like to express their appreciation for the assistance and co-operation received from the Company's customers, vendors, bankers, auditors, investors and Government bodies during the year under review. Your Directors place on record their appreciation of the contributions made by employees at all levels. Your Company's consistent growth was made possible by their hard work, solidarity, co-operation and support.

For and on behalf of the Board,

**RAJENDRA S. SHAH**

Chairman

(DIN:00061922)

Place: Ahmedabad

Date: 25 May, 2022

**BOARD'S REPORT (Contd.)****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO  
[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]****A) CONSERVATION OF ENERGY:**

1. Effective usages of machine leading to energy savings of 4,85,681 Units.
2. Technology up gradation as mentioned below leading to energy savings of 11,33,400 Units :-
  - 2,76,524 Unit saved by replacing conventional sodium vapour light with LED light.
  - 21,200 Unit saved by using 30 KW fan in Heat treatment tempering process instead of 200 KW blowers.
  - 8,07,360 Unit saved by installation of Variable Frequency Drives in Fume Extraction System.
  - 28,316 Unit saved by operation of certain product handling equipment & cooling tower through Variable Frequency Drive.
3. Reduction of 20 units/ton of Liquid Metal in Grinding Media plant by efficient usage of furnaces was resulted in saving of 23,31,687 Units.
4. By improved temperature & pressures settings in coil cooling pump & compressor, Company saved 5,41,678 Units.

**Renewable Energy:**

By Installing 9 of 2.10 MW and 2 of 2.70 MW Wind Energy Turbines at the Kutch and Jamjodhpur sites, Company was able to meet 17% of its total electricity requirement through renewable energy sources during the Financial Year 2021-22.

**(I) POWER & FUEL CONSUMPTION:**

Particulars	For the Year ended 31 March, 2022	For the Year ended 31 March, 2021
Electricity		
a) Purchased Units (in Lakhs)	3,522.12	3,333.60
Total Amount (₹ in Lakhs)	24,447.90	22,125.70
Rate/Unit (₹)	6.94	6.64
b) Own Generation		
Through Diesel Generator Unit	1,77,254	1,41,953
Unit per Litre of Diesel Oil	1.91	1.95
Cost/Unit (₹)	46.76	38.35
c) Through Steam Turbine/Generator Units		
Units per Litre Of Fuel/Oil/Gas	NA	NA
Cost/Unit (₹)	NA	NA
d) Coal (Specify Quantity and where used)		
Quantity (in Tons)	NA	NA
Total Cost (₹)	NA	NA
Average Rate(₹)	NA	NA
e) Light Diesel Oil/c9		
Quantity (in Litres)	5,64,012.98	7,16,877.97
Total Amount (₹ Lakhs)	265.04	247.70
Average Rate (₹)	46.99	34.55
f) Others/Internal Generation PNG		
Quantity Unit (SCM)(In Lakhs)	121.60	117.43
Total Cost (₹ Lakhs)	7,231.40	4,815.31
Rate/Unit (₹)	59.47	41.09



## BOARD'S REPORT (Contd.)

### (II) CONSUMPTION PER UNIT OF PRODUCTION:

(₹ in Lakhs)

Particulars	For the Year ended 31 March, 2022	For the Year ended 31 March, 2021
Product:		
Casting Unit (Tonnes)	2,68,870.37	2,48,422.21
Electricity per Ton of Castings(Units)	1,310.63	1,342.48

### B) TECHNOLOGY ABSORPTION:

#### RESEARCH & DEVELOPMENT (R & D)

##### a) Specific areas in which R & D carried out by the Company.

- Development of new alloys for Grinding Media used in mining industry.
- Effect of using High Chrome Media in place of Steel Forged Balls on improvement in mineral recoveries.

##### b) Benefits derived as a result of the above R & D.

- New alloys of Grinding Media are expected to be more cost effective at customer's end.
- Improvement in mineral recovery by replacing Forged Balls by High Chrome Media will add value at customer's end.

##### c) Future plans of action.

Continue to introduce solutions which are cost effective and add value at customer's end.

##### d) Expenditure on R & D

1. Capital - Nil
2. Recurring - Nil
3. Total - Nil
4. Total R & D expenditure as percentage of total turnover – Nil

### C) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts in brief made towards technology absorption, adaptation and innovation.

- Grinding ball charge optimisation through comminution experiments/study in the laboratory.

2. Benefits derived as a result of the above efforts.

- Ball charge optimisation will help in increasing grinding efficiency and getting desired size distribution of material being ground at customer's end.

3. Imported technology.

Nil

4. Foreign Exchange Earnings and Outgo:

(₹ in Lakhs)

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
i) Total Foreign exchange used	47,799.09	34,718.73
ii) Total Foreign exchange earned	2,35,278.39	1,90,287.12

For and on behalf of the Board,

**RAJENDRA S. SHAH**

Chairman

(DIN:00061922)

Place: Ahmedabad

Date: 25 May, 2022

# ANNEXURE-"A"

## FORM NO.AOC-2

[Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Companies Act, 2013 and Rules 8 (2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of Contracts/Arrangements entered into by the Company with the 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:

i)	Name (s) of the Related Party and nature of Relationship	None
ii)	Nature of contract/arrangement/transactions	
iii)	Duration of contract/arrangements/transactions	
iv)	Salient Terms of contract/arrangements/transactions including the value if any	
v)	Justification for entering into such contracts or arrangements or transactions	
vi)	Date(s) of approval by the Board	
vii)	Amount paid as Advances, if any	
viii)	Date on which the special resolution was passed in general meeting under first proviso to Section 188 of Companies Act, 2013	

### 2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS AT ARM'S LENGTH BASIS:

i)	Name (s) of the Related Party and nature of Relationship	Vega Industries (Middle East) FZC, a Wholly-Owned Subsidiary of the Company.	Welcast Steels Limited, a Subsidiary Company of the Company.
ii)	Nature of contract/ arrangement/transactions	Distribution Agreement	Contract Manufacturing Agreement
iii)	Duration of contract/ arrangements/transactions	Till the Agreement is mutually terminated	5 Years from 1 January, 2019.
iv)	Salient Terms of contract/ arrangements/transactions including the value if any	Vega Industries (Middle East) FZC is a Global Distributor for the operations of the Company in the international market including helping in developing and formulating the global market strategy, identifying and tracking the customers leads and converting the same into offers and firm orders, co-ordinating with the Company to ensure timely delivery of orders and also providing the support in relation to inventory and debtors management.	Welcast Steels Limited manufactures Grinding Media of different grades for AIA Engineering Limited ("AIA") according to the Purchase Orders placed by AIA from time to time as per the technical specifications and using the technical knowhow provided by the AIA.
v)	Justification for entering into such contracts or arrangements or transactions	In order to optimise the Company's sales outside India, Vega Industries (Middle East) FZC acts as Global Distributor of the Company.	The Contract Manufacturing Arrangement was entered to fully utilise the installed capacity of Welcast Steels Limited.
vi)	Date(s) of approval by the Board	Approval of the Board is not required under Section 188(1) of the Companies Act, 2013.	27 May, 2019
vii)	Amount paid as Advances, if any	NIL	NIL

For and on behalf of the Board,

Place: Ahmedabad  
Date: 25 May, 2022

**RAJENDRA S. SHAH**  
Chairman  
(DIN:00061922)



# ANNEXURE-“B”

## FORM NO.AOC-1

[Pursuant to first proviso to Sub-Section (3) of Section 129 of the Companies Act, 2013 and Rules 5 of Companies (Accounts) Rules, 2014]

### Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures

#### Part – “A”: Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹ Lakhs)

Name of the Subsidiary	Welcast Steels Ltd. - Ahmedabad	AIA CSR Foundation- Ahmedabad	Vega Industries (Middle East) FZC - UAE	Vega Industries Ltd. – UK	Vega Industries Ltd. – USA	Vega Steel Industries (RSA) (Pty) Ltd. - South Africa	Wuxi Vega Trade Co. Ltd. - China	PT Vega Industries Indonesia - Indonesia	VEGA Industries Chile SPA - Chile	AIA Ghana Ltd. Ghana	VEGA Industries Australia Pty Ltd. - Australia
The date since when subsidiary was acquired	28.09.2005	23.10.2015	20.12.2003	31.10.2004	31.10.2004	25.03.2009	28.08.2010	31.07.2015	22.05.2017	01.03.2018	12.06.2018
Reporting period for the subsidiary concerned, if different from the Holding Company's period.	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022
	INR	INR	USD	GBP	USD	ZAR	CNY	IDR	CLP	GHS	AUD
			BS-75.9005	BS-100.2797	BS-75.9005	BS-5.1916	BS-11.9695	BS-0.0053	BS-0.0966	BS-10.1403	BS-56.9055
			PL-74.5090	PL-102.4573	PL-74.5090	PL-5.0897	PL-11.6234	PL-0.0052	PL-0.0960	PL-12.3536	PL-54.7343
Share Capital	63.84	1.00	246.58	9.47	37.94	0.013	227.62	151.74	80.42	758.72	0.05
Reserves & Surplus	3,188.39	-	20,920.24	1,212.29	1,417.75	115.07	35.49	(135.50)	(129.57)	(2,391.18)	254.69
Total Assets	4,290.74	614.45	1,40,764.44	3,274.13	41,094.22	1,885.85	1,864.62	5,703.97	4,833.77	12,900.99	26,535.40
Total Liabilities	1,038.51	613.45	1,25,344.40	2,089.86	39,637.99	1,770.73	1,601.41	5,687.72	4,882.93	14,534.06	26,280.56
Investments	-	-	5,754.78	37.94	-	-	-	-	-	-	-
Turnover	8,597.02	-	2,88,082.04	14,655.48	50,065.65	5,936.62	2,448.81	7,544.83	5,070.51	17,626.95	30,948.21
Profit Before Taxation	(53.77)	-	12,592.13	40.05	448.42	40.09	(22.73)	42.27	171.78	(2,606.89)	337.02
Provision for Taxation	(4.63)	-	-	7.90	89.17	16.16	-	-	-	13.24	101.11
Profit After Taxation	(49.14)	-	12,592.13	32.15	359.25	23.93	(22.73)	42.27	171.78	(2,620.12)	235.91
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
% of Shareholding	74.85%	100%	100%	100% by Vega ME	100% by Vega UK	74.63% by Vega ME	100% by Vega ME	99% by Vega ME & 1% by AIA	100% by Vega ME	100% by Vega ME	100% by Vega ME

(a) Names of Subsidiaries which are yet to commence operations: NIL

(b) Names of Subsidiaries which have been liquidated or sold during the year: NIL

**ANNEXURE-“B” (Contd.)**
**Part – “B”: Associates & joint ventures**

Sr. No.	1	2	3	4	5
Name of Associates/Joint Ventures					
Latest Audited Balance Sheet Date					
Shares of Associates/Joint Ventures held by the Company on the year end					
I. No.					
II. Amount of Investment in Associate/Joint Venture					
III. Extend of holding %					
Description of how there is significant influence				None	
Reason why the Associate/Joint Venture is not consolidated					
Net Worth attributable to Shareholding as per latest audited Balance Sheet					
Profit/Loss for the year					
I. Considered in Consolidation					
II. Not considered in Consolidation					

(a) Names of Associates or Joint Ventures which are yet to commence operations : NIL

(b) Names of Associates or Joint Ventures which have been liquidated or sold during the year: NIL

**For and on behalf of the Board of Directors**

**AIA Engineering Limited** CIN: L29259GJ1991PLC015182

**BHADRESH K. SHAH**

Managing Director  
(DIN: 00058177)

**YASHWANT M. PATEL**

Whole-Time Director  
(DIN: 02103312)

**VIREN K. THAKKAR**

Chief Financial Officer

**S. N. JETHELIYA**

Company Secretary  
(ACS: 5343)

Place: Ahmedabad  
Date: 25 May, 2022

Place: Ahmedabad  
Date: 25 May, 2022



# ANNEXURE-“C”

## BUSINESS RESPONSIBILITY REPORT

### OVERVIEW

The Company serves the cement, power, mining and aggregates markets both national and international. In the international markets the Company markets its products under the brand name 'Vega', and as 'AIA' in the domestic market.

The Directors of AIA present the Business Responsibility Report (BRR) of the Company for the Financial Year ended on 31 March, 2022, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This BRR delineates AIA Engineering Limited endeavours to conduct business with responsibility and accountability towards all its stakeholders in keeping with the nine principles of the Government of India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business'. This BRR is in line with the format proposed by SEBI.

### Section A : General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L29259GJ1991PLC015182
2. Name of the Company: AIA Engineering Limited
3. Registered Office Address: 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad - 382410, Gujarat, India
4. Website: www.aiaengineering.com
5. E-mail Id: snj@aiaengineering.com
6. Financial Year: 2021-22
7. Sector that company is engaged in (Industrial activity code-wise):

Industrial Group	Description
243	High Chrome Alloy Castings including Grinding Media, Vertical Mill Parts and Ball Mill Liners.

8. The three key products that the Company manufactures are:
  1. Grinding media
  2. Vertical mill parts and
  3. Ball mill liners
9. Total number of locations where business activity is undertaken by the Company:
  - 9.1 Number of International locations: 9 (including offices)
  - 9.2 Number of National locations: 5 (including offices)
10. Markets served by the Company (Local/State/National/International): National & International

### Section B: Financial Details of the Company

1. Paid up Capital (₹): 1,886.41 Lakhs
2. Total Turnover (₹): 3,08,157.03 Lakhs
3. Total Profit after Taxes (including other comprehensive income)(₹): 58,535.19 Lakhs
4. Total spending on Corporate Social Responsibility (CSR) as percentage of Profit after Tax (%): 2.11% (₹ 1,233.21 Lakhs)
5. Expenditure on CSR Activities in 4 above is based on Section 135 of the Companies Act 2013, read with the Rules made thereunder, the Company's CSR initiatives includes:
  - Promoting Health Care including Preventive Health Care.
  - Promoting Education.
  - Ensuring Environmental Sustainability.
  - Protection of National Heritage, Art & Culture.
  - Eradicating Hunger & Development of Children.



## ANNEXURE-“C” (Contd.)

### Section C : Other Details

Sr. No.	Disclosure item	Response
1	Does the Company have any Subsidiary Company/ Companies?	The Company has 11 subsidiary companies (including step-down subsidiaries) as on 31 March, 2022. 1. Welcast Steels Limited, Ahmedabad 2. Vega Industries (Middle East) FZC.,UAE 3. Vega Industries Limited, UK 4. Vega Steel Industries (RSA) PTY Limited, RSA 5. Wuxi Vega Trade Co. Limited, China 6. Vega Industries Indonesia, PT, Indonesia 7. Vega Industries Limited, USA 8. AIA CSR Foundation, Ahmedabad 9. Vega Industries Chile, SpA, Chile 10. AIA Ghana Limited, Ghana 11. Vega Industries Australia Pty Limited, Australia
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Business Responsibility initiatives of the parent Company are applicable to the Subsidiary Companies to the extent that they are material in relation to the business activities of the subsidiaries.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with/participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities (less than 30%, 30-60%, more than 60%).	No

### Section D: BR Information

#### 1. Details of a Director responsible for BR:

Sr. No	Particulars	Details
1	DIN Number (if applicable)	00058177
2	Name	Mr. Bhadresh K. Shah
3	Designation	Managing Director
4	Telephone Number	(079)6604 7811
5	E-mail Id	snj@aiaengineering.com

#### 2. Principle-wise (as per NVGs) BR Policy/Policies (Reply in Y/N):

At AIA Business Responsibility is guided by India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' which articulates nine principles as below:

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees.
Principle 4 (P4)	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
Principle 5 (P5)	Businesses should respect and promote human rights.
Principle 6 (P6)	Businesses should respect, protect, and make efforts to restore the environment.
Principle 7 (P7)	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner.



## ANNEXURE-"C" (Contd.)

All the nine principles as articulated in India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' are covered by policies of AIA as outlined in the table below:

### BR Policies and coverage of NVG nine principles:

Sr. No.	Questions	Business Ethics	Product Responsibility	Welfare of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Value to customers
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for:	Y	N	Y	N	Y	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y		Y		Y	Y		Y	Y
3	Does the policy conform to any national/international standards? If yes, specify? (The policies are based on the NVG-guidelines in addition to conformance to the spirit of international standards like ISO 9000, ISO 14000, OHSAS 18000, UNGC guidelines and ILO principles)	Y		Y		Y	Y		Y	Y
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y		Y		Y	Y		Y	Y
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y		Y		Y	Y		Y	Y
6	Indicate the link for the policy to be viewed online?	Y**		Y*		Y**	Y**		Y**	Y*
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y		Y		Y	Y		Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	NA	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	N	Y	N	N	Y	N	Y	Y

Y = Yes

N = No

NA = Not Applicable

\* Policies available on internal portal which is accessible only to employees

\*\* Policies available on Company website

## ANNEXURE-"C" (Contd.)

3. If answer to Sr. No 1 against any principle, is 'No', please explain why:

Sr. No.	Questions	Business Ethics	Product Responsibility	Welfare of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Value to customers
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6-12 months		√		√	-		√		
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

4. Governance related to BR:

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.	The Managing Director assesses the BR performance of the Company once in 3-6 months
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	This report comprises the Company's Sixth BRR as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibility of Business (NVG). The Company has published a separate Business Responsibility Report and Environment Social and Governance (ESG) Report in its Annual Report of 2020-21.

### Section E: Principle-Wise Performance

#### Ethics, Transparency & Accountability

#### Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability

The Company has developed its governance structures, procedures and practices that ensure ethical conduct at all levels. Towards this end:

- The Code of Conduct for senior managers and directors is available.
- The Company discloses all information required by statutory laws.
- The corporate governance structures encompasses Audit, Nomination & Remuneration, Stakeholders' Relationship, Corporate Social Responsibility and Risk Management Committees.

- Risk councils under the Risk Management Committee oversees identification, assessment and mitigation of various risks in production, maintenance, EHS, human resources (HR), accounts and finance, and statutory compliances.

Our ethics policy will be shared with all live vendors including contractors, suppliers and all third parties in a structured engagement. We will begin assessment of key suppliers and contractors on ethical, EHS and HR considerations in the next reporting period (2022-23).

In order to lend focus to each of the nine Principles, the Company has already in place the necessary policies and processes.

Stakeholders' complaints received in the past financial year have been satisfactorily resolved by the management wherever possible:



## ANNEXURE-“C” (Contd.)

- Customers: 59 customer complaints were received, 45 were addressed and resolved during the F.Y. 2021-22, while 14 remain pending.
- Employees: 14 were received, all were resolved.
- Shareholders/Investors: No complaint was received in the reporting period.
- Suppliers/vendors and Contractors: 50 complaints were received and all were addressed and nothing was pending.

The Company has an effective Vigil Mechanism/Whistle Blower Policy in place to report to the management instances on unethical behaviour and any violation of the Company's code of conduct. The Company has not received any complaints during F.Y. 2021-22.

The Company has an Internal Complaints Committee (ICC) to redress complaints received regarding sexual harassment. No complaints were received by the ICC during the F.Y. 2021-22.

### Products contributing to sustainability

#### **PRINCIPLE 2: Business should provide goods and services that are safe and contribute to sustainability throughout their lifecycle.**

The Company manufactures High Chrome alloy castings (Grinding Media, vertical mill parts and ball mill liners).

- Product Design:**

In designing the product, the Company ensures that the manufacturing processes and technologies required to produce it are resource efficient and sustainable. It has a continuous improvement in management system in place that helps address in product stewardship principles.

The Company assures safety and optimal resource use over the life-cycle of the product – from design to disposal – and ensure that everyone connected with it-designers, producers, value chain members, customers and recyclers are aware of their responsibilities.

Customers derive value from the product in the use phase through power reduction, increased durability (wear resistant casting) and increase in productivity. The Company provides wear resistant warranties for its products.

Customers in the mining and cement business are aware of the recyclability of the product at the end of life. The product composition being iron and steel, the customers hand over the worn-out products to

recyclers for manufacture of recycled steel ingots, the Company also arranges for product buy-backs if required.

The Company regularly reviews and improves upon the process of new technology development, deployment and commercialisation, incorporating social, ethical, and environmental considerations.

- Input material, energy and water**

- Over 65% of input material is sourced from scrap which is in turn sourced locally within the vicinity of 250 KM.
- The process of substituting its conventional cooling towers with dry type cooling towers has been initiated. It has reduced the water consumption and improved performance.
- The Company has enhanced the quality of its STP's by adopting membrane technology. Grey water is processed to increase its re-usability in cooling towers and certain processes resulting in saving of 45 KL/day.

	Key Criteria	Unit Of Measure	Grinding Media	Liners-VSMS
			YOY Improvement-%	
<b>Energy</b>	Furnace Power/ Metric Ton of Liquid metal charge	kWh	0.80 %	1.79 %
	PNG for Heat Treatment/ Metric Ton of Gas fired quenched production	SCM	0%	0%
<b>Water</b>	Usage of Water for Production unit(KL/ MT)	KL/MT	0%	0%

- There were no incidents of non-compliance with regulations or voluntary codes resulting in fine, penalty or notices received concerning emissions, health and safety impacts of the Company's products in production, use or disposal.

- Product Labelling**

The Company endeavours to provide customers with appropriate labelling and signages that details product weight, grade, and destination (customer), safe handling, safe usage and disposal of its products.

## ANNEXURE-"C" (Contd.)

The Company discloses all information truthfully and factually including the risks to the individual. Where required, the Company also educates its customers on the safe and responsible usage of its products including:

- Guidelines for product handling and storing at customer's end.
- The Company's liner product range which carries inherent risks is recommended to be installed under supervision of our experts.

### • Fairness in sourcing

The Company identifies and evaluates new suppliers in a fair manner; supplier evaluation takes place in two phases:

- I. Technical
- II. Commercial

Technical specs, detailed scope and expectations are discussed with the supplier before moving onto commercial quotes. This enables suppliers to understand requirements prior to finalisation of commercials.

### • Vendor performance rating:

Vendors are classified based on a system generated vendor performance rating report on a quarterly basis. Where performance improvement is essential, the purchase department interacts with the vendor and provides this feedback while agreeing on a timeline for completion of the same.

The Company currently has 7,027 live vendors, the Company sources engineering products such as fixtures and parts that go into manufacturing of Grinding Media. Spare parts include standard, tailor made parts, pre-fabricated parts and fasteners.

- Stationery is procured from paper producers BILT and International Paper APPM whose plantations are managed sustainably.
- Key raw material comprises of metal scrap and Ferro Chrome. The final product comprises of 60-75% recycled materials such as scrap and returns. Ferro alloys are sourced from well established players such as Tata Steel, Rohit Ferro Tech Limited, S.A.L. Steels Limited, Essel mining and Team Ferro alloys.
- Sand is procured from the glass industry which produces high silica sand or from legally mined

sand sources from Ankleshwar and Surendranagar regions.

- In the last two years the Company has worked with the OEMs to improve power consumption in the foundries. The melting furnace manufacturers have been convinced to accept higher coil cooling inlet water temperatures thereby reducing the size of cooling towers and making the dry type cooling towers extremely successful. Non-contact two coloured pyrometers introduced for pouring temperature measurement leading to reduction of pigged out metal.
- The Company has partnered with quenching oil manufacturers to produce improved oils with a longer life.
- The Company monitors transport vehicle life and conditions, permissions and licenses. A monthly physical audit of the vehicle is done jointly by the HR and a company employee selected on a random basis.
- The Company partners with local vendors to develop their capacities for product packaging and machining of castings. Local vendor capacity has been developed for:
  - a. Machining of castings
  - b. Fabrication of parts
  - c. Fasteners
  - d. Electrification requirements such as panel boards and automation

75% of our production is exported, Product packaging is completely local. The Company works with 4,853 local\* vendors, 69% of our vendors are local, (\*Local - Gujarat region).

The Company has initiated the process of understanding the capability of key suppliers and have already assessed 10-15 core vendors on supply parameters. Performance assessment on environmental and social criteria will be conducted with critical suppliers in F.Y. 2022-23.

The Company manufactures High Chrome alloy castings (Grinding Media, vertical mill parts and ball mill liners).

### Welfare of Employees

#### Principle 3: Businesses should promote the well-being of all employees

The manpower at AIA Engineering Limited as on 31 March, 2022 was 1287.



## ANNEXURE-"C" (Contd.)

### Employees Well-being

The Company takes cognisance of the work-life balance of its employees, especially that of women.

It provides:

- Timely payment of salaries/wages to all workers and staff.
- Top-up medical policy and Group Term Life (GTL) policy to all permanent staff and workmen in addition to the reimbursement of individual Medi-claim.
- Group Personal Accident policy (GPA) to managerial staff.
- Free transport facilities to our Moraiya and Kerala units, occupancy currently maintained @ around 60-70% to maintain social distancing.
- Perquisites such as subsidised food, jaggery and lemon water/Butter milk during summer on shop floors.
- Tie – ups with hospitals for periodic health check-ups of our managerial staff.
- Data cards and mobiles to specific employees based on nature of their work.
- Car scheme for managerial category.
- Loan facility which is availed often by permanent staff and workmen to meet specific requirements.
- Rotational weekly offs for our permanent and staff workmen. A work shift is of 8.5 hours.
- The Company provides 12 paid holiday, 12 casual leaves, and 30 privilege leaves to permanent staff and workmen at plants.
- Women employees enjoy all provisions as per statutory requirement including maternity benefits.
- Permanent and Contract workers are paid as per law, and statutory requirements such as PF, ESIC, Bonus, and Leave Salary are met. In case of emergencies, appropriate medical support or financial help is provided.
- Sudarshan Ghanvati & Kadha given to members at the plants to boost immunity.
- Temperature monitoring by security of all incoming persons.
- Sanitisation of offices/Plants & Buses on daily basis.
- Continuous support to members & their families for hospitalisation & medicines requirement for treatment of COVID-19.

The Company provides and maintains equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, disability or sexual orientation.

The Company takes care to ensure that there is no child labour, forced labour or any form of involuntary labour, paid or unpaid at any of its establishments.

The Company's recruitment policy detailed in the HR and Personnel Manual takes into account the above employment criteria. The CTCs are based on qualifications, experience and capability.

The attrition rate is < 8.5%, the average years of association of employees with the Company is > 10 years.

(Details as on 31 March, 2022)

Group*	Total Strength	No. of Female Employees	% of Female Employees to total strength
Staff	1,164	6	0.14%
Worker	123	-	-
Casual/Temporary/ Contractual	2,818	7	0.17%
<b>Total</b>	<b>4,105</b>	<b>13</b>	<b>0.32%</b>

Employees with disabilities 0.68%

### Collective Bargaining

The Company has a Representative committee at Unit 1 in Odhav wage settlement was once done earlier. Workers at all other units have never expressed the desire to associate with a union.

The Company respects the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance redressal mechanisms.

The management ensures that all needs and grievances of workers are addressed.

### Grievance Redressal, Safety and Security

Grievances relate to food quality, timeliness of services, PPE, improper usage of mobile phone, safety hazards, transport facilities conditions, or pedestrian walk ways within the unit.

The Company has a grievance redressal & works committee at every unit, this calls for participation of unit head, functional heads, factory manager and HR manager.

The grievance redressal mechanism is deployed as follows:

- Workers are empowered to approach factory manager or HR manager as convenient, these managers also make themselves available at the plant and in shop floor on a regular basis.
- The worker submits a complaint (written/verbal) to shift/department supervisor, who in turn reports it to his functional head, which is reported to the Factory Manager and HR.

## ANNEXURE-“C” (Contd.)

- c. Complaints are addressed and resolved on priority within a month.
- d. However if complaints relate to financial implications and requires policy changes, then the same will have to be placed before the grievance redressal committee meeting which meets quarterly.
- e. In order to counter sexual harassment, the Company has in place the said policy and required procedures. A committee have been constituted to address any such issues.

The Company has created systems and practices to ensure a harassment free workplace where employees feel safe and secure in discharging their responsibilities:

- The Company has installed CCTV cameras at all units, a central control room monitors all plants.
- The Company provides locker facilities to all workers where individuals can secure their personal belongings using their own lock.
- At unit level, Security can also view live footage via LED screens.
- Safety and security of content is governed by our IT policy which is to be followed by employees and related stakeholders.

All our permanent employees and contractual workmen were given need based safety and skill up-gradation training in the last year.

### Workplace Cleanliness and Hygiene:

The Company provides a workplace environment that is safe, hygienic, humane, and which upholds the dignity of the employees. The Company communicates this provision to their employees and train them on a regular basis.

	Drinking water access		Urinals	Latrines		Bathrooms	Wash Basins & others		OHC
	Water Coolers	Drinking water Tap	Male	Male	Female	All	Hand wash	Tap	
<b>Total</b>	44	99	166	125	20	46	140	136	3

The Company also provides 93 water Bottles (20 litres each) among them 54 bottles are refilled 3 times a day, 29 bottles 2 times a day & 10 bottles 1 time a day at various points of the plants.

### Occupational Health and Safety

The Company has constituted safety committee and safety representatives shift wise. In order to improve safety at the workplace, the Company provides:

- Half yearly and pre-employment medical check-up for all employees including contract workers.
- Installation of fire hydrant systems and smoke detectors at all units.
- Demarcation of walkways at Moraiya and Kerala units.
- Specialised fire-resistant jackets, aprons, safety shoes over and above those provided under the PPE scheme.
- Handsets at the Moraiya unit that allows placing voice calls both internally and externally. This has helped reduce workplace security hazards at both units and individual level.
- Control rooms that have an automated fire detection system. All units have manual call points connected to the central fire alarm monitoring systems.

Emergency mock drills are conducted every 6 months. Fire-fighting trainings are conducted on a quarterly basis, this is managed by the Company's Security and Fire Head.

Training Programs: the Company conducted more than 300 trainings, including fire and safety training, in the reporting period covering more than 3500 Participants.

### LTIFR/LTIR/Absentee Rate

Safety performance	Grinding Media	VSMS-Liner
	2021-22	2021-22
Lost Time Incident Rate (LTIR)	7.79	2.28
Lost Time Injury Frequency Rate (LTIFR)	2.97	0.91
Lost Time Injury Severity Rate (LTISR)	14.10	4.26

### Training and Development

The Company ensures continuous skill and competence upgradation of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. The Company undertakes various exercises to promote employee morale and career development through:

- Induction training and process training is provided when new contractual workers and staff join.



## ANNEXURE-"C" (Contd.)

- Workers are given tool box talks by safety manager on various safety topics.
- Staff and workers are provided trainings on work place discipline, team work, positive attitude, communication, 5S and ISO-QMS.
- Performance Evaluation is an annual process. If there are positions available, the Company first evaluates internal staff to fill such positions, there are many cases where people have been selected based on their aptitude and efficiency, and promoted within the organisation.
- Grooming of managerial staff and operators to develop their capabilities through multi-skilling, and enhancing roles.

### Second line leadership development

The Company through its various expansions in the last two years has groomed internal candidates for key positions. The Company has identified candidates for a mentoring programme wherein the unit head mentors these candidates, enabling them to enhance technical capabilities.

### Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

The Company considers stakeholders as partners in business and engages with internal and external stakeholder groups, beyond normal transactional engagement, in order to ensure effective two way communications, identify and address any concerns and work towards creating shared value.

The Company has hence systematically identified its stakeholders, understood their concerns, defined purpose and scope of engagement, and committed to engage with them.

### Employees

The Company engages with its employees to motivate them, boost morale, provide platforms for them to develop and express their creativity, passion and commitment to the task at hand.

- Celebration of birthdays at Kerala & Moraiya plant.
- Completion of 25 years of service - gesture of appreciation to the concerned employee.
- Training activities, safety day, and safety competition.
- 5S awareness training programmes.
- Behavioural and personality development programmes.

The Company plans to continue to expand its activities and extend the same to other units.

Total of 14 grievances received from employees during the F. Y. 2021-22 and all were resolved.

### Contractors

The Company engages contractors to deploy manpower for non- perennial activities.

- A monthly meeting is conducted with contractors to ensure safe working at the units.
- Audits of contractors' equipment are conducted to ensure that it complies with safety standards including usage of PPE.

### Statutory Bodies

Factory Inspector, Government Labour Office, Employment office, PF, ESIC office, Trade and Graduate Apprentice Board, office bearers - Gram Panchayat, Municipal Corporation and Labour Courts, SPCB, Ground Water Authority, GST, Customs, DGFT, RBI, Banks and FI, Income Tax Dept., SEBI, BSE, NSE, MCA.

The Company interacts with these statutory bodies as required, maintains records and ensures compliances internally and externally.

### Shareholders

The Company meets Shareholders annually at the Annual General Meeting (AGM).

The Company intimates analysts and engages with them on the quarterly performance of the Company vide a concall, Q&A sessions. These analysts may represent shareholders also, they predominantly use this interaction to communicate important trends to their clients.

Shareholder grievances can be reported to the Registrar and Transfer Agents (RTA) or directly to the Company, there is a dedicated e-mail id created for this purpose.

### Vendors

Vendors comprise of equipment manufacturers, consultants (all functions), raw material suppliers, production consumables, service providers (admin and engineering services), general item suppliers (IT, admin) and logistics providers.

Grievances have been on account of payment cycle, single window communication and retention money, 50 grievances were received and addressed, nothing is pending as on 31 March, 2022.

### Customers

The Company normally engages with customers through:

- a. One-on-one meetings (sales meets)



## ANNEXURE-“C” (Contd.)

- b. Technical seminars organised by AIA in Ahmedabad (1 time a year)
- c. Technical meets for knowledge sharing organised by Customer
- d. E-mail communication on technical developments, achievements

While a lot of the above activities could not be undertaken this year because of the pandemic, frequent communication and interaction happened over Video calls with various stake holders.

### Vulnerable and marginalised stakeholders

The Company addresses specific concerns of women and the differently abled amongst its employees. Amongst suppliers, the Company hand holds small and medium sized enterprises. Similarly, the Company has identified the disadvantaged, vulnerable and marginalised stakeholders and has taken special efforts to engage with the disadvantaged, and marginalised stakeholders, please refer to Principle 8 below for more details.

### Human Rights

#### Principle 5: Businesses should respect and promote human rights

The Company recognises and respects the human rights of all stakeholders within and beyond the workplace. The Company ensures that human rights articulated in the Constitution of India and the International Bill on human rights is not violated across its operations.

The Company will promote the awareness and realisation of human rights amongst relevant stakeholders in the next reporting period.

The Company has integrated respect for human rights in its management systems, it ensure that even contract workers have access to medical services. The Company's workers are free to form worker representative committees or join unions. The managerial staff also conduct informal surveys amongst workers to understand their genuine concerns, pay and benefits being received, and the timeliness of these.

The Company ensures that all individuals impacted by the business have access to grievance mechanisms, and no such complaints were received in the period under review.

### Environment

#### Principle 6: Businesses should respect, protect, and make efforts to restore the environment

The Company seeks to minimise the environmental impacts due to its manufacturing activities, it utilises

natural and manmade resources in an optimal and responsible manner and strives to ensure the sustainability of resources.

The Company has implemented Integrated Management Systems (ISO 14001:2015 and ISO 45001:2018) and has obtained certificate for its Grinding Media Plants located at Moraiya and Kerala GIDC for the same, in this way company strives to improve its performance on a continuous basis.

The environment, health and safety policy extends to all units including Welcast Steels Limited., Bangalore. The Business Heads reports to the MD on policy linked performance.

The Company has developed their Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations.

The Company reports their environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner :

- **Raw material**

The main raw material which is steel is sourced through procurement of scrap locally within the vicinity of 250 KM.

The Company mitigates the challenge of raw materials (scrap) by maintaining minimum 2 months stock since during the monsoons mining of bentonite and sand is risky. The Company similarly stocks Ferro chrome and maintains a high inventory of spares to ensure zero down time. Above mention stock also help during any unprecedented emergency such as epidemic/pandemic illness e.g. COVID 19.

- **Recycling of moulding sand**

The Company has integrated mechanical and thermal reclaimers to recycle its moulding sand; this has helped reduce procurement of mined natural sand by 80%.

The Company continuously seeks to improve its environmental performance by adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies and use of renewable energy.

- **Clean technology**

PNG are used as a Cleaner fuel in Heat Treatment furnaces.



## ANNEXURE-"C" (Contd.)

### • Energy

Targets for heat treatment (fuel), melting power, auxiliary power, productivity per man/per month are set annually. Projects undertaken in the reporting period include:

#### Energy Reduction Initiatives taken during F. Y. 2021-22

Sr.	Head	Sub-head	Unit saved (KWh)	Total unit saved (KWh)
1	Effective usages of machine leading to energy savings	Improved furnace coil cooling	23,040	4,85,681
		Modifying operations of certain equipment's from manual to auto mode	1,60,361	
		Efficient usages of utility equipment	1,13,100	
		Interlocking hydraulic motor in Heat treatment	28,860	
		Efficient temperature settings of chiller	1,60,320	
2	Technology upgradation leading to energy savings	Replacing conventional sodium vapour light by LED light	27,65,24	11,33,400
		Using 30 KW fan in Heat treatment tempering process instead of 200 KW blowers	21,200	
		Installation of VFD's in FES	8,07,360	
		Operation of certain product handling equipment & cooling tower by VFD	28,316	
3	Improved Operational & Maintenance efficiency leading to energy savings	20 units/ton of LMC reduced in Grinding Media plant by efficient usage of furnaces	23,31,687	23,31,687
4	Improved temperature & pressures settings in coil cooling pump & compressor	Improved temperature & pressures settings in coil cooling pump & compressor	5,41,678	5,41,678
<b>Total unit saved per annum (KWh)</b>				<b>44,92,446</b>

### • Renewable energy

The systematic increase in the percentage of renewable energy in our total energy mix is our medium to long-term strategy to address our scope 1 and scope 2 emissions. AIA has installed 11 Wind Energy Turbines at the Kutch and Jamjodhpur sites having total capacity of 24.3 MW of renewable energy. In F.Y. 2021-22, AIA was able to meet 17% of its total (group's all plants) electricity requirement through renewable energy sources.

### • Water

The Company consumes 2,70,693 KL/Annum of ground water. Water meters are installed at points of withdrawal and water balance is maintained.

#### 1. Water conservation projects:

Complete Zero Liquid Discharge (ZLD) is maintained at all the plants. Some initiatives taken to reduce water consumption are:

- A dry-type cooling tower is installed at Kerala GIDC Plant which reduces blow down drastically.
- The cooling tower blowdown is being reused for sand mold preparation, and sand/slag cooling purpose.
- Greywater/sewage are treated in the STP plant. Treated water is reused in gardening, toilet flushing, and cooling towers.
- Automatic/spring-operated water taps are being used to reduce the wastage of potable water.
- At some plants, waterless urinals are installed.

## ANNEXURE-“C” (Contd.)

Moraiya village have 2 Nos. recharge wells where runoff from village area and overflow from village pond is channelled for ground water recharge. Similar one recharge wells at Chiyada village pond where overflow from village pond is channelled for ground water recharge.

- Waste

The Company takes waste management seriously and works towards reducing, reusing and recycling its waste wherever possible.

- Currently, 25% of waste sand generated (fines and waste/slag residue) is reused for:
  - Co-processing in the cement industry.
  - At industrial constructions (roads and pavements).
  - Bricks & Paver block making.

- Foundry Waste Sand- 15315 MT (April '21 to March '22) reused as a Co-process (kiln feed) at Ambuja Cement Plant - Kodinar.
- Canteen waste, dried leaves and vegetation generated at the Kerala plant is processed in the recently installed Bioneer composting plant. The manure generated is used in the horticulture garden and lawns.
- The Company made agreement with Duro Green for its Moraiya plant canteen waste. Apprx. 200 kgs/day of canteen waste, dried leaves and vegetation generated at the canteen is processed for composting plant. The manure generated is used in the horticulture garden and lawns.

Oil quenching sludge and used oil is stored and disposed through designated waste handlers at pre-determined intervals.

Key Criteria		Unit Of Measure	Grinding Media	Liners-VSMS
			2021-22	
Energy	Furnace Power/Metric Ton of Liquid metal charge	kWh	615.35	600.60
	PNG for Heat Treatment/Metric Ton of Gas fired quenched production	SCM	33.91	52.23
Water	Usage of Water for Production unit(KL/MT)	KL/MT	1.02	0.83
Waste	Waste sand (MT) per Metric ton of production	MT/MT of Production	0.074	1.0

The above information provided is for reductions in waste achieved in the production process in the reporting period.

- Air Emissions

The Company takes the necessary measures to check and prevent pollution. All stacks are ≥ 30 meters in height and have an online stack monitoring system that monitors Sox, NOx and PM. Apart from this, the Company contracts with a third party to monitor air quality as per ambient air norms. These are also reported to SPCB as per the process prescribed by them every year.

The Dust extraction (DE) system or fume extraction (FE) system is linked to the production equipment functioning, failure in any of these will trigger an alarm which automatically shuts down production.

- Industrial waste water

The induction furnace slag when formed is approx. 800 deg C or more, cooling tower blow down water is re-used to quench the slag and cool it to room temperature.

There is no show cause and legal notice received during the year which are pending from the CPCB or SPCB at any of the Company's operations.

### Policy Advocacy

#### Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The Company is an active member of several Industry and Trade Bodies and regularly participates in industry events and dialogue leading to policy formulation by various regulatory bodies.

The Company is a member of the Gujarat Chamber of Commerce and Industry, FICCI, CII, Institute of Indian Foundry Men, Indian Institute of Materials Management.



## ANNEXURE-"C" (Contd.)

### **Inclusive Growth**

#### **Principle 8: Businesses should support inclusive growth and equitable development**

The Company has adopted the Corporate Social Responsibility (CSR) Policy and a CSR committee of the Board guides policy implementation, monitoring and reporting. The CSR Policy is available on the website of the Company.

The Company has made contributions to various NGO/Agencies for various CSR projects for the period under review and has spent ₹ 1,233.21 Lakhs towards the same.

The Company through feedback from the NGO/Agencies ensures that the contribution made by the Company is utilised for the purpose for which it was made and that the community development initiative is successfully adopted by the community.

Please refer to the CSR Report annexed to the Board's Report of F.Y. 2021-22.

### **Value to customers**

#### **Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner**

The Company makes continuous efforts to understand its customer needs, business requirements and develops products that add value to its customers.

The Company continuously researches on metallurgy that improves product performance, reduce costs for customers. Products like the High Chrome Grinding Media, Liners have increased longevity, thus reducing frequency of consumption at customer's end in the long run.

The Company conducts a detailed study of its customer's plants/equipment, applications, productivity, wear life-cycle, safety and energy efficiency. The technical and marketing teams propose optimum solutions and metallurgy of high quality to enhance its lifetime. Post sales services ensure that customers derive maximum benefit.

The Company ensures that they do not restrict the freedom of choice and free competition in any manner while designing, promoting and selling their products.

The Company promotes and advertises its products through direct marketing activities such as technical seminars, one-on-one meetings. The Company ensures that its representatives do not mislead or confuse the consumers or violate any of the principles in these Guidelines.

A total of 59 customer complaints were received, 45 of these were addressed and resolved during F.Y. 2021-22, while 14 remain pending.

# ANNEXURE-“D”

## FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2022

*[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies*

*(Appointment and Remuneration of Personnel) Rules, 2014]*

To,  
The Members,  
AIA Engineering Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by AIA ENGINEERING LIMITED (hereinafter called the “Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, We hereby report that in our opinion read with Annexure A forming part of this report, the Company has, during the audit period covering the Financial Year ended on 31 March, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31 March, 2022 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 thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”) to the extent applicable to the Company:-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (upto 12 August, 2021 - Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (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;
- (g) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021(upto 09 June, 2021 - Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009); and
- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;

We have also examined compliance with the applicable clauses of

1. Secretarial Standards issued by the Institute of Company Secretaries of India.
2. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

We hereby report that during the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

- (vi) We further report that having regard to the compliance system and process prevailing in the Company and



## ANNEXURE-"D" (Contd.)

on examination, on test-check basis, of the relevant documents and records thereof, the Company has complied with the provision of (1) Water (Prevention & Control of Pollution) Act 1974, (2) The Air (Prevention & Control of Pollution) Act 1981, (3) The Hazardous Wastes (Management & Handling) Rules 1989, as amended up to 2008, (4) Noise Pollution (Regulation & Control) Rules 2000 as are specifically applicable to the Company.

### **We further report that**

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
- b) Adequate notices were given in advance to all directors to schedule the Board Meetings. As informed to us, the Company has also provided agenda and detailed notes on agenda to the directors, 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.
- c) Majority decision is carried through while the dissenting members' views are captured and recorded, wherever applicable, as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure

compliance with other applicable Laws, Rules, Regulations and Guidelines.

**We further report that** during the audit period, the following major events took place under the Companies Act, 2013 having bearing on the Company's affairs.

1. Shareholders' approval by way of an Ordinary Resolution has been obtained for related party transactions with Subsidiary Company pursuant to Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI Listing Regulations.
2. Shareholders' approval by way of a Special Resolution has been obtained for re-appointment and remuneration of Managing Director.
3. Shareholders' approval by way of an Ordinary Resolution has been obtained for payment of remuneration by way of commission to Non-Executive Directors.

For **TUSHAR VORA & ASSOCIATES**

*Company Secretaries*

**TUSHAR M VORA**

*Proprietor*

FCS No. 3459

C P No.: 1745

UDIN: F003459D000387031

Place : Ahmedabad

Date : 25 May, 2022

## ANNEXURE-"D" (Contd.)

### "Annexure A"

To  
The Members  
AIA Engineering Limited

Our Report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as considered appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification as done on test basis is to reasonably ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. In respect of Laws, Rules and Regulations other than those specifically mentioned in our Report above, we have limited our review, analysis and reporting up to process and system adopted by the Company for compliance with the same and have not verified detailed compliance, submissions, reporting under such laws etc. nor verified correctness and appropriateness thereof including financial records and books of accounts of the Company.
4. Wherever required, we 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 and its proper and adequate presentation and submission in prescribed formats is the responsibility of management. Our examination was limited to the verification of procedures on test basis and not its one to one contents.
6. The Secretarial Audit report is neither an assurance as to compliance in totality or the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **TUSHAR VORA & ASSOCIATES**

*Company Secretaries*

**TUSHAR M VORA**

*Proprietor*

FCS No. 3459

C P No.: 1745

UDIN: F003459D000387031

Place : Ahmedabad

Date : 25 May, 2022



## ANNEXURE-“E”

### ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT FOR THE FINANCIAL YEAR 2021-22

- Brief outline on CSR Policy of the Company:  
Company's vision on CSR is to enhance the quality of life and the economic wellbeing of communities around our operations.
- Composition of CSR Committee:

Sr. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Bhadresh K. Shah - Chairman	Managing Director	4	4
2.	Mr. Yashwant M. Patel	Whole-Time Director	4	3
3.	Mr. Sanjay S. Majmudar	Independent Director	4	4
4.	Mr. Rajendra S. Shah*	Independent Director	3	3
5.	Mrs. Khushali S. Solanki*	Non – Independent Director	3	3
6.	Mrs. Bhumika S. Shodhan*	Non – Independent Director	3	3

\* appointed as members of the Committee with effect from 25 May, 2021.

- Web-link where the composition of CSR Committee, CSR Policy approved by the Board are disclosed on website of the Company

Web-link where the composition of CSR Committee on the website of the Company	<a href="http://www.aiaengineering.com/aboutus.php#">http://www.aiaengineering.com/aboutus.php#</a>
Web-link where the CSR Policy on the website of the Company	<a href="http://www.aiaengineering.com/finances/pdf/CSRPolicy.pdf">http://www.aiaengineering.com/finances/pdf/CSRPolicy.pdf</a>

- 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 report): NOT APPLICABLE
- Details of the amount available for the 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

Sr. No.		
Financial Year		<b>NOT APPLICABLE</b>
Amount available for set-off from preceding financial years (in ₹ Lakhs)		
Amount required to be set-off for the financial year, if any (in ₹ Lakhs)		

- Average Net Profit of the Company as per Section 135(5) : ₹ 62,266.60 Lakhs
- |   |                  |
|---|------------------|
| a. 2% of average Net Profit of the Company as per Section 135 (5)                                       | ₹ 1,245.33 Lakhs |
| 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  | ₹ 1,245.33 Lakhs |

- (a) CSR amount spent or unspent for the Financial Year

Total amount spent for the Financial Year (in ₹ Lakhs)	Amount Unspent (in ₹ Lakhs)				
	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
1,233.21	NOT APPLICABLE		Schedule VII	12.12	*

\* ₹ 12.12 Lakhs will be transferred to the fund specified in Schedule VII of the Companies Act, 2013 on or before 30.09.2022.



## ANNEXURE-"E" (Contd.)

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

(1)	Sr. No.	NOT APPLICABLE
(2)	Name of the Project	
(3)	Item from the list of activities in Schedule VII to the Act	
(4)	Local area (Yes/No)	
(5)	Localities of the Project State & District	
(6)	Project duration	
(7)	Amount allocated for the project (in ₹)	
(8)	Amount spent in the current financial year (in ₹)	
(9)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	
(10)	Mode of Implementation – Direct (Yes/No)	
(11)	Mode of Implementation – Through Implementing Agency Name & CSR Registration Number	

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. 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 ₹ Lakhs)	Mode of implementation – Direct (Yes/No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR Registration Number
1	Contribution for a project of breast cancer awareness and diagnosis	Cl. (i) - Prevention & Promoting Health Care	Yes	Gujarat	Ahmedabad	11.00	No	Ashirvad Foundation	CSR00013876
	Contribution for "Empower Chetna" Project for mental wellness of people through webinars		No	Maharashtra	Aurangabad	9.25	No	Chetana Empowerment Foundation	CSR00006727
	Contribution for Covid 19 relief and rehabilitation initiative		No	Delhi	New Delhi	3.00	No	CII Foundation	CSR00001013
	Contribution for PPE kits and distribution of Oxygen Concentrator		Yes	Gujarat	Ahmedabad	46.22	Yes	Dhanvantri Covid Hospital	–



**ANNEXURE-"E" (Contd.)**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. 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 ₹ Lakhs)	Mode of implementation – Direct (Yes/No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR Registration Number
1	Contribution for Covid relief works	CI.(i) - Prevention & Promoting Health Care	Yes	Gujarat	Ahmedabad	11.00	No	Gujarat Chamber Foundation	CSR00005767
	Contribution for Medical Camp		Yes	Gujarat	Ahmedabad	40.00	No	Gujarat Cancer Society	CSR00000688
	Contribution for various medical treatment to the deprived class of people		Yes	Gujarat	Ahmedabad	30.00	No	Health and Care Foundation	CSR00005410
	Contribution for purchase of ventilators for Covid patients		Yes	Gujarat	Ahmedabad	13.44	No	Indrajit Chimanlal Shah Charitable Trust	CSR00003394
	Contribution for various medical treatment to the under privileged people		No	Gujarat	Gandhinagar	11.00	No	Kanoria Seva Kendra	CSR00002759
	Contribution for medical assistance to under privileged patients		No	Gujarat	Nadiad	15.00	No	Vithaldas Tulsidas Desai Charity Trust	CSR00005235
	Contribution for medical assistance in the form of medicines		Yes	Gujarat	Ahmedabad	12.00	No	Nihar Charitable Trust	CSR00014366
	Contribution for Health Care activities		Yes	Gujarat	Ahmedabad	15.00	No	Sadvichar Parivar	CSR00006145
	Contribution for Health Care activities		Yes	Gujarat	Ahmedabad	21.00	No	Sanjivani Health & Relief Committee	CSR00008578
	Contribution for medical assistance		Yes	Gujarat	Ahmedabad	5.00	No	Shri Mahesh Seva Sangh	CSR00023644
	Contribution given for Covid relief work		Yes	Gujarat	Ahmedabad	17.50	No	Tulsi Vallabh Nidhi Trust	CSR00005666
	Contribution for Health, Education and Research		Yes	Gujarat	Ahmedabad	102.00	No	Zydus Foundation	CSR00000974
<b>Sub-Total</b>						<b>362.41</b>			

**ANNEXURE-"E" (Contd.)**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. 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 ₹ Lakhs)	Mode of implementation – Direct (Yes/No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR Registration Number
2	Contribution for free nutritious mid-day meals to under privileged children and for free distribution of Happiness kits	Cl. (i) - Eradicating Hunger	Yes	Gujarat	Ahmedabad	10.00	No	Akshay Patra Foundation	CSR00000286
	Contribution for eradicating hunger		Yes	Gujarat	Ahmedabad	21.00	No	Human Welfare Trust	CSR00024741
<b>Sub-Total</b>						<b>31.00</b>			
3	Contribution for the welfare of mentally challenged people	Cl. (ii) - Promotion of Education & Vocational Skill	Yes	Gujarat	Ahmedabad	50.00	No	Aastha Charitable Trust	CSR00002020
	Contribution for construction of a block in college campus		Yes	Gujarat	Ahmedabad	15.00	No	Bhartiya Vidya Bhavan	CSR00009636
	Contribution for providing education and vocational training to blind people		Yes	Gujarat	Ahmedabad	25.00	No	Blind People's Association	CSR00000936
	Contribution for education of underprivileged kids and improvement of infrastructure of Chinmaya schools		No	Maharashtra	Mumbai	15.00	No	Central Chinmaya Mission Trust	CSR00008084
	Contribution for education of poor and unprivileged children		No	Uttar Pradesh	Lucknow	11.00	No	Kiddy Kingdom Academy Samiti	CSR00002908
	Contribution for education of girl child		No	Delhi	New Delhi	1.80	No	Smile Foundation	CSR00001634



**ANNEXURE-"E" (Contd.)**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)		
Sr. 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 ₹ Lakhs)	Mode of implementation – Direct (Yes/No)	Mode of implementation – Through implementing agency		
				State	District			Name	CSR Registration Number	
3	Contribution for implementation of Gyandeeep Program for education in Government Schools	Cl. (ii) - Promotion of Education & Vocational Skill	Yes	Gujarat	Ahmedabad	5.00	No	AIA CSR Foundation	CSR00000838	
			Yes	Gujarat	Ahmedabad	4.80	No	AIA CSR Foundation	CSR00000838	
			Yes	Gujarat	Ahmedabad	8.40	No	AIA CSR Foundation	CSR00000838	
			Yes	Gujarat	Ahmedabad	26.33	No	AIA CSR Foundation	CSR00000838	
	Yes		Gujarat	Ahmedabad	24.00	No	AIA CSR Foundation	CSR00000838		
	Contribution towards women education		Yes	Gujarat	Ahmedabad	24.00	No	AIA CSR Foundation	CSR00000838	
3	Contribution to develop the down trodden especially dalits, scheduled caste, scheduled tribes, minorities, BPL's and other backward communities and welfare of women, youth and child development through education, economic environment, health and cultural programmes	Cl. (ii) - Promotion of Education & Vocational Skill	No	Uttar Pradesh	Mathura	375.00	No	AIA CSR Foundation	CSR00000838	
	Scholarship under Vidyasaarhi programme of Protean e-Gov Technologies Limited		Yes	Gujarat	Ahmedabad	20.55	No	AIA CSR Foundation	CSR00000838	
<b>Sub-Total</b>						<b>581.88</b>				
4.	Contribution for Cultural activities		Cl. (v) - Protection of National Heritage, Art and Culture	Yes	Gujarat	Ahmedabad	10.00	No	Brahmanand Saraswati Ved Vidya Trust	CSR00018060

**ANNEXURE-"E" (Contd.)**

(1) Sr. No	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local Area (Yes/No)	(5) Location of the project		(6) Amount spent for the project (in ₹ Lakhs)	(7) Mode of implementation – Direct (Yes/No)	(8) Mode of implementation – Through implementing agency	
				State	District			Name	CSR Registration Number
4.	Contribution for training students from underprivileged schools to become fit, confident and appreciative of India's multi culturalism through training in folk dance	Cl. (v) - Protection of National Heritage, Art and Culture	Yes	Gujarat	Ahmedabad	11.00	No	Karmakshetra Educational Foundation	CSR00001864
	Contribution for cultural activities		Yes	Gujarat	Ahmedabad	8.00	No	Neekoe Foundation	CSR00010398
<b>Sub-Total</b>						<b>29.00</b>			
5	Plantation of trees and reclamation of land	Cl. (iv) - Protection of Environment & Animal Welfare	Yes	Gujarat	Ahmedabad, Gandhinagar, Vadodara	191.92	No	AIA CSR Foundation	CSR00000838
	Contribution for the project of Oxygen Park		Yes	Gujarat	Ahmedabad	20.00	No	Shri Bhagwat Vidyapith Trust	CSR00009413
	Contribution for animal welfare		No	Delhi	New Delhi	2.00	No	Chain Bihari Ashray Foundation	CSR00022670
	Contribution for animal welfare		Yes	Gujarat	Ahmedabad	15.00	No	Shri Hari Seva Trust	CSR00001233
<b>Sub-Total</b>						<b>228.92</b>			
<b>Expenditure incurred during the year</b>						<b>1,233.21</b>			

- (d) **Amount spent in Administrative Overheads** NIL
- (e) **Amount spent on Impact Assessment, if applicable** NIL
- (f) **Total amount spent for the Financial Year (8b+8c+8d+8e)** ₹ 1,233.21 Lakhs



## ANNEXURE-"E" (Contd.)

### (g) Excess amount for set off, if any

Sr. No.	Particular	Amount (in ₹)
(i)	2% of average net profit of the Company as per Section 135(5)	NOT APPLICABLE
(ii)	Total amount spent for the financial year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

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

(1)	Sr. No.			NOT APPLICABLE
(2)	Preceding Financial Year			
(3)	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹ Lakhs)			
(4)	Amount spent in the reporting financial year (in ₹ Lakhs)			
(5)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			
(6)	Name of the Fund	Amount (in ₹ Lakhs)	Date of Transfer	
(7)	Amount remaining to be spent in succeeding financial years. (in ₹ Lakhs)			

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

(1)	Sr. No.			NOT APPLICABLE
(2)	Project ID			
(3)	Name of the Project			
(4)	Financial Year in which the project was commenced			
(5)	Project duration			
(6)	Total amount allocated for the project (in ₹ Lakhs)			
(7)	Amount spent on the project in the reporting financial year (in ₹ Lakhs)			
(8)	Cumulative amount spent at the end of the reporting financial year (in ₹ Lakhs)			
(9)	Status of the project Completed/Ongoing			

### 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.

(a)	Date of creation or acquisition of capital asset(s)	NOT APPLICABLE
(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 the 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 2% of the average net profit as per Section 135(5):

The amount required to be spent on CSR activities during the year under report in accordance with the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder is ₹ 1,245.33 Lakhs and the Company has spent ₹ 1,233.21 Lakhs during the Financial Year ended 31 March, 2022. The shortfall of ₹ 12.12 Lakhs was not spent during the year because the Company was not able to find any suitable project or programs for meaningful spending of the amount. Hence, the shortfall in the spending during the year under report will be transferred to the fund specified in Schedule VII of the Companies Act, 2013 on or before 30.09.2022.

For and on behalf of the Board

**BHADRESH K. SHAH**  
Chairman – CSR Committee  
(DIN: 00058177)

**YASHWANT M. PATEL**  
Whole-Time Director  
(DIN: 02103312)

Place: Ahmedabad  
Date: 25 May, 2022

## ANNEXURE-“F”

### Particulars of Remuneration as per Section 197 (12) of the Companies Act, 2013 read with Rules 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules 2014

- 1) The ratio of remuneration of each director to the median remuneration of the employees of the Company for the Financial Year;

Name of the Director	Ratio of remuneration of each director to the median remuneration of the employees
Mr. Bhadresh K. Shah	22.31
Mr. Yashwant M. Patel	7.06
Mr. Rajendra S. Shah	0.28
Mr. Sanjay S. Majmudar	5.49
Mr. Rajan Harivallabhdas	0.37
Mr. Dileep C. Choksi	0.15
Mrs. Khushali S. Solanki	4.34
Mrs. Bhumika S. Shodhan	0.21
Mrs. Janaki Udayan Shah	0.21

- 2) The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the Financial Year;

Name of the Director, CFO and Company Secretary	% increase in remuneration in the Financial Year
Mr. Bhadresh K. Shah	17.83%
Mr. Yashwant M. Patel	105.95%
Mr. Rajendra S. Shah	--
Mr. Sanjay S. Majmudar	(2.22%)
Mr. Rajan Harivallabhdas	--
Mr. Dileep C. Choksi	--
Mrs. Khushali S. Solanki	--
Mrs. Bhumika S. Shodhan	--
Mrs. Janaki Udayan Shah	--
Mr. Viren K. Thakkar – Chief Financial Officer	4.61%
Mr. S. N. Jetheliya, Company Secretary	2.63%

- 3) The percentage increase in the median remuneration of employees in the financial year was 3.26%.
- 4) There were 1,287 permanent employees on the rolls of the Company as on 31 March, 2022.
- 5) Average increase in the salaries of employees other than the managerial personnel in the last financial year was 2.19% whereas the average increase in the managerial remuneration was 31.33%.
- 6) The members have at the 31st Annual General Meeting of the Company held on 3 September, 2021 approved the payment of remuneration by way of commission to the Non-Executive Directors. The performance of the Company in terms of sales and profitability are the key parameters apart contributions of the Directors at the Board and the Committee meetings.
- 7) The Company affirms that the remuneration is as per the remuneration policy of the Company.

For and on behalf of the Board,

Place: Ahmedabad  
Date: 25 May, 2022

**RAJENDRA S. SHAH**  
Chairman  
(DIN:00061922)



# REPORT ON CORPORATE GOVERNANCE

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company's philosophy on Corporate Governance aims at assisting the management of the Company in the efficient conduct of the business and in meeting its responsibilities to all the Stakeholders. The Company always strives to achieve optimum performance at all levels by adhering to good Corporate Governance practices, such as:

- Fair and Transparent business practices.
- Effective management control by Board.
- Adequate representation of Promoters and Independent Directors on the Board.
- Monitoring of executive performance by the Board.
- Compliance of Laws.
- Transparent and timely disclosure of financial and management information.
- Helping back to the society at large.

Your Company believes that good Corporate Governance is essential for achieving long-term corporate goals of the Company and for meeting the needs and aspirations of its stakeholders, including shareholders. The Company's Corporate Governance philosophy has been further strengthened through the Model Code of Conduct for the Directors/Designated Employees of the Company for prevention of Insider Trading. The said Code of Conduct for prevention of the Insider Trading has also been amended from time to time in line with the amended Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations in this regard.

We take pleasure in reporting that your Company has complied in all respects with the 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 ("SEBI LODR Regulations"), as applicable, with regard to Corporate Governance.

## I. BOARD OF DIRECTORS

### (A) COMPOSITION OF BOARD:

The Composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meets the requirement of provisions of Corporate Governance. The Board is headed by the Non-Executive Chairman Mr. Rajendra S. Shah. The present strength of the Board of Directors is 9 which include 1 Executive - Promoter Director, 1 Executive – Whole-Time Director, 5 Independent Directors and 2 Non-Independent - Non-Executive Directors in terms of the SEBI LODR Regulations. Board represents a balanced mix of professionalism, knowledge and expertise.

Pursuant to the provisions of Section 149 (1) of the Companies Act, 2013 and SEBI LODR Regulations, Mrs. Khushali Samip Solanki (Non-Independent Non-Executive), Mrs. Bhumika Shyamal Shodhan (Non-Independent Non-Executive) and Mrs. Janaki Udayan Shah (Independent Non-Executive) are the three Women Directors on the Board of the Company.

### (B) DETAILS OF BOARD MEETINGS:

The Board of Directors oversees management performance so as to ensure that the Company adheres to the highest standards of Corporate Governance. The Board provides leadership and guidance to the management and evaluates the effectiveness of management policies. Board Meeting dates are finalised in consultation with all the Directors and Agenda of the Board Meetings are circulated well in advance before the date of the meeting. Board Members express opinions and bring up matters for discussions at the meetings. Copies of Minutes of the various Committees of the Board, and Compliance Report in respect of various laws and regulations applicable to the Company are tabled at Board Meetings.

The Board periodically reviews the items required to be placed before and in particular reviews and approves Quarterly/ Half yearly Un-audited Financial Statements and the Audited Annual Financial Statements, Business Plans, Annual Budgets and Capital Expenditure. The agenda for the Board Meetings covers items set out as guidelines in SEBI LODR Regulations to the extent these are relevant and applicable. All agenda items are supported by the relevant information, documents and presentations to enable the Board to take informed decisions.



**REPORT ON CORPORATE GOVERNANCE (Contd.)**

Company's Board met 4 times during the Financial Year under review on 25 May, 2021, 13 August, 2021, 30 October, 2021 and 27 January, 2022. The Company holds one Board Meeting in each quarter and the gap between any two Board meetings was not more than One Hundred and Twenty days as prescribed under the SEBI LODR Regulations.

Details of the Directors, their positions, attendance record at Board Meetings and last Annual General Meeting (AGM), other Directorships (excluding Private Limited, Foreign Companies and Alternate Directorships) and the Memberships/ Chairmanships of Board Committees (only Audit Committee and Stakeholders' Relationship Committee) other than your Company as on 31 March, 2022 are as follows:

Name of the Board Member	Category	Attendance at the Board of Directors Meeting held on				Attended AGM held on 3 September, 2021
		25 May, 2021	13 August, 2021	30 October, 2021	27 January, 2022	
Mr. Rajendra S. Shah (Chairman)	Independent - Non Executive	√	√	√	L.A.	√
Mr. Bhadrash K. Shah (Managing Director)	Executive - Promoter	√	√	√	√	√
Mr. Sanjay S. Majmudar	Independent Director	√	√	√	√	√
Mr. Yashwant M. Patel Whole-Time Director	Executive	√	√	√	√	√
Mr. Dileep C. Choksi	Independent Director	√	√	L.A.	√	√
Mrs. Khushali S. Solanki	Non Independent - Non Executive	√	√	L.A.	√	√
Mrs. Bhumika S. Shodhan	Non Independent - Non Executive	√	√	√	√	√
Mr. Rajan Harivallabhdas	Independent Director	√	√	√	√	√
Mrs. Janaki Udayan Shah	Independent Director	√	√	√	√	√

\* L.A. (Leave of Absence)

As on 31 March, 2022, none of the Directors are related to each other except Mr. Bhadrash K. Shah, Mrs. Khushali S. Solanki and Mrs. Bhumika S. Shodhan. Mr. Bhadrash K. Shah is the father of Mrs. Khushali S. Solanki and Mrs. Bhumika S. Shodhan.

**Number of Directorships & Committee Memberships/Chairmanships in other Public Companies (other than your Company) (excluding Private & Foreign Companies):**

Name of the Director	Other Directorships		Committee Membership *	Committee Chairmanship *
	Listed	Unlisted		
Mr. Rajendra S. Shah	3	1	3	-
Mr. Bhadrash K. Shah	2	-	4	-
Mr. Sanjay S. Majmudar	4	1	3	3
Mr. Yashwant M. Patel	-	-	-	-
Mr. Dileep C. Choksi	4	4	6	3
Mrs. Khushali S. Solanki	1	-	-	-
Mrs. Bhumika S. Shodhan	-	-	-	-
Mr. Rajan Harivallabhdas	-	-	-	-
Mrs. Janaki Udayan Shah	-	-	-	-

\* Committee positions comprises only of the Audit Committee and Stakeholders' Relationship Committee in Public Limited Companies have been considered.



## REPORT ON CORPORATE GOVERNANCE (Contd.)

Details of Directors who are the Directors of other Listed Companies alongwith Category:

Name of the Director	Name of Listed Company	Category of Directorship
Mr. Rajendra S. Shah	Dishman Carbogen Amics Limited	Independent
	Welcast Steels Limited	Independent
	Transformers & Rectifiers (India) Limited	Independent
Mr. Bhadresh K. Shah	Welcast Steels Limited	Non Independent - Non Executive
	Zydus Lifesciences Limited	Independent
Mr. Sanjay S. Majmudar	Dishman Carbogen Amics Limited	Independent
	Welcast Steels Limited	Independent
	Aarvee Denims & Exports Limited	Independent
	Ashima Limited	Independent
Mr. Yashwant M. Patel	--	--
Mr. Dileep C. Choksi	Arvind Limited	Independent
	Deepak Nitrite Limited	Independent
	Swaraj Engines Limited	Independent
	ICICI Prudential Life Insurance Company Limited	Independent
Mrs. Khushali S. Solanki	Welcast Steels Limited	Non Independent - Non Executive
Mrs. Bhumika S. Shodhan	--	--
Mr. Rajan Harivallabhdas	--	--
Mrs. Janaki Udayan Shah	--	--

### Chart/Matrix setting out the skills/expertise/competence of the Board of Directors

The following is the list of core skills/expertise/competencies identified by the Board of Directors as required in the context of the Company's business and that the said skills are available with the Board Members:

Skills/Expertise/Competencies	Director who possess such skills/expertise/competencies	
<b>Strategic Leadership</b>	Significant leadership experience to think strategically and develop.	All Directors
<b>Industry Experience</b>	Experience and/or knowledge of the industry in which the Company Operates.	Mr. Rajendra S. Shah Mr. Bhadresh K. Shah Mr. Rajan R. Harivallabhdas Mr. Yashwant M. Patel
<b>Financial Expertise</b>	Qualification and/or experience in accounting and/or finance coupled with ability to analyse key financial statements; critically assess financial viability and performance; contribute to financial planning; assess financial controls and oversee capital management and funding arrangements.	Mr. Rajendra S. Shah Mr. Bhadresh K. Shah Mr. Sanjay S. Majmudar Mr. Dileep C. Choksi Mr. Rajan R. Harivallabhdas Mrs. Janaki U. Shah Mrs. Khushali S. Solanki
<b>Governance, Risk and Compliance</b>	Knowledge and experience of best practices in governance structures, policies and processes including establishing risk and compliance frameworks, identifying and monitoring key risks.	All Directors
<b>Diversity</b>	Representation of gender, cultural or other such diversity that expand the Board's understanding and perspective.	Mrs. Janaki Udayan Shah Mrs. Khushali S. Solanki Mrs. Bhumika S. Shodhan

**REPORT ON CORPORATE GOVERNANCE (Contd.)****(C) CONFIRMATION OF INDEPENDENT DIRECTORS:**

The Board of Directors of the Company confirm that the Independent Directors fulfill the conditions specified in SEBI LODR Regulations and are also independent of the management of the Company. A certificate from 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 the Companies by SEBI/Ministry of Corporate Affairs or any such Statutory Authority is enclosed separately.

Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all Independent Directors have completed the registration with the Independent Directors Databank. Requisite disclosures have been received from the Directors in this regard.

**(D) NON-EXECUTIVE DIRECTORS' COMPENSATION AND DISCLOSURES:**

Non-Executive Directors including Independent Directors are paid sitting fees in accordance with the applicable laws. The Company is paying sitting fees of ₹ 25,000 for attending a Board Meeting and ₹ 15,000 for attending an Audit Committee Meeting.

In addition to sitting fees, Mr. Sanjay S. Majmudar has been paid ₹ 22.00 Lakhs as a remuneration by way of Commission for the Financial Year 2021-22 for availing the Investors' Relationship Services from him.

In addition to sitting fees, Mrs. Khushali S. Solanki has been paid ₹ 18.00 Lakhs as a remuneration by way of Commission during the Financial Year 2021-22 for her role in Finance & Accounts function of the Company and advising in banking & investment matters.

**(E) CODE OF CONDUCT:**

Company's Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct is available on the website of the Company [www.aiaengineering.com](http://www.aiaengineering.com).

The Code lays down the standard of conduct which is expected to be followed by the Board Members and the Senior Management of the Company in particular on matters relating to integrity at the work place, in business practices and in dealing with Stakeholders.

All Board Members and Senior Management Personnel have affirmed compliance of the Code of Conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

**(F) PROHIBITION OF INSIDER TRADING:**

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, the Company has framed a Code of Conduct to avoid insider trading. The Code of Conduct is applicable to all the promoters, directors, designated persons and their immediate relatives, connected persons and such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company. The Company installed a Software to monitor the insider trading in the equity shares of the Company mainly during the trading window closure and the reversal of the transactions, by the designated persons.

**(G) VIGIL MECHANISM/WHISTLE BLOWER POLICY:**

In compliance with Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI LODR Regulations, the Company has formulated a Vigil Mechanism/Whistle Blower Policy (Mechanism) for its Stakeholders, Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct.

This Mechanism also provides for adequate safeguards against victimisation of Director (s)/Employee (s)/Stakeholders who avail the mechanism and also provide for direct access to the Chairman of the Audit Committee. No person has been denied access to the Audit Committee.

The Policy is available on the website of the Company [www.aiaengineering.com](http://www.aiaengineering.com). Any Stakeholder, who comes across any instances of unethical matters, can report the same by sending an e-mail to [snj@aiaengineering.com](mailto:snj@aiaengineering.com) and by sending letter to the address mentioned in the said Policy.



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### (H) POLICY ON PROTECTION OF WOMEN AGAINST SEXUAL HARASSMENT AT WORK PLACE:

The Company is committed to create a healthy and conducive working environment that enables women employees to work without fear of prejudice, gender bias and sexual harassment and/or any such orientation in implicit or explicit form. Pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, the Company has adopted a "Policy on Protection of Women against Sexual Harassment at Work Place" and formed a Committee as prescribed in the Regulation. Through this Policy, the Company seeks to provide protection to its women employees against sexual harassment at work place and thereby provide mechanism for redressal of complaints related to matters connected therewith or incidental thereto. During the year, no complaint was received under the Policy.

### (I) FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying them in their Appointment Letters along with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. The Company has through presentations at regular intervals, familiarised and updated the Independent Directors with the strategy, operations and functions of the Company and Engineering Industry as a whole. Site visits to various plant locations are organised for the Directors to enable them to understand the operations of the Company. The details of such familiarisation programmes for Independent Directors are posted on the website of the Company and can be accessed at <http://www.aiaengineering.com/finances/corporategovernance.php>.

## II. COMMITTEES OF THE BOARD:

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory Committees viz:

- a) Audit Committee;
- b) Nomination and Remuneration Committee;
- c) Stakeholders' Relationship Committee;
- d) Corporate Social Responsibility Committee; and
- e) Risk Management Committee

The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. Each of these Committees has been mandated to operate within a given framework. Minutes of the meetings of each of these Committees are tabled regularly at the Board Meetings.

### a) AUDIT COMMITTEE:

The Company has formed a qualified and Independent Audit Committee which acts as a link between the Statutory and Internal Auditors and the Board of Directors. The very purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for Internal financial controls, governance and reviewing the Company's Statutory and Internal Audit activities. The Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Companies Act, 2013 and the SEBI LODR Regulations.

The terms of reference of the Audit Committee cover the matters specified for Audit Committee in the SEBI LODR Regulations, Section 177 of the Companies Act, 2013 and other Regulations are as under:

#### Brief description of Terms of Reference:

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

## REPORT ON CORPORATE GOVERNANCE (Contd.)

- (iv) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of Sub-Section 3 of section 134 of the Companies Act, 2013;
  - (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 judgement 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;
  - (g) Modified Opinion(s) in the draft audit report.
- (v) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (vi) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.) the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (vii) Review and monitor the auditor's independence and performance and effectiveness of audit process;
- (viii) Approval or any subsequent modification of transactions of the Company with related parties;
- (ix) Scrutiny of inter-corporate loans and investments;
- (x) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (xi) Evaluation of internal financial controls and risk management systems;
- (xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xiv) Discussion with internal auditors of any significant findings and follow up there on;
- (xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (xvi) 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;
- (xvii) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors;
- (xviii) Reviewing the functioning of the Whistle Blower mechanism;
- (xix) Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (xx) Reviewing the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision;
- (xxi) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- (xxii) Reviewing the Management Discussion and Analysis of financial condition and results of operations;



## REPORT ON CORPORATE GOVERNANCE (Contd.)

- (xxiii) Reviewing the appointment, removal and terms of remunerations of the Chief Internal Auditor;
- (xxiv) Reviewing and discuss with the management the status and implications of major legal cases;
- (xxv) Recommending the Board, the appointment of a Cost Accountant within the meaning of the Cost and Works Accountants Act, 1959 to conduct audit of cost records of the Company in compliance with the provisions of Section 148 of the Companies Act, 2013 and the Rules made thereunder;
- (xxvi) Reviewing the 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 shall verify that the system for internal control are adequate and are operating effectively.
- (xxvii) carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee supervises the Financial Reporting & Internal Control process and ensures the proper and timely disclosures to maintain the transparency, integrity and quality of financial control and reporting. The Company continues to derive benefits from the deliberations of the Audit Committee Meetings as the members are experienced in the areas of Finance, Accounts, Taxation and the Industry.

During Financial Year 2021-22, five (5) Audit Committee Meetings were held on 25 May, 2021, 13 August, 2021, 30 October, 2021, 27 January, 2022 and 24 March, 2022. Necessary quorum was present in all the meetings. The time gap between any two Audit Committee Meetings was not more than four months.

### Composition, Name of Members and Chairperson of Audit Committee are:

1. Mr. Sanjay S. Majmudar – Chairman
2. Mr. Rajendra S. Shah – Member
3. Mr. Rajan Harivallabhdas – Member
4. Mr. Bhadresh K. Shah – Member

### Meeting and Attendance during the year:

Name of the Member/Chairman	Category	25 May, 2021	13 August, 2021	30 October, 2021	27 January, 2022	24 March, 2022
Mr. Sanjay S. Majmudar–Chairman	Independent	√	√	√	√	√
Mr. Rajendra S. Shah	Independent	√	√	√	L.A.	√
Mr. Rajan Harivallabhdas	Independent	√	√	√	√	√
Mr. Bhadresh K. Shah	Executive	√	√	√	√	√

Chairman of the Audit Committee attended the last Annual General Meeting (AGM) of Shareholders of the Company.

All the members of the Audit Committee have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

Statutory Auditors, Internal Auditors and their representatives are permanent invitees to the Audit Committee Meetings. They have attended all the Meetings during the year under review. The Whole-Time Director, Chief Financial Officer and other Executives of the Company are also invited to attend the Audit Committee Meetings.

Mr. S. N. Jetheliya, Company Secretary of the Company acts as the Secretary of the Committee.

### b) NOMINATION AND REMUNERATION COMMITTEE:

The terms of reference of the Nomination and Remuneration Committee cover the matters specified in SEBI LODR Regulations and Section 178 of the Companies Act, 2013 are as under:

- (i) identify persons who are qualified to become Directors and who may be appointed in Senior Management;
- (ii) recommend to the Board their appointment and removal;
- (iii) carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval;
- (iv) devise a policy on Board diversity;

## REPORT ON CORPORATE GOVERNANCE (Contd.)

- (v) formulate the criteria for determining qualifications, positive attributes and independence of a Director;  
For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director.  
The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
- (a) use the services of an external agencies, if required;
  - (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - (c) consider the time commitments of the candidates
- (vi) recommend to the Board a Policy relating to the remuneration for the Directors, Key Managerial Personnel and Other Employees;
- (vii) administer, monitor and formulate detailed terms and conditions of the Employees Stock Option Scheme including:
- (a) The quantum of options to be granted under Employees Stock Option Scheme per employee and in aggregate;
  - (b) The conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
  - (c) The exercise period within which the employee shall exercise the option and that the option would lapse on failure to exercise the option within the exercise period;
  - (d) The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
  - (e) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
  - (f) The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as right issues, bonus issues, merger, sale of division and others;
  - (g) The granting, vesting and exercising of options in case of employees who are on long leave; and the procedure for cashless exercise of options.
- (viii) carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- (ix) perform such other functions as may be necessary or appropriate for the performance of its duties.
- (x) recommend to the Board, all remuneration, in whatever form, payable to senior management.

The Nomination and Remuneration Committee shall look into the following while taking into account Remuneration Policy of the Company:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmark;
- (c) remuneration to Directors, KMP 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;
- (d) the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year;
- (e) the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;
- (f) percentage increase in the median remuneration of employees in the financial year;
- (g) the number of permanent employees on the roll of the Company;



## REPORT ON CORPORATE GOVERNANCE (Contd.)

- (h) the explanation on the relationship between average increase in remuneration and company performance;
- (i) comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;
- (j) 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;
- (k) comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company;
- (l) the key parameters for any variable component of remuneration availed by the Directors;
- (m) the ratio of the remuneration of the highest paid Director to that of the employee who are not Directors but receive remuneration in excess of the highest paid Director during the year;

### Composition, Name of Members and Chairperson of Nomination and Remuneration Committee are:

1. Mr. Sanjay S. Majmudar – Chairman
2. Mr. Rajendra S. Shah – Member
3. Mrs. Khushali S. Solanki – Member

### Meeting and Attendance during the year:

Name of the Member/Chairman	Category	Attendance at the Nomination and Remuneration Committee Meetings held on		
		24 May, 2021	12 August, 2021	27 January, 2022
Mr. Sanjay S. Majmudar - Chairman	Independent	√	√	√
Mr. Rajendra S. Shah	Independent	√	√	√
Mrs. Khushali S. Solanki	Non-Executive - Non-Independent	√	√	√

### c) STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The terms of reference of the Stakeholders' Relationship Committee cover the matters as under:

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

### Composition, Name of Members and Chairperson:

1. Mr. Rajendra S. Shah – Chairman
2. Mr. Bhadresh K. Shah – Member
3. Mr. Yashwant M. Patel – Member

Mr. S. N. Jetheliya, Company Secretary acts as the Compliance Officer of the Committee.



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### Meetings and attendance during the year:

Name of the Member/Chairman	Category	Attendance at the Stakeholders' Relationship Committee Meetings held on			
		24 May, 2021	12 August, 2021	28 October, 2021	27 January, 2022
Mr. Rajendra S. Shah - Chairman	Independent	√	√	√	L.A. *
Mr. Bhadresh K. Shah	Executive	√	√	√	√
Mr. Yashwant M. Patel	Executive	√	L.A. *	√	√

\* Leave of Absence

### Number of Shareholders' complaints received during the Financial Year:

The Committee ensures that the Shareholders'/Investors' grievances and correspondences are attended and resolved expeditiously.

During the period under review, Company has not received any Complaint from Shareholders and there is no outstanding complaint as on 31 March, 2022.

### d) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

In compliance with the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the Board of Directors of the Company has constituted a CSR Committee. The Committee is governed by its Charter. The terms of reference of the Committee inter alia comprises of the following:

- To review, formulate and recommend to the Board a CSR Policy which shall indicate the activities to be undertaken by the Company specified in Schedule VII of the Companies Act, 2013 and Rules made thereunder;
- To provide guidance on various CSR activities and recommend the amount of expenditure to be incurred on the activities;
- To monitor the CSR Policy from time to time and may seek outside agency advice, if necessary.

The Composition of the Corporate Social Responsibility Committee as on 31 March, 2022 and the details of members participation at the Meetings of the Committee are as under:

### Composition, Name of Members and Chairperson of Corporate Social Responsibility are:

1. Mr. Bhadresh K. Shah - Chairman
2. Mr. Sanjay S. Majmudar - Member
3. Mr. Yashwant M. Patel - Member
4. Mr. Rajendra S. Shah - Member
5. Mrs. Khushali S. Solanki - Member
6. Mrs. Bhumika S. Shodhan - Member

### Meeting and Attendance during the year:

Name of the Member/Chairman	Category	Attendance at the Corporate Social Responsibility Committee Meetings held on			
		24 May, 2021	12 August, 2021	28 October, 2021	27 January, 2022
Mr. Bhadresh K. Shah - Chairman	Executive	√	√	√	√
Mr. Sanjay S. Majmudar	Independent	√	√	√	√
Mr. Yashwant M. Patel	Executive	√	L.A.**	√	√
Mr. Rajendra S. Shah*	Independent	--	√	√	√
Mrs. Khushali S. Solanki *	Non Independent	--	√	√	√
Mrs. Bhumika S. Shodhan *	Non Independent	--	√	√	√

\* Appointed as members of the Committee in the Board Meeting held on 25 May, 2021.

\*\* Leave of Absence



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### e) RISK MANAGEMENT COMMITTEE:

SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 has amended the Regulation 21 of SEBI LODR Regulations making it compulsory to have Risk Management Committee for top 1000 listed companies. However, the Company is having a Risk Management Committee since 2014.

Corporate Risk Evaluation and Management is an on going process within the Organisation. The Company has a well-defined Risk Management framework to identify, monitor and minimising/mitigating risks as also identifying business opportunities. The terms of reference of the Committee inter alia comprises of the following:

- (1) To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the Risk Management Policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the Risk Management Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management framework has been developed and approved by the senior management in accordance with the business strategy.

The key elements of the framework include:

- Risk Structure;
- Risk Portfolio;
- Risk Measuring & Monitoring and
- Risk Optimising.

The implementation of the framework is supported through criteria for Risk assessment, Risk forms & MIS.

**The Composition of Risk Management Committee and its meeting and attendance during the year are as under.**

Name of the Member/Chairman	Category	Attendance at the Risk Management Committee Meetings held on		
		24 May, 2021	12 August, 2021	27 January, 2022
Mr. Bhadresh K. Shah - Chairman	Executive	√	√	√
Mr. Yashwant M. Patel - Member	Executive	√	L.A.**	√
Mr. Sanjay S. Majmudar *	Independent	--	√	√
Mrs. Khushali S. Solanki *	Non-Independent	--	√	√
Mrs. Bhumika S. Shodhan *	Non-Independent	--	√	√
Dr. Ajit Nath Jha - Member	Consultant	√	√	√

\* Appointed as members of the Committee in the Board Meeting held on 25 May, 2021.

\*\* Leave of Absence

## REPORT ON CORPORATE GOVERNANCE (Contd.)

The Risk Management Committee has appointed a Risk Council which comprises of Mr. Kunal Shah, Executive Director – Corporate Affairs, Mr. Viren K. Thakkar- Chief Financial Officer, Mr. S. N. Jetheliya- Company Secretary and Mr. Chetan Shah- Business Head – Kerala Plant of the Company. The Risk Council is responsible for day-to-day oversight of risk management including identification, impact assessment, monitoring, mitigation and reporting. The Risk Council also keeps the Risk Management Committee and the Board updated from time to time, on the enterprise risks and actions taken.

### III. INDEPENDENT DIRECTORS' MEETING:

As per Secretarial Standard (SS) 1 issued by the Institute of Company Secretaries of India and relevant provisions of the Companies Act, 2013 and Rules made thereunder, the Independent Directors should meet once in a calendar year.

During the year under review, the Independent Directors met on 25 May, 2021, inter alia, to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
- Evaluation of the quality, content and timeline of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

### IV. SUBSIDIARY COMPANIES:

Company has one Material Subsidiary Company i.e. Vega Industries (Middle East) FZC. UAE, whose Net Worth exceeds 10% of the Consolidated Net Worth of the Holding Company in the immediately preceding Accounting Year or has generated 10% of the consolidated income of the Company during the previous Financial Year. The Company has complied with all compliances related to its Material Subsidiary.

The Company has also formed a Policy on Material Subsidiary which has been placed at the website of Company at [http://www.aiaengineering.com/finances/pdf/AIA\\_PolicyfordeterminingMaterialSubsidiaries.pdf](http://www.aiaengineering.com/finances/pdf/AIA_PolicyfordeterminingMaterialSubsidiaries.pdf).

The Company does not have any Unlisted Material Indian Subsidiary.

### V. RELATED PARTY TRANSACTIONS:

All transactions entered into with Related Parties as defined under the Section 188 of the Companies Act, 2013 and of SEBI LODR Regulations during the Financial Year 2021-22 were in the Ordinary Course of Business and at Arms' Length basis. Suitable disclosures as required under Indian Accounting Standards (Ind AS-24) have been made in the Notes to the Financial Statements.

### VI. DISCLOSURES:

#### (A) MATERIAL SIGNIFICANT RELATED PARTY TRANSACTIONS:

The Company has not entered any transaction with related parties i.e. Directors or Management, its subsidiaries or relatives conflicting with the Company's interest at large. The Register of Contracts containing transactions in which Directors are interested is placed before the Audit Committee/Board regularly for their approval. The details of Related Party Transactions are disclosed in Financial Section of this Annual Report.

#### (B) DISCLOSURE OF ACCOUNTING TREATMENT:

These Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

The previous year figures have been regrouped/reclassified or restated as per Ind AS, so as to make the figures comparable with the figures of current year. The significant Accounting Policies which are consistently applied have been set out in the Notes to the Financial Statements.



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### (C) POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS, KMP AND THEIR REMUNERATION:

The Nomination and Remuneration Committee has adopted a Policy which, inter alia, deals with the manner of Selection of Board of Directors, KMP and their remuneration.

#### (1) Criteria for Selection of Non-Executive Directors:

- a. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- b. In case of appointment of Independent Directors, the Nomination and Remuneration Committee satisfies itself with regard to the independence nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- c. Nomination and Remuneration Committee ensures that the candidate identified for appointment/re-appointment as an Independent Director is not disqualified for appointment/re-appointment under Section 164 of the Companies Act, 2013.
- d. Nomination and Remuneration Committee considers the following attributes/criteria, whilst recommending to the Board the candidature for appointment as Director:
  - i. Qualification, expertise and experience of the Directors in their respective fields;
  - ii. Personal, Professional or business standing;
  - iii. Diversity of the Board.
- e. Board of Directors take into consideration the performance evaluation of the Directors and their engagement level.

#### (2) Remuneration:

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses, if any, for participation in the Board/Committee Meetings as detailed hereunder:

- i. A Non-Executive Director shall be entitled to receive sitting fees for each of the meeting of Board or Committee of the Board attended by him as approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- ii. A Non-Executive Director may be paid Commission of such sum as may be approved by the Board on the recommendation of the Nomination and Remuneration Committee;
- iii. The total remuneration by way of commission payable to the Non-Executive Directors (including Independent Directors) shall not exceed 1.00% per annum of the Net Profit of the Company subject to the approval of the members of the Company;
- iv. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, pursuant to the provisions of Companies Act, 2013 and SEBI LODR Regulations.

#### (3) Remuneration Policy for the Senior Management Employees:

- I. In determining the remuneration of the Senior Management Employees, the Nomination and Remuneration Committee shall ensure/consider the following:
  - the relationship of remuneration and performance benchmark;
  - the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
  - the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
  - the remuneration including annual increment and performance bonus is decided based on the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individual performance vis-à-vis KRAs/KPIs, industry benchmark and current compensation trends in the market.

## REPORT ON CORPORATE GOVERNANCE (Contd.)

- II. The Managing Director carry out the individual performance review based on the standard appraisal matrix and take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the Nomination and Remuneration Committee for its review and approval.

### (4) Performance Evaluation:

In Compliance with the provisions of the Companies Act, 2013 and SEBI LODR Regulations, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Committees. A structured questionnaire was prepared after taking into consideration, the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board Culture, execution and performance of specific duties, obligation and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors who also reviewed the performance of Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

The details of remunerations paid to the Managing Director and Whole-Time Director during the Financial Year 2021-22 is given below:

(₹ in Lakhs)

Name of the Director and Designation	Salary	Perquisites	Total
Mr. Bhadresh K. Shah, Managing Director	87.00	8.89	95.89
Mr. Yashwant M. Patel, Whole-Time Director	30.00	0.32	30.32

The Company does not have any stock option plan or performance linked incentive for the Executive Directors.

The details of Sitting Fees paid to the Non-Executive Directors for attending Board and Committee Meetings during the Financial Year 2021-22 is given below:

(in ₹)

Sr. No.	Name of the Director	Sitting Fees Paid
1.	Mr. Rajendra S. Shah	1,20,000
2.	Mr. Sanjay S. Majmudar*	1,60,000
3.	Mr. Dileep C. Choksi	65,000
4.	Mr. Rajan Harivallabhdas	1,60,000
5.	Mrs. Khushali S. Solanki**	65,000
6.	Mrs. Bhumika S. Shodhan	90,000
7.	Mrs. Janaki Udayan Shah	90,000

\*In addition to sitting fees, ₹ 22.00 Lakhs has been paid as a remuneration by way of Commission for the Financial Year 2021-22 for availing the Investors' Relationship services from him.

\*\* In addition to sitting fees, ₹ 18.00 Lakhs has been paid as a remuneration by way of Commission during the Financial Year 2021-22 for her role in Finance & Accounts function of the Company and advising in banking & investment matters.

The Directors' Remuneration Policy of your Company conforms to the provisions under Companies Act, 2013. The Board determines the remuneration of the Non-Executive Directors.



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### (D) MANAGEMENT

#### (i) Management Discussion and Analysis Report:

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms a part of this Report.

#### (ii) Disclosure of Material Financial and Commercial Transactions:

As per the disclosures received from the Senior Management, no Material Financial and Commercial transactions that may have a potential conflict with the interest of the Company at large were taken place during the year under review.

### (E) SHAREHOLDERS:

#### (i) Disclosures regarding appointment or re-appointment of Directors:

Mrs. Khushali Samip Solanki (DIN 07008918), Director of the Company will retire by rotation at the ensuing 32nd Annual General Meeting of the Company and being eligible, has offered herself for re-appointment.

Mr. Yashwant M. Patel (DIN: 02103312), Director is being re-appointed as a Whole-Time for a period of five years with effect from 1 April, 2022.

The brief resume and other information of the above retiring Director and the Whole-Time Director to be reappointed, as required to be disclosed under this section is provided in the Notice of the Annual General Meeting.

(ii) Quarterly/Half Yearly results are forwarded to the Stock Exchanges where the Equity Shares of the Company are listed and the same are also posted on Company's website: [www.aiaengineering.com](http://www.aiaengineering.com).

(iii) Shareholding of Directors as on 31 March, 2022 is as under:

Name of Director	Number of Shares
Mr. Bhadresh K. Shah	5,51,28,901
Mr. Yashwant M. Patel	NIL
Mr. Rajendra S. Shah	947
Mr. Sanjay S. Majmudar	NIL
Mr. Dileep C. Choksi	NIL
Mr. Rajan Harivallabhdas	NIL
Mrs. Khushali Samip Solanki	10,010
Mrs. Bhumika Shyamal Shodhan	10,005
Mrs. Janaki Udayan Shah	NIL

### (F) COMPLIANCE BY THE COMPANY:

The Company has complied with all the mandatory requirements of the SEBI LODR Regulations. Further, during the last three years, no penalties were imposed or strictures were passed on the Company by the Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital markets.

### VII. CEO/CFO CERTIFICATION:

The Managing Director and the Chief Financial Officer of the Company have certified to the Board that the Financial Results of the Company for the year ended 31 March, 2022 do not contain any false or misleading statements or figures and do not omit any material facts which may make the statements or figures contained therein misleading as required by Regulations 33 of SEBI LODR Regulations.

### VIII. MEANS OF COMMUNICATION:

The quarterly and half yearly results are published in widely circulating national and local dailies in English and Gujarati. These results are not sent individually to the shareholders but are displayed on the Company's website: [www.aiaengineering.com](http://www.aiaengineering.com). The Company holds meetings with the Investors and Analysts.

**REPORT ON CORPORATE GOVERNANCE (Contd.)****IX. General Body Meetings: (Last three years disclosures)****Annual General Meeting:**

The particulars of the last three Annual General Meetings held are given hereunder:

**Location, date and time for last 3 Annual General Meetings were:**

Financial Year	Date	Venue	Time
2020-21	3 September, 2021	Through Video Conferencing/other Audio-Visual Means ("OAVM").	10.00 A.M.
2019-20	21 September, 2020	Through Video Conferencing/other Audio-Visual Means ("OAVM").	10.00 A.M.
2018-19	12 August, 2019	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.	10.00 A.M.

The following Special Resolutions were passed by the members during the past 3 Annual General Meetings:

**Annual General Meeting held on 3 September, 2021:**

1. Re-appointment of Mr. Bhadresh K. Shah as Managing Director for a period of Five Years with effect from 1 October, 2021.

**Annual General Meeting held on 21 September, 2020:**

1. Payment of remuneration by way of Commission to Mr. Sanjay S. Majmudar, a Non-Executive Independent Director of the Company.
2. Re-appointment of Mr. Rajan Harivallabhdas as an Independent Director.

**Annual General Meeting held on 12 August, 2019:**

1. Payment of remuneration by way of Commission to Mr. Sanjay S. Majmudar, a Non-Executive Independent Director of the Company.
2. Re-appointment of Mr. Rajendra S. Shah as an Independent Director.
3. Re-appointment of Mr. Sanjay S. Majmudar as an Independent Director.
4. Re-appointment of Mr. Dileep C. Choksi as an Independent Director.

**POSTAL BALLOT:**

During the year under review, no resolution was passed through Postal Ballot.

**X. GENERAL SHAREHOLDERS' INFORMATION:**

Day, Date and Time of 32nd AGM	: Monday, 12 September, 2022 at 10.00 a.m.
Venue of AGM	: Through Video Conferencing
Financial Year	: 1 April, 2021 to 31 March, 2022
Book Closure Date	: Tuesday, 6 September, 2022 to Monday, 12 September, 2022
Registered Office Address	: 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad 382410
Dividend Payment Date	: On or before 11 October, 2022
Compliance Officer	: Mr. S. N. Jetheliya, Company Secretary
E-mail for redressal of Investors' Complaints	: <a href="mailto:ric@aiaengineering.com">ric@aiaengineering.com</a>
Website	: <a href="http://www.aiaengineering.com">www.aiaengineering.com</a>

Financial Calendar (subject to change) for Financial Year 2022-23:

First Quarter Results	: On or before 14 August, 2022
Second Quarter/Half Yearly Results	: On or before 14 November, 2022
Third Quarter Results	: On or before 14 February, 2023
Audited Results for the year 2022-23	: On or before 30 May, 2023



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### (a) Listing on Stock Exchanges:

#### Name and Address of the Stock Exchange

BSE Limited  
25th Floor, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra- Kurla Complex, Bandra (E), Mumbai – 400 051

#### Script Code

532683  
AIAENG

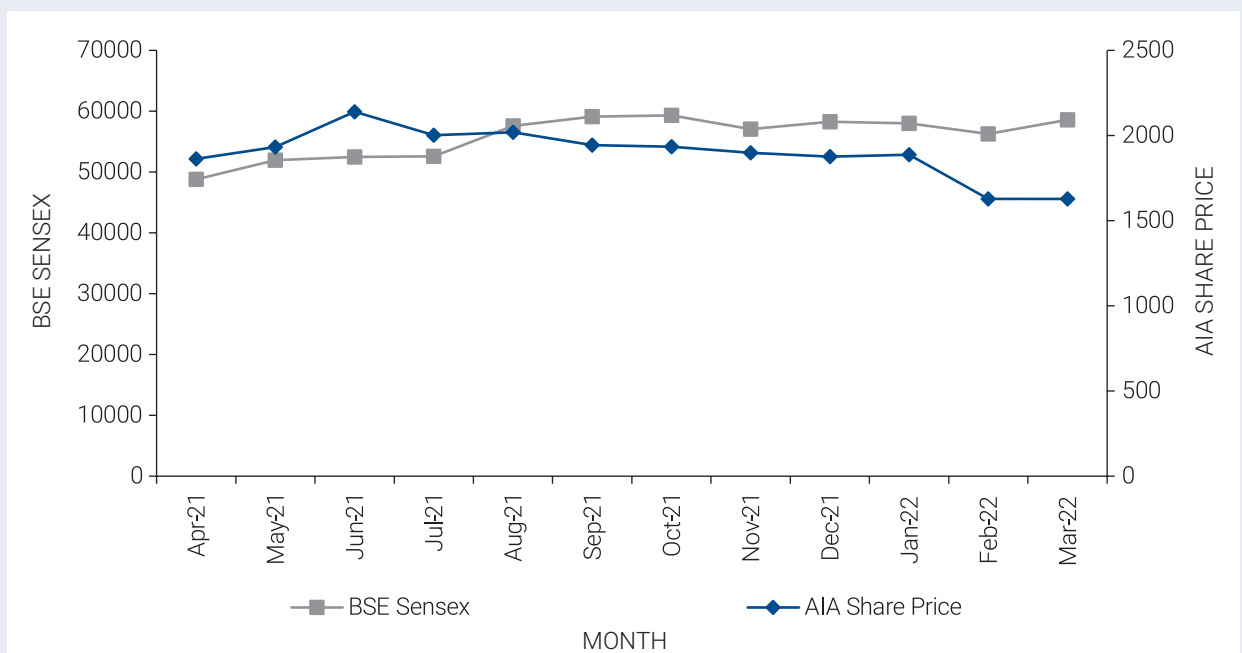
The listing fees for the Financial Year 2022-23 have been paid to both the Stock Exchanges.

### (b) Market Price Data:

The securities of the Company have been listed on BSE and NSE. The stock market prices were as under:

Month	BSE Sensex	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
		High (₹)	Low (₹)	High (₹)	Low (₹)
April 21	48782.36	2089.95	1824.00	2084.55	1830.00
May 21	51937.44	1998.55	1810.10	2002.00	1814.00
June 21	52482.71	2169.30	1897.00	2174.00	1896.55
July 21	52586.84	2220.00	1960.50	2222.00	1963.05
Aug. 21	57552.39	2050.00	1903.80	2056.90	1897.05
Sept. 21	59126.36	2185.85	1912.00	2198.35	1910.90
Oct. 21	59306.93	1996.55	1839.95	1987.90	1840.00
Nov. 21	57064.87	1964.95	1820.00	1974.90	1819.10
Dec. 21	58253.82	1924.00	1758.00	1925.00	1766.00
Jan. 22	58014.17	1941.95	1800.00	1944.00	1792.30
Feb. 22	56247.28	1998.75	1585.00	2000.00	1582.90
Mar. 22	58568.51	1785.00	1476.00	1784.40	1475.05

### (c) Performance in comparison to broad-based indices such as BSE Sensex.





**REPORT ON CORPORATE GOVERNANCE (Contd.)****SHARE TRANSFER SYSTEM/DIVIDEND AND OTHER RELATED MATTERS:****i. Share Transfers:**

In terms of amended Regulation 40 of SEBI LODR Regulations w.e.f. 1 April, 2019, transfer of securities in physical form shall not be processed unless the securities are held in the demat mode with a Depository Participant. Further, with effect from 24 January, 2022, SEBI has made it mandatory for listed companies to issue securities in demat mode only while processing any investor service requests viz. issue of duplicate share certificates, exchange/sub-division/splitting/consolidation of securities, transmission/transposition of securities. Vide its Circular dated 25 January, 2022, SEBI has clarified that listed entities/RTAs shall now issue a Letter of Confirmation in lieu of the share certificate while processing any of the aforesaid investor service request.

**ii. Simplified Norms for processing Investor Service Request :**

SEBI, vide its Circular dated 3 November, 2021, has made it mandatory for holders of physical securities to furnish PAN, KYC and Nomination/Opt-out of Nomination details to avail any investor service. Folios wherein any one of the above mentioned details are not registered by 1 April, 2023 shall be frozen. The concerned Members are therefore urged to furnish PAN, KYC and Nomination/Opt out of Nomination by submitting the prescribed forms duly filled by e-mail from their registered e-mail id to [kyc@linkintime.co.in](mailto:kyc@linkintime.co.in) or by sending a physical copy of the prescribed forms duly filled and signed by the registered holders to Link Intime India Limited at 506-508, Amarnath Business Centre-1, (ABC-1), Besides Gala Business Centre, Near St Xavier's College, Off C G Road, Ellisbridge, Ahmedabad 380 006.

**iii. Physical Shareholding:**

The Company hereby informs the Members that as per SEBI Circular, effective from 01.04.2019 physical shares will not be transferred unless and until they are dematerialised.

**iv. Dividend:****a. Payment of dividend through National Electronic Clearing Services (NECS)/National Automated Clearing House(NACH):**

The Company provides facility for remittance of dividend to the Members through NECS. To facilitate dividend payment through NECS/NACH, members who hold Shares in demat mode should inform their Depository Participant and such of the members holding Shares in physical form should inform the Company of the core banking account number allotted to them by their bankers. In cases where the core banking account number is not intimated to the Company/Depository Participant, the Company will issue Dividend Warrants to the Members.

**b. Unclaimed Dividends:**

The Company is required to transfer dividends which have remained unpaid/unclaimed for a period of seven years to the Investor Education & Protection Fund established by the Government. During the year under review, the Company has transferred to the said Fund, ₹ 81,300 the unpaid Dividend for the year ended 31 March, 2014 which have remained unpaid.

**v. Shares in respect of which dividend has not been claimed/encashed for 7 consecutive years transferred to IEPF Account:**

During the year 2021-22, the Company has transferred 100 Equity Shares to IEPF Authority pertaining to a shareholder who has not claimed/encashed dividend for 7 consecutive years since the Financial Year 2013-14.

**vi. Reconciliation of Share Capital Audit:**

As required by the Securities and Exchange Board of India (SEBI), a Quarterly Reconciliation of Share Capital is being carried out by an independent Practicing Company Secretary with a view to reconcile the Total Share Capital admitted with National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL] and held in physical form, with the Issued and Listed Capital of the Company. The Practicing Company Secretary's Certificate with regard to this is submitted to BSE Limited and the National Stock Exchange of India Limited and is placed before Stakeholders' Relationship Committee and the Board of Directors at every quarter.

**(c) Registrar & Transfer Agents:****MUMBAI OFFICE:****Link Intime India Private Limited**

C 101, 247 Park, L B S Marg,  
Vikhroli (W), Besides Gala Business Centre,  
Mumbai 400 083  
Phone No. 022-49186270, Fax No. 022-49186060  
E-mail : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**AHMEDABAD BRANCH OFFICE:****Link Intime India Private Limited**

5th Floor 506 to 508, Amarnath Business Centre -1,  
Nr. St. Xavier's College Corner, Off. C. G. Road,  
Ellisbridge, Ahmedabad 380 006  
Phone No. 079-26465179  
E-mail : [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### (d) Distribution of Shareholding:

#### (i) Shareholding pattern as on 31 March, 2022:

Category	No. of Shares held		Total No. of Shares	% of holding
	Physical	Electronic		
Promoters Shareholding	-	5,51,48,921	5,51,48,921	58.47
Mutual Funds	-	1,62,48,387	1,62,48,387	17.23
Alternative Investment Fund	-	1,62,155	1,62,155	0.17
Financial Institutions/Non Nationalised Bank	-	10	10	0.00
Foreign Portfolio Investor	-	1,70,52,678	1,70,52,678	18.08
Central Government/State Governments	-	2,87,729	2,87,729	0.31
NRIs	-	1,15,189	1,15,189	0.12
Other Corporate Bodies	-	2,54,594	2,54,594	0.27
NBFC registered with RBI	-	13,100	13,100	0.01
Indian Public	130	20,42,386	20,42,516	2.17
Hindu Undivided Family	-	99,709	99,709	0.10
Trusts	-	2,572	2,572	0.00
IEPF	-	1,566	1,566	0.00
Clearing Member	-	17,419	17,419	0.02
Insurance Companies	-	28,68,301	28,68,301	3.04
Body Corp – Limited Liability Partnership	-	5,524	5,524	0.01
<b>Total</b>	<b>130</b>	<b>9,43,20,240</b>	<b>9,43,20,370</b>	<b>100.00</b>

#### (ii) Distribution of Shareholding as on 31 March, 2022:

No. of Equity Shares	No. of folios	% of total folios	Total No. of Shares	% of holding
1 to 500	22,457	96.89	10,75,415	1.14
501 to 1,000	285	1.23	2,09,968	0.22
1,001 to 2,000	130	0.56	1,84,887	0.20
2,001 to 3,000	52	0.22	1,29,594	0.14
3,001 to 4,000	24	0.10	84,487	0.09
4,001 to 5,000	20	0.09	92,034	0.10
5,001 to 10,000	49	0.21	3,46,244	0.37
10,001 & above	160	0.70	9,21,97,741	97.75
<b>Grand Total</b>	<b>23,177</b>	<b>100.00</b>	<b>9,43,20,370</b>	<b>100.00</b>
Shareholders in Physical Mode	6	0.01	130	0.00
Shareholders in Electronic Mode	23,171	99.99	9,43,20,240	100.00

### (e) Dematerialisation of Shares & Liquidity:

The Shares of the Company are compulsorily traded in DEMAT form on the Stock Exchanges where they are listed. The Shares can be dematerialised with any one of the Depositories viz. National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL).

As on 31 March, 2022, 9,43,20,240 Equity Shares are in Dematerialised Form representing 99.99% of the total 9,43,20,370 Equity Shares of the Company. The ISIN allotted to the Company's scrip is INE212H01026. The Shares of the Company are actively traded at BSE Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE).

### (f) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely Impact on Equity:

The Company has not issued GDRs/ADRs/Warrants or any convertible instruments.

### (g) Commodity Price Risk/Foreign Exchange Risk and Hedging:

In the ordinary course of business, the Company is exposed to risks resulting from exchange rate fluctuation and interest rate movements. It manages its exposure to these risks through derivative financial instruments. The Company's risk management activities are subject to the management, direction and control of Treasury Team of the Company under the framework of Risk Management Policy for Currency and Interest rate risk as approved by the Board. The Company ensures appropriate financial risk governance framework through appropriate policies and procedures and that financial risks are

**REPORT ON CORPORATE GOVERNANCE (Contd.)**

identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The decision of whether and when to execute derivative financial instruments will be governed by the risk management policy framework while also considering the prevailing market conditions and the relative costs of the instruments..

(h) The total fee paid to the Statutory Auditors of the Company during the year under review is ₹ 47.67 Lakhs.

**(i) Plant Locations:**

- (a) 235-236 & Other Plants at G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad – 382 410
- (b) 129/129-A, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad – 382 410 (erstwhile Reclamation Welding Limited)
- (c) Plot Nos. 70-77, Survey Nos. 423/P, 426/P & 427/P, Mahagujarat Industrial Estate, Sarkhej-Bavla N. H. 8-A, Village: Moraiya, Post: Changodar, Taluka: Sanand, Ahmedabad – 382 213
- (d) 18/P, 20th Mile Stone, Sarkhej-Bavla N. H. 8-A, Village: Moraiya, Post: Changodar, Taluka: Sanand, Ahmedabad – 382 213
- (e) Plot No. 14, (Survey No. 67, 67A & 70), Girnar Scooter Compound, Odhav Road, Odhav, Ahmedabad – 382 410
- (f) L-3, MIDC Industrial Area, Hingna, Nagpur – 440 016 (erstwhile Paramount Centrispun Castings Private Limited)
- (g) SF No. 514, 5A1, 5A2, 5A3, Thathamangalam Village, Kariamanickam Road, S. Pudur, Samayapuram, Trichy - 621 115 (erstwhile DCPL Foundries Limited)
- (h) 103/104/115 to 118, Kerala GIDC Estate, Taluka Bavla, Ahmedabad-382 220.
- (i) Block No 535, Mouje - Kunjad, Tal-Dascroi, Ahmedabad - 382 410

**(j) Address for Correspondence:**

a) For Transfer/Dematerialisation of Shares, change of address of members and other queries:

**Link Intime India Private Limited**

C 101, 247 Park, L B S Marg,  
Vikhroli (W), Besides Gala Business Centre,  
Mumbai 400 083  
Phone No. 022-49186270 Fax No. 022-49186060  
E-mail : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Any query relating to Dividend, Annual Reports etc.

Mr. S. N. Jetheliya, Company Secretary & Compliance Officer

**Registered Office:**

AIA Engineering Limited  
115, GVMM Estate, Odhav Road, Odhav,  
Ahmedabad-382 410  
Phone No. 079-22901078-81  
Fax No. 079-22901077  
Investors' related query E-mail : [ric@aiaengineering.com](mailto:ric@aiaengineering.com)

**Link Intime India Private Limited**

5th Floor 506 to 508, Amarnath Business Centre -1,  
Nr. St. Xavier's College Corner, Off. C. G. Road,  
Ellisbridge, Ahmedabad 380 006  
Phone No. 079-26465179  
E-mail : [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)

**Corporate Office:**

11-12, Sigma Corporates  
B/h. HOF Showroom, Sindhu Bhavan Road,  
Off. S.G. Highway, Bodakdev,  
Ahmedabad-380 054  
Phone No. 079-66047800 Fax No. 079-66047848  
Investors' related query E-mail : [ric@aiaengineering.com](mailto:ric@aiaengineering.com)

**Details of Non-Compliances:**

There was no non-compliance during the year and no penalty has been imposed or strictures have been passed on the Company by the Stock Exchanges, SEBI or Registrar of Companies (ROC). The Company has obtained a Certificate from Tushar Vora & Associates, Practicing Company Secretaries on Corporate Governance and has attached the certificate with the Board's Report which will be sent to all the Shareholders of the Company. The same certificate shall also be sent to all the concerned Stock Exchanges along with the Annual Reports to be filed by the Company.

**NON-MANDATORY REQUIREMENTS:****a) Chairman of the Board**

A Non-Executive Chairman heads the Board of the Company.

**b) Shareholders' Rights**

As the Quarterly and Half Yearly results are published in leading Newspapers having wide circulation, the same are not sent to the Shareholders of the Company individually. However, the Quarterly and Half Yearly Financial Results are uploaded on the website of the Company.



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### PRACTICING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
AIA Engineering Limited  
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by AIA Engineering Limited, CIN - L29259GJ1991PLC015182 ("the Company") for the year ended on 31 March, 2022, 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 Regulation).

The Compliance of conditions of Corporate Governance is the responsibility of the Management of the company. Our examinations were limited to review of procedures and implementation thereof, as adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of COVID-19 pandemic, 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, 2022.

We further state that such Compliance is 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 TUSHAR VORA & ASSOCIATES**  
*Company Secretaries*

**TUSHAR M. VORA**  
*Proprietor*

Place : Ahmedabad  
Date : 25 May, 2022

C P No.: 1745  
UDIN : F003459D000387183

The above Corporate Governance Report was adopted by the Board of Directors at its meeting held on 25 May, 2022.

### AIA ENGINEERING LIMITED DECLARATION

In compliance with Regulation 34(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, I, Bhadresh K. Shah, Managing Director of the Company hereby declares on the basis of information furnished to me that all Board Members and Senior Managerial Personnel have affirmed in writing the Compliance of their respective Code of Conducts adopted by the Board for the Financial Year 2021-22.

Place: Ahmedabad  
Date: 25 May, 2022

**(BHADRESH K. SHAH)**  
Managing Director  
DIN: 00058177

**REPORT ON CORPORATE GOVERNANCE (Contd.)****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 of  
AIA ENGINEERING LIMITED  
115, GVMM Estate, Odhav Road,  
Odhav, Ahmedabad – 382 410

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of AIA Engineering Limited having CIN L29259GJ1991PLC015182 and having registered office at 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad- 382 410 (hereinafter referred to as 'the Company'), 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 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/us by the Company & its officers, I/We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Bhadrash Kantilal Shah	00058177	11/03/1991
2.	Mrs. Bhumika Shyamal Shodhan	02099400	07/11/2014
3.	Mr. Dileep Chinubhai Choksi	00016322	27/01/2014
4.	Mrs. Khushali Samip Solanki	07008918	07/11/2014
5.	Mr. Rajan Ramkrishna Harivallabhdas	00014265	14/05/2015
6.	Mr. Rajendra Shantilal Shah	00061922	15/03/2005
7.	Mr. Sanjay Shaileshbhai Majmudar	00091305	07/05/2007
8.	Mr. Yashwant Manubhai Patel	02103312	12/11/2010
9.	Mrs. Janaki Udayan Shah	00343343	26/03/2019

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

**FOR TUSHAR VORA & ASSOCIATES**

*Company Secretaries*

**TUSHAR M. VORA**

*Proprietor*

C P No.: 1745

UDIN: F003459D000387150

Place: Ahmedabad

Date: 25 May, 2022



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### MANAGING DIRECTOR/CFO CERTIFICATION

To,  
The Board of Directors,  
AIA Engineering Limited,  
Ahmedabad-382 410

We, the undersigned, in our capacities as the Managing Director and Chief Financial Officer of AIA Engineering Limited (“the Company”) to the best of our knowledge and belief certify that:

- (a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31 March, 2022 and based on our knowledge and belief, we state that:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) These statements together present a true and fair view of the Company’s affairs and are in compliance with existing Indian Accounting Standards, applicable Laws & Regulations.
- (b) We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company’s Code of Conduct.
- (c) We accept responsibility for establishing & maintaining Internal Controls for financial reporting and we have evaluated the effectiveness of the Internal Control System of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control system, if any, and that we have taken the required steps to rectify these deficiencies.
- (d) We have indicated, based on our evaluation, wherever applicable, to the Auditors and the Audit Committee:
  - (i) significant changes, if any, in internal control over financial reporting during the year;
  - (ii) significant changes, if any, in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) instances of fraud which we have become aware and the involvement therein, if any, of management or an employee having significant role in the Company’s internal control system over financial reporting.

**BHADRESH K. SHAH**

Managing Director  
DIN: 00058177

Place: Ahmedabad  
Date: 25 May, 2022

**VIREN K. THAKKAR**

Chief Financial Officer

Place: Ahmedabad  
Date : 25 May, 2022

# MANAGEMENT DISCUSSION AND ANALYSIS

## A. INDUSTRY OVERVIEW:

AIA Engineering Limited ("AIA") designs, manufactures and markets a wide range of consumable wear parts (mill internals) which are used in the process of Crushing and Grinding in Cement, Mining, Thermal Power and Aggregate industries. AIA partners with customers in these industries in their cost and process optimization journey, helping them improve operational parameters. The Company employs casting process for the manufacture of the products.

We primarily service the Global Cement and Mining Industries, where we offer customised grinding and crushing solutions relating to consumable wear parts which are used in the process of grinding and crushing in cement and mining industries. In India, we are also servicing the Thermal Power Plants by offering similar solutions for grinding/crushing of coal/lignite used in the Boilers. Again, from a Global Industry perspective, while the Cement Industry has practically worldwide converted into the use of High Chrome consumable wear parts in mining industry the level of penetration of High Chrome wear parts (mainly High Chrome Grinding Media and mill liners) is only in the region of around 20% thereby leaving a considerable growth opportunity for conversion of the mines from the use of conventional wear parts (mainly Forged Grinding Media) into our High Chrome Grinding Media. Thus, our key focused Industry at present is the Global Mining Industry with our specific focus on Copper, Gold and Iron ore mines across all Geographies of the world, where mining of these ores is happening.

So far as the Cement industry is concerned while F.Y. 2020-21 witnessed a significant disruption in the Global Cement markets due to the impact of Covid-19 pandemic and hence also impacted the cement industry growth which is generally localised and linked to construction and real estate activity, we believe that in F.Y. 2021-22 more particularly from the second half of F.Y. 2021-22 there has been a strong rebound in the cement demand in all key markets including India and at present it is already more or less at the pre Covid-19 level. We believe that going forward cement industry should continue to grow at a near double digit growth rate in India and in normal single digit growth rate of around 3% to 4% worldwide and matching with this our supplies to the cement industry will also therefore grow in tandem. However, as compared to mining, the

consumption of wear parts in cement industry is much lower and therefore in absolute terms this will imply only some marginal increase in our volumes in this industry.

Mining Industry is not as affected by COVID-19 as consumption of base metals like Copper, Gold, Steel and Platinum continues unabated largely driven by end-use of each of these metals. There is a structural bullish outlook on Gold and Copper while Steel seems to be in revival mode after being depressed for more than a decade. On account of this positive outlook, we believe that our Mining business should continue to be our growth engine.

Within mining, conversion of conventional Forged Grinding Media to High Chrome Grinding Media remains the largest growth opportunity. As indicated earlier, Annual consumption of Grinding Media for the mining segment is estimated at 2.50 million tons with less than 20% of the same converted to High Chrome, thus offering a sizeable growth opportunity of conversion.

AIA is addressing the mining opportunity of conversion through a combination of solutions based on the requirement of a mining customer. This includes cost savings through lower wear rates and lower consumptions owing to the High Chrome advantage; Down process related benefits in the form of reduction in the cost of other expensive reagents/improvement of recoveries by use of High Chrome Grinding Media; and lastly unique Mill Lining solutions having the effect of increasing the throughput and reduction in the power cost. AIA is also offering unique Mill Liners to the mining market and widening its wallet share and value addition with customers. Mill Linings is estimated to be 300,000 ton global market and represents an additional growth opportunity. AIA's dedicated greenfield Mining Liner plant will be commissioned in Q2 F.Y. 2022-23 and will help AIA in taking incremental market share in this segment, as well as offer higher cross selling opportunities for Grinding Media.

F.Y. 21-22 has also witnessed a significant increase in most major raw materials, commodities, etc. Scrap and Ferro Chromium prices have soared requiring us to take steps to make sure that price increases are passed on to customers. Again, in F.Y. 2021-22 while initially there were challenges of availability of shipping lines and containers, towards the second half while the availability has improved, there has been a considerable



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

increase in the shipping rates. However, AIA has again demonstrated its ability of passing over this increased freight rates on its customers without seeing any major customer stopping their procurement from AIA on this ground, barring a few exceptional cases.

Lastly, currently the world is witnessing headwinds emanating out of the Geopolitical situation relating to prolonged Russian-Ukraine war, very high inflation in major economies of the world culminating into stagflation and also threatening recessionary situation, adverse cross currency movements due to adverse capital flows, and continued supply chain challenges due to frequent lockdowns continued to be imposed by China. We, however believe that global mining industry should be relatively less impacted. Further, even if there is a significant fall in the demand for commodities and metals in near term, we still feel that given the considerable headroom available for us for conversion of Mines to High Chrome use, a Zero or even a negative growth in the mining should not have any material adverse impact on our growth plans. However, while we remain cautiously optimistic we are carefully and diligently monitoring the situation.

### B. SEGMENTWISE PERFORMANCE:

The Company primarily operates in only one segment i.e. manufacturing of High Chrome Mill Internals. In Fiscal Year 2021-22, 78.88% of its total sales came from outside India while balance 21.12% came from within India.

### C. OUTLOOK AND PROSPECTS:

AIA's prospects are linked to activity in basic industries of Mining, Cement and Thermal Power generation. These industries were affected by the COVID interruption but there was a quick rebound in industrial activity which allowed AIA to ensure continued operations without any major reduction in production and sales. In F.Y. 2021-22, generally, the world has seen rapid recovery in consumption and in turn manufacturing and services activity saw a sharp increase. But continued COVID variants kept on playing truant and affecting different countries in different ways. Most significantly, it impacted port operations in many major ports across the world, which in turn led to severe disruption in shipping activity. This in addition to increased activity (from post-COVID recovery) meant that supply chains became stretched with container and vessel availability

affected and sea freight pricing being out of control. Just when things started to seem getting normalized, China went through its own COVID spread and their zero-tolerance policy meant port operations again getting affected and second order effects affecting the rest of the global shipping operations.

AIA is proud to state that despite these extremely trying circumstances around disruption in sea borne trade, every single customer delivery timelines were honoured. Even if it meant significant increase in working capital in terms of stock (against confirmed orders) to make sure not only we meet customer delivery timelines but also give sufficient comfort to customers about us meeting those timelines.

AIA got tested on multiple headwinds in this year and right after coming out of a difficult COVID year. From very volatile and increasing raw material prices and shipping rates to unpredictable cross-currencies, multiple COVID variants affecting different parts of the world at different times not allowing our sales team to travel to adverse import duty decisions in Canada and South Africa. But AIA is happy to inform that it successfully dealt with these challenges and ensured that it grew this year in terms of volume and revenue, albeit after adjusting for volume losses from Canada and South Africa. Thus, although in terms of sales quantities the total sales volume in F.Y. 2021-22 at around 260,409 MT looks more or less the same as the sales volume achieved in F.Y. 2020-21, the fact remains that in F.Y. 2021-22 AIA lost a major portion of the sales to Canada owing to the Anti-Dumping Duty imposed by the Canadian Authorities and there was also a significant loss of sales to South Africa owing again to trade restrictions imposed by South African Authorities, the combined volume loss being approximately in the region of around 32,075 MT. However, this was compensated by significant gain in volumes from various other geographies.

Going forward, AIA continues to build on its competencies to offer material value addition to its customers in form of increase in throughput, increase in yield of gold and copper ores and reduction in operating costs in terms of wear costs, power costs and reagent consumption. This value addition is offered by continuous and direct engagement with operations personnel at plants in different countries and ensuring that a custom designed solution is offered to meet their specific objectives and engage



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

with them on a continuous improvement journey to measure and ensure the benefits accrue over the lifetime of our solution. Our teams are now starting to travel to meet customers and engage with them on our solutions. We also believe that given the size of the conversion opportunity for conversion of the users from Forged to our High Chrome Grinding Solutions in Copper, Gold and Iron Ore Mining industries, we have significant headroom available for achieving a decent and sustainable volume growth year over year thanks to the strength of our Solutions which helps the end users in not only reducing the cost of consumable wear parts but also in effectively reducing their overall cost of ownership and making their processes more cost efficient. Again, going forward the focus is mainly on conversion from Forged to High Chrome and therefore we do not foresee any major threat or risks pertaining to artificial trade barrier restrictions that can deter our progress. We believe that through the combination of Solutions based on High Chrome cost saving advantage, Down process benefits and unique Mill lining solutions that we are offering, we should be able to continue gaining a significant market share in Mining Industry segment.

In the near term, AIA's development cycle for conversion of Forged to High Chrome has become slightly longer on account of supply chains being under pressure and customers being cautious of switching to a Supplier supplying from an off-shore location for fear of supply risks. We are addressing this challenge by offering more stock at customer site and in-transit. We are hoping that the Supply chain issues should eventually ease and in medium to longer term, we remain fairly confident of sustained growth and increased market share in the mining space. As we have demonstrated, we have been able to pass on to a large extent the increase in the input costs as well as the increase in the freight rates to our customers which indicates the resilience and strength of our solutions. Again, from the second half of F.Y. 2021-22 with the global travel restrictions easing out considerably we have witnessed a resumption of the process of conversion of the mining customers from Forged to High Chrome wear parts.

We plan to commission our mill lining facility in Q2 of F.Y. 2022-23 and after a few months of stabilization will become an important part of our overall mining strategy. We plan to fully utilize the plant in 4 to 5 years and not only become a meaningful player in the mill lining space but more importantly realize the strategy of becoming a full value provider to mining customers

in terms of wear parts.

In Cement, we will continue to grow with the growth in Cement production. India continues to remain a high growth market as do some select countries worldwide in line with intention of governments to spend on infrastructure.

### D. CAPEX PLAN:

The Company's current capacity stands at 3,90,000 MT of annual production of High Chrome Mill Internals.

The Company has started implementing a Greenfield facility at Kerala GIDC near Ahmedabad to manufacture 50,000 MT of "Mill Linings" at a cost of ₹ 250 Crores and is estimated to be commissioned in Q2 of F.Y. 2022-23.

In line with earlier estimates, the Company has decided now to start the second phase of the Grinding Media Greenfield capacity expansion of 80,000 MT at GIDC Kerala, Ahmedabad at a cost of ₹ 200 Crores. This new expansion will be done in two phases.

The Company has plan to invest in renewable energy by investing ₹ 55 Crores in Hybrid Project consisting of 2 WTG of 2.1 MW each and 3.78 MW of Solar. The project is expected to be commissioned by 31 March, 2023.

The Company plans to fund all above Capex from its internal cash accruals.

### E. RISKS AND CONCERNS:

The Company is a manufacturing concern with facilities in 4 cities in India and with sales and distribution spread across the world. The Company is exposed to certain operating business risks, similar to most manufacturing companies, which is mitigated by regular monitoring and corrective actions.

Key risks that the Company faces are around stability in the mining market, foreign exchange rate fluctuation, fluctuation in raw material prices, debtor defaults, disruption in supply chain and disruption and uncertainty in business due to Covid-19 pandemic.

**Currency Fluctuation:** On account of high exchange volatility, there is possibility of big exchange fluctuation due to higher export in turnover and import of raw material. Proactive and Adoptive Hedging Policy which is aligned with market best practices and Dynamic Pricing Mechanism are in place to limit impact of exchange volatility on receivables and forecasted revenue.



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

**Raw Material Fluctuation:** The Company engages with the customers and is able to pass through most of the raw material changes – either through price pass clauses if there are longer tenure contracts or by repricing new offers. The Company is closely monitoring raw material price movements and is regularly buying the raw materials during low price cycles so as to average out the impact of price fluctuations.

**Debtor Defaults:** Company has taken up comprehensive credit insurance policy to mitigate risks around financial conditions of export customers.

**Disruption in Supply Chain:** Due to renewed pandemic in China and other part of World and Ukraine Crisis, there is severe disruption in export and import Supply Chain mainly on account of extreme waiting time for availability of berth space at port supported with high demand of transportation. This may result in jump in overall outward freight cost. It may result in higher working capital because of increase in transit inventory and increase in inventory at Customer place to meet timely delivery. It may also put pressure on margin because of increased freight cost. To mitigate disruption in supply chain, Company is planning production well in advance to compensate delay in logistic, maintaining higher inventory at warehouse of country having disrupted supply chain. Logistic team is putting efforts on midterm contract with shipping line to keep cost under cap. Sales team is also working with Customers to fix contract on FOB Plus Actual Freight.

**COVID-19:** Worldwide COVID 19 is now subsiding; however, at many Countries suddenly it is taking shape of pandemic. These may affect revenue growth and lead to under-utilisation of established capacity. This is likely to affect the Company's earnings in the short and medium term. However, the Company's relative competitiveness is expected to increase because of its traditional value focus and its strong track record in helping customers improve their efficiency and saving costs. Various measures taken by the Company include deployment of infrastructure enabling employees to work from home and ensure business continuity, ensuring continuation of production at required level with minimum disruption and cost, guidance and mandate of appropriate workplace

operating procedures including social distancing measures, regular coordination with key suppliers for smooth deliveries of material required for desired level of production.

### F. INTERNAL CONTROL SYSTEM AND THE ADEQUACY:

The Company's Internal Control Systems are commensurate with the size and nature of its operations, aimed at achieving efficiency in operations, optimum utilisation of resources, reliable financial reporting and compliances with all applicable laws and regulations. Talati and Talati LLP, Chartered Accountants is the Internal Auditor of the Company. It carries out extensive internal audit throughout the year across all functional areas and submits reports to Management and Audit Committee. The recommendations from such internal audit and follow up actions for improvements of the business processes and controls are also periodically reviewed and monitored by the Audit Committee.

### G. FINANCIAL PERFORMANCE REVIEW:

The financial performance of the Company as a whole (on consolidated basis) is as under:-

#### I. Consolidated Performance:

An analysis of the consolidated performance of the Company is given below:

##### • Physical Production:

The production achieved is as under:

(Qty in M.T.)

Product	2021-22	2020-21
High Chrome Mill Internals	2,78,590	2,62,969

##### • Sales Turnover:

The Comparative position of sales turnover achieved by the Company is as under:

(₹ in Lakhs)

Particulars	2021-22	2020-21
Sales in India (21.12%) (P.Y. 20.29%)	74,230.94	57,201.27
Sales Outside India (78.88%) (P.Y. 79.71%)	2,77,215.81	2,24,676.60
<b>Total</b>	<b>3,51,446.75</b>	<b>2,81,877.87</b>

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

- Key Performance Indicators :**

An analysis of the key indicators as percentage to Revenue is given below:

(₹ in Lakhs)

Particulars	2021-22	2020-21
1 Revenue from Operations	3,56,654.73	2,88,149.24
2 Cost of Materials Consumed(Including change in Inventories)	1,47,109.37	1,14,260.58
- % of revenue from operations	41.25%	39.65%
3 Employee Benefit Expense	13,936.66	13,350.47
- % of revenue from operations	3.91%	4.63%
4 Other Expenses	1,23,514.19	95,013.59
- % of revenue from operations	34.63%	32.97%
5 EBIDTA	87,723.52	82,744.19
- % of revenue from operations	24.60%	28.72%
6 Finance Costs	385.04	429.31
- % of revenue from operations	0.11%	0.15%
7 Depreciation and Amortisation Expense	9,211.63	9,350.09
- % of revenue from operations	2.58%	3.24%
8 Profit Before Tax	78,126.85	72,964.79
- % of revenue from operations	21.91%	25.32%
9 Profit After Tax (Including Other Comprehensive Income and after Minority Interest)	59,544.52	54,310.02
- % of revenue from operations	16.70%	18.85%

## II Standalone Performance

The analysis of standalone performance of the Company is given below:

- Sales Turnover :**

The Comparative position of sales turnover achieved by the Company is as under:

(₹ in Lakhs)

Particulars	2021-22	2020-21
Sales in India (22.35%) (P.Y. 21.08%)	67,707.68	50,804.91
Sales Outside India (77.65%) (P.Y. 78.92%)	2,35,241.37	1,90,226.76
<b>Total</b>	<b>3,02,949.05</b>	<b>2,41,031.67</b>

- Key performance indicators:**

An analysis of the key indicators as percentage to Revenue is given below:

(₹ in Lakhs)

Particulars	2021-22	2020-21
1 Revenue from Operations	3,08,157.03	2,47,299.38
2 Cost of Materials Consumed(including change in inventories and purchase of stock in trade)	1,63,544.35	1,10,142.89
- % of revenue from operations	53.07%	44.54%
3 Employee Benefit Expense	10,302.79	9,805.91
- % of revenue from operations	3.34%	3.97%
4 Other Expenses	76,686.84	67,534.42
- % of revenue from operations	24.89%	27.31%
5 EBIDTA	84,591.86	74,296.87
- % of revenue from operations	27.45%	30.04%



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Particulars		2021-22	2020-21
6	Finance Costs	363.24	398.52
	- % of revenue from operations	0.12%	0.16%
7	Depreciation and Amortisation Expense	8,983.90	9,097.06
	- % of revenue from operations	2.92%	3.68%
8	Profit Before Tax	75,244.72	64,801.29
	- % of revenue from operations	24.42%	26.20%
9	Profit After Tax (Including Other Comprehensive Income)	58,535.19	48,217.01
	- % of revenue from operations	19.00%	19.50%

### H. DETAILS OF SIGNIFICANT CHANGES IN THE KEY FINANCIAL RATIOS & RETURN ON NET WORTH

Pursuant to amendment made in Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in Key Financial Ratios and any changes in Return on Net Worth of the Company including explanations therefor are given below:

#### Standalone

Sr. No.	Particulars	2021-22	2020-21	Change	Change in %	Explanations
1	Debtors Turnover (Days)	156.69	161.08	(4.38)	(2.72%)	--
2	Inventory Turnover (Days)	75.66	63.53	12.14	19.11%	--
3	Interest Coverage Ratio	208.15	163.60	44.54	27.23%	Due to reduction in Finance Cost and increase in Profit
4	Current Ratio	17.11	8.84	8.27	93.60%	Increased on account of Increase in Inventory, Trade Receivable and Cash and Bank Balances.
5	Debt Equity Ratio	-	0.04	(0.04)	(100.00%)	Due to repayment of Current Borrowings
6	Operating Profit Margin (%)	16.06%	21.04%	(4.99)	(23.70%)	--
7	Net Profit Margin (%)	19.29%	20.12%	(0.82)	(4.10%)	--
8	Return on Networth (%)	13.45%	12.58%	0.87	6.91%	--

#### Consolidated

Sr. No.	Particulars	2021-22	2020-21	Change	Change in %	Explanations
1	Debtors Turnover (Days)	83.66	83	0.66	0.80%	--
2	Inventory Turnover (Days)	127.33	97.73	29.59	30.28%	Due to Increase in Inventory mainly on account of increased transit time
3	Interest Coverage Ratio	203.91	170.96	32.95	19.27%	--
4	Current Ratio	12.26	7.94	4.32	54.50%	Due to Increase in Trade Receivables and Inventories, and repayment of Current Borrowings
5	Debt Equity Ratio	-	0.04	(0.04)	(98.63%)	Due to repayment of Current Borrowings
6	Operating Profit Margin (%)	17.89%	19.93%	(2.04)	(10.22%)	--
7	Net Profit Margin (%)	17.63%	20.08%	(2.45)	(12.21%)	--
8	Return on Networth (%)	13.77%	14.25%	(0.48)	(3.36%)	--

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### I. INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT:

The Company believes that human resource is the most important asset of the organisation. During the year under review, the Company continued its efforts to improve HR related processes, practices and systems to align these to the organisational objectives. Training and development of its employees is ensured through on the job and outside training programs and workshop. The Company continues to attract excellent talent to further its business interests. Industrial Relations continue to be cordial.

### CAUTIONARY STATEMENT:

Statements made in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations may be "Forward-looking statements" within the meaning of applicable securities, laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the Company operates, changes in the government regulations, tax laws & other statutes & other incidental factors.