

# 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 Persons 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, 2015 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.

Company's Board met 4 times during the Financial Year under review on 25 May, 2022, 09 August, 2022, 14 November, 2022 and 27 January, 2023. 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, 2023 are as follows:

Name of the Board Member	Category	Attendance at the Board of Directors Meeting held on				Attended AGM held on 12 September, 2022
		25 May, 2022	09 August, 2022	14 November, 2022	27 January, 2023	
Mr. Rajendra S. Shah (Chairman)	Independent - Non Executive	√	√	√	√	√
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	√	√	√	√	√
Mrs. Khushali S. Solanki	Non Independent - Non Executive	L.A.	√	L.A.	√	√
Mrs. Bhumika S. Shodhan	Non Independent - Non Executive	√	√	√	√	√
Mr. Rajan Harivallabhdas	Independent Director	√	√	√	√	√
Mrs. Janaki Udayan Shah	Independent Director	√	√	√	√	√

L.A. means Leave of Absence

As on 31 March, 2023, 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 Memberships *	Committee Chairmanships *
	Listed	Unlisted		
Mr. Rajendra S. Shah	3	-	2	-
Mr. Bhadrash K. Shah	2	-	4	-
Mr. Sanjay S. Majmudar	4	1	4	4
Mr. Yashwant M. Patel	-	-	-	-
Mr. Dileep C. Choksi	4	3	6	2
Mrs. Khushali S. Solanki	1	-	-	-
Mrs. Bhumika S. Shodhan	-	-	-	-
Mr. Rajan Harivallabhdas	-	-	-	-
Mrs. Janaki Udayan Shah	-	-	-	-

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

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
	Transformers & Rectifiers (India) Limited	Independent
	Harsha Engineers International Limited	Executive Director - Chairman
Mr. Bhadrash 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

Name of the Director	Name of Listed Company	Category of Directorship
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. Bhadrash 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. Bhadrash 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

#### (C) CONFIRMATION OF INDEPENDENT DIRECTORS:

The Board of Directors of the Company confirm that the Independent Directors fulfil 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 22 October, 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.

During the year, 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 2022-23 for her role in Finance & Accounts functions 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 email to [snj@aiaengineering.com](mailto:snj@aiaengineering.com) and by sending letters to the address mentioned in the said Policy.

**(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) 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 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 <https://aiaengineering.com/wp-content/uploads/2023/05/Independent-Director-Familiarization-Program-2022-23.pdf>

## 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;
- (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;
- (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 2022-23, five (5) Audit Committee Meetings were held on 25 May, 2022, 09 August, 2022, 14 November, 2022, 31 December, 2022 and 27 January, 2023. 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, 2022	09 August, 2022	14 November, 2022	31 December, 2022	27 January, 2023
Mr. Sanjay S. Majmudar–Chairman	Independent	√	√	√	√	√
Mr. Rajendra S. Shah	Independent	√	√	√	√	√
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;
- (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;
- (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, 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. Bhadrash K. Shah – Member
3. Mr. Yashwant M. Patel – Member

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



**Meetings and attendance during the year:**

Name of the Member / Chairman	Category	Attendance at the Stakeholders Relationship Committee Meetings held on			
		24 May, 2022	09 August, 2022	14 November, 2022	27 January, 2023
Mr. Rajendra S. Shah - Chairman	Independent	√	√	√	√
Mr. Bhadresh K. Shah	Executive	√	√	√	√
Mr. Yashwant M. Patel	Executive	√	√	√	√

**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, 2023.

**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, 2023 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, 2022	09 August, 2022	14 November, 2022	27 January, 2023
Mr. Bhadresh K. Shah - Chairman	Executive	√	√	√	√
Mr. Sanjay S. Majmudar	Independent	√	√	√	√
Mr. Yashwant M. Patel	Executive	√	√	√	√
Mr. Rajendra S. Shah	Independent	√	√	√	√
Mrs. Khushali S. Solanki	Non Independent	L.A.	√	L.A.	√
Mrs. Bhumika S. Shodhan	Non Independent	√	√	√	√

\* Leave of Absence

**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 ongoing 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, 2022	14 November, 2022
Mr. Bhadresh K. Shah - Chairman	Executive	√	√
Mr. Yashwant M. Patel - Member	Executive	√	√
Mr. Sanjay S. Majmudar	Independent	√	√
Mrs. Khushali S. Solanki	Non-Independent	L.A	L.A
Mrs. Bhumika S. Shodhan	Non-Independent	√	√
Dr. Ajit Nath Jha – Member *	Consultant	√	√

L.A. means Leave of Absence.

\* Dr. Ajit Nath Jha passed away on 14 February, 2023.

The Risk Management Committee has appointed a Risk Council which comprises of Senior Management Personnel / Employees 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, 2022, 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 <https://aiaengineering.com/wp-content/uploads/2023/06/Policy-for-determining-Material-Subsidiaries.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 2022-23 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. The Company has also formed a Policy on Related Party Transactions which has been placed at the website of Company <https://aiaengineering.com/wp-content/uploads/2023/06/Policy-Related-Party-Transaction.pdf>.

### 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.

#### (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.
- 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 2022-2023 is given below:

(₹ Lakhs)

Name of the Director and Designation	Salary	Perquisites	Total
Mr. Bhadresh K. Shah, Managing Director	102.00	9.12	111.12
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 2022-2023 is given below:

(In ₹)

Sr. No.	Name of the Director	Sitting Fees Paid
1.	Mr. Rajendra S. Shah	1,75,000
2.	Mr. Sanjay S. Majmudar*	1,75,000
3.	Mr. Dileep C. Choksi	1,00,000
4.	Mr. Rajan Harivallabhdas	1,75,000
5.	Mrs. Khushali S. Solanki**	50,000
6.	Mrs. Bhumika S. Shodhan	1,00,000
7.	Mrs. Janaki Udayan Shah	1,00,000

\*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 2022-23 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.

#### (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:

Mr. Yashwant M. Patel (DIN : 02103312), Director of the Company will retire by rotation at the ensuing 33<sup>rd</sup> Annual General Meeting of the Company and being eligible, has offered himself for re-appointment.

The brief resume and other information of the above retiring Director, 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, 2023 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, 2023 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.

**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
2021-22	12 September, 2022	Through Video Conferencing / other Audio-Visual Means ("OAVM").	10.00 A.M.
2020-21	03 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.

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

**Annual General Meeting held on 12 September, 2022:**

1. Re-appointment of Mr. Yashwant M. Patel as Whole-Time Director for a period of Five Years with effect from 01 April, 2022.

**Annual General Meeting held on 03 September, 2021:**

1. Re-appointment of Mr. Bhadresh K. Shah as Managing Director for a period of Five Years with effect from 01 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.

**POSTAL BALLOT:**

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

**X. GENERAL SHAREHOLDERS' INFORMATION:**

Day, Date and Time of 33 <sup>rd</sup> AGM	: Tuesday, 19 September, 2023 at 10.00 a.m.
Venue of AGM	: Through Video Conferencing
Financial Year	: 01 April, 2022 to 31 March, 2023
Book Closure Date	: Wednesday, 13 September, 2023 to Tuesday, 19 September, 2023
Registered Office Address	: 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad 382 415
Dividend Payment Date	: On or before 18 October, 2023
Compliance Officer	: Mr. S. N. Jetheliya, Company Secretary
Email for redressal of Investors' Complaints	: <a href="mailto:ric@aiaengineering.com">ric@aiaengineering.com</a>

Website : [www.aiaengineering.com](http://www.aiaengineering.com)

Financial Calendar (subject to change) for Financial Year 2023-24:

First Quarter Results : On or before 14 August, 2023

Second Quarter/Half Yearly Results : On or before 14 November, 2023

Third Quarter Results : On or before 14 February, 2024

Audited Results for the Financial Year 2023-24 : On or before 30 May, 2024

**(a) Listing on Stock Exchanges:**

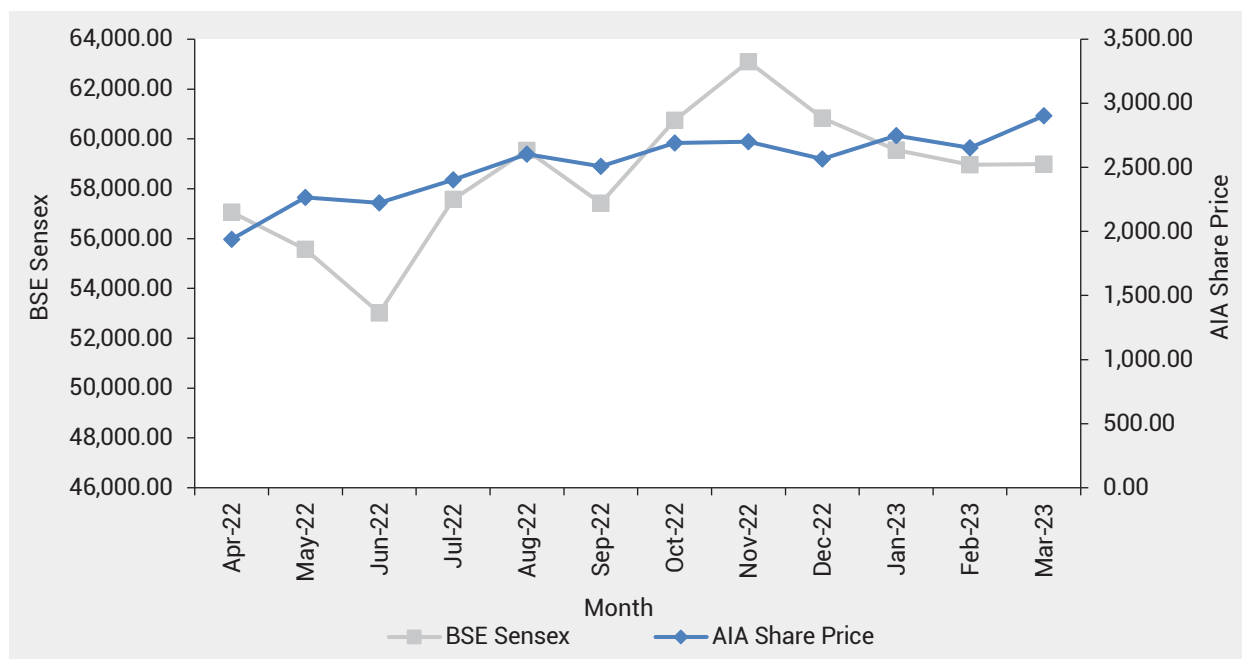
Name and Address of the Stock Exchange	Script Code
BSE Limited 25 <sup>th</sup> Floor, P.J. Towers, Dalal Street, Fort, Mumbai – 400 001	532683
National Stock Exchange of India Limited Exchange Plaza, Bandra- Kurla Complex, Bandra (E), Mumbai – 400 051	AIAENG

The listing fees for the Financial Year 2023-24 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 22	57,060.87	1,951.20	1,615.20	1,951.00	1,612.40
May 22	55,566.41	2,340.00	1,751.85	2,350.00	1,757.50
June 22	53,018.94	2,327.25	2,012.00	2,328.90	2,025.00
July 22	57,570.25	2,489.35	2,171.75	2,489.00	2,170.20
Aug. 22	59,537.07	2,653.70	2,353.05	2,654.10	2,358.00
Sept. 22	57,426.92	2,821.70	2,420.80	2,723.90	2,420.00
Oct. 22	60,746.59	2,718.55	2,407.30	2,718.85	2,406.10
Nov. 22	63,099.65	2,825.00	2,522.10	2,821.25	2,521.00
Dec. 22	60,840.74	2,875.15	2,500.00	2,874.75	2,493.30
Jan. 23	59,549.90	2,905.90	2,385.00	2,911.25	2,383.50
Feb. 23	58,962.12	2,899.00	2,641.90	2,899.00	2,640.00
Mar. 23	58,991.52	2,958.20	2,646.20	2,960.00	2,642.70



## Performance in comparison to broad-based indices such as BSE Sensex

### (c) Share Transfer System / Dividend and other related matters:

#### i. Share Transfers:

In terms of amended Regulation 40 of SEBI LODR Regulations with effect from 01 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 No. SEBI/HO/MIRSD/MIRSDPoD-1/P/ CIR/2023/37 dated March 16, 2023, 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 30 September, 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 April, 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 ₹ 96,592 for the year ended 31 March, 2015 which has remained unpaid.

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

During the Financial Year 2022-23, the Company has transferred 313 Equity Shares to IEPF Authority pertaining to shareholders who have not claimed/encashed dividend for 7 consecutive years since the Financial Year 2014-15.

##### 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.

### (d) Registrar & Transfer Agents:

#### MUMBAI OFFICE:

##### Link Intime India Private Limited

C 101, 247 Park, L B S Marg,  
Vikhroli (W),  
Mumbai 400 083  
Phone No. 022-49186270 Fax No. 022-49186060

#### AHMEDABAD BRANCH OFFICE:

##### Link Intime India Private Limited

5<sup>th</sup> Floor 506 to 508, Amarnath Business Centre -1,  
Besides Gala Business Centre, Nr. St. Xavier's College Corner,  
Off. C. G. Road, Ellisbridge, Ahmedabad 380 006  
Phone – 079-26465179



E-mail : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

 E-mail: [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)
**(e) Distribution of Shareholding:**
**(i) Shareholding pattern as on 31 March, 2023:**

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	-	1,69,97,542	1,69,97,542	18.02
Alternative Investment Fund	-	3,58,842	3,58,842	0.38
Financial Institutions /Non Nationalised Bank	-	10	10	0.00
Foreign Portfolio Investor (Corporate) - I	-	1,65,18,401	1,65,18,401	17.51
Foreign Portfolio Investor (Corporate) – II	-	4,97,246	4,97,246	0.53
Insurance Companies	-	21,61,247	21,61,247	2.29
Central Government	-	105	105	0.00
Sovereign Wealth Funds	-	2,87,624	2,87,624	0.30
Key Managerial Personnel	-	6,525	6,525	0.01
Directors and their relatives (excluding independent Directors and nominee Directors)	-	50	50	0.00
NRIs	-	1,48,175	1,48,175	0.16
Other Corporate Bodies	-	1,74,323	1,74,323	0.18
Body Corporate – Limited Liability Partnership	-	7,405	7,405	0.01
NBFC registered with RBI	-	9,100	9,100	0.01
Indian Public	15	18,93,906	18,93,921	2.01
Clearing Members	-	1,643	1,643	0.00
Hindu Undivided Family	-	99,160	99,160	0.11
Trusts	-	8,256	8,256	0.01
IEPF	-	1,874	1,874	0.00
<b>Total</b>	<b>15</b>	<b>9,43,20,355</b>	<b>9,43,20,370</b>	<b>100.00</b>

**(ii) Distribution of Shareholding as on 31 March, 2023:**

No. of Equity Shares	No. of folios	% of total folios	No. of Shares	% of holding
1 to 500	37,061	97.76	13,30,337	1.41
501 to 1000	304	0.80	2,15,431	0.23
1001 to 2000	154	0.41	2,24,291	0.24
2001 to 3000	53	0.14	1,33,257	0.14
3001 to 4000	37	0.10	1,27,882	0.14
4001 to 5000	27	0.07	1,25,876	0.13
5001 to 10000	77	0.20	5,65,249	0.60
10001 & above	196	0.52	9,15,98,047	97.11
<b>Grand Total</b>	<b>37,909</b>	<b>100.00</b>	<b>9,43,20,370</b>	<b>100.00</b>
Shareholders in Physical Mode	3	0.01	15	0.00
Shareholders in Electronic Mode	37,906	99.99	9,43,20,355	100.00

**(f) 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, 2023, 9,43,20,355 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).

**(g) 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.

**(h) 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 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.

**(i)** The total fee paid to the Statutory Auditors of the Company during the year under review is ₹ 53.54 Lakhs.

**(j) Details of Material Subsidiary**

Vega Industries (Middle East) FZC, UAE and Vega Industries Ltd., USA are material subsidiaries of the Company which were incorporated in UAE and USA on 10 September, 2002 and 12 October, 2001 respectively.

The Statutory Auditors of the Vega Industries (Middle East) FZC, UAE and Vega Industries Ltd., USA, material subsidiaries of the Company have been appointed on 23 June, 2022 and 9 March, 2020 respectively.

**(k) Plant Locations:**

1. 116, 119, 273, 275, 276, 316, 317, 318, 319 GVMM Estate, Odhav Road, Odhav, Ahmedabad, Gujarat, 382415
2. 235 to 237, 248 to 250, 271 to 276, 92b to 94, 81, 82, 161 to 163, GVMM Estate, Odhav Road, Odhav, Ahmedabad, Gujarat, 382415
3. 299, 300, 325, 326, 122, 127 to 130, 129A, 130E, 130E1, 231, 232, GVMM Estate, Odhav Road, Odhav, Ahmedabad, Gujarat, 382415
4. Plot No.14 Survey No.67, 67A, 70, Girnar Scooter Compound, Odhav Road, Odhav, Ahmedabad, Gujarat, 382415
5. Block No. 535, Mouje-Kunjad, Taluka-Dascroi, Ahmedabad, Gujarat, 382415
6. 18/P, N.H.8-A, 20th Mile Stone, Sarkhej-Bavla Road, Changodar, Ahmedabad, Gujarat, 382231
7. S. No.423-426-427-PAIKI P.NO.70-77, S.NO.427/P/5/P, S.P.NO.39, 40, 345, 346, 423/P SUB.P.NO.10 of 79, 80, 84P, 9, 10, Mahagujarat Industrial Estate, Bavla Road, Village Moraiya, Post-Changodar, Ahmedabad, Gujarat, 382213
8. 103, 104, 115 to 118, GIDC Estate, Kerala GIDC, Bavla, Taluka-Dholka, Ahmedabad, Gujarat, 382220
9. Plot No.1513A, 1513B, 1514, GIDC Estate, Kerala GIDC, Bavla, Taluka-Dholka, Ahmedabad, Gujarat, 382220
10. Plot No. 105, GIDC Estate, Kerala, Bavla, Taluka-Dholka, Ahmedabad, Gujarat, 382220
11. Sub Plot No. A-20, Survey No. 43, Steel Town Industrial Estate, Part-1, Survey No. 431 Paiki-7, Village-Moraiya, Taluka-Sanand, Ahmedabad, Gujarat, 382213
12. Plot No.4 & 8, Mahagujarat Industrial Estate, Behind Plot No.8, Behind Sarvottam, Moraiya, Sarkhej-Bavla Highway, Ahmedabad, Gujarat, 382231
13. Block N0.22 Old Block N0.104, Block N0.23 Old Block N0.108, Block N0.81 Old Block N0.108 Mouje Village-Kerala, Taluka- Bavla, Kerala, Ahmedabad, Gujarat, 382220
14. Survey N0.25 & 26 Old Survey N0.127, Survey No 24 & 30 Old Survey No. 105 & 129, Survey No. 32 Old Survey No. 130, Survey No 82 & 83 & 84 Old Survey No 107 & 106 & 105 Mouje Village- Kerala, Taluka- Bavla, Kerala, Ahmedabad, Gujarat, 382220
15. Bavla, Taluka-Dholka, 210/A, GIDC Estate, Kerala GIDC, Ahmedabad, Gujarat, 382220
16. Plot No. 302, 303, 312 and 313, Taluka-Dholka, Kerala GIDC, Bavla, Ahmedabad, Gujarat, 382220
17. L-3, MIDC Industrial Area, Hingna, Nagpur – 440 016 (erstwhile Paramount Centrispun Castings Private Limited)
18. SF No. 514, 5A1, 5A2, 5A3, Thathamangalam Village, Kariamanickam Road, S. Pudur, Samayapuram,



Trichy - 621115 (erstwhile DCPL Foundries Limited)

**(I) 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),  
Mumbai 400 083  
Phone No. 022-49186270 Fax No. 022-49186060  
E-mail : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

**Link Intime India Private Limited**

5<sup>th</sup> Floor 506 to 508, Amarnath Business Centre -1,  
Besides Gala Business Centre, Nr. St. Xavier's College Corner,  
Off. C. G. Road, Ellisbridge, Ahmedabad 380 006  
Phone – 079-26465179  
E-mail : [ahmedabad@linkintime.co.in](mailto:ahmedabad@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-382 415  
Phone No. 079-22901078-81  
Fax No. 079-22901077  
Investors' related query E-mail : [ric@aiaengineering.com](mailto:ric@aiaengineering.com)

**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 Report 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 Nation 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.

## 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, 2023, 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, 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 31 March, 2023.

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

C.P. No.: 1745

UDIN : F003459E000376403

Place : Ahmedabad  
Date : 25 May, 2023

The above Corporate Governance Report was adopted by the Board of Directors at its meeting held on 25 May, 2023.

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### 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 2022-23.

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

Place: Ahmedabad  
Date: 25 May, 2023

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members of  
**AIA ENGINEERING LIMITED**  
115, GVMM Estate, Odhav Road,  
Odhav, Ahmedabad – 382 415

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- 382 415 (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](http://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, 2023 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. Bhadresh Kantilal Shah	00058177	11 March, 1991
2.	Mrs. Bhumika Shyamal Shodhan	02099400	07 November, 2014
3.	Mr. Dileep Chinubhai Choksi	00016322	27 January, 2014
4.	Mrs. Khushali Samip Solanki	07008918	07 November, 2014
5.	Mr. Rajan Ramkrishna Harivallabhdas	00014265	14 May, 2015
6.	Mr. Rajendra Shantilal Shah	00061922	15 March, 2005
7.	Mr. Sanjay Shaileshbhai Majmudar	00091305	07 May, 2007
8.	Mr. Yashwant Manubhai Patel	02103312	12 November, 2010
9.	Mrs. Janaki Udayan Shah	00343343	26 March, 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 : F003459E000376414

Place: Ahmedabad  
Date: 25 May, 2023

## MANAGING DIRECTOR / CFO CERTIFICATION

To  
The Board of Directors  
**AIA ENGINEERING LIMITED**  
Ahmedabad-382 415

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, 2023 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, 2023

**VIREN K. THAKKAR**  
Chief Financial Officer

Place: Ahmedabad  
Date : 25 May, 2023