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AIA Engineering Limited

30TH ANNUAL REPORT

2019-20

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Corporate overview

Statutory Reports

Financial Statements

Please find our online version at:
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Or simply scan to download

Investor Information		
BSE Code	:	532683
NSE Symbol	:	AIAENG
Bloomberg Code	:	AIAE:IN
AGM Date	:	21 September 2020
AGM Mode	:	Video Conferencing (VC) and Other Audio Visual Means (OAVM)

Disclaimer: This document contains statements about expected future events of AIA Engineering Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.

THE WORLD HAS BEEN GOING THROUGH TURBULENT TIMES. IT IS IN THE MIDST OF UNCERTAINTIES AND BUSINESS DISRUPTIVE EVENTS RESULTING OUT OF LIFE-THREATENING PANDEMIC.

AT AIA ENGINEERING LIMITED, WE REMAINED FOCUSSED, AGILE AND ADAPTIVE. WE STOOD UP BRAVELY AND WORKED TOGETHER AS A TEAM TO KEEP THE BUSINESS IN MOTION. THE TESTING TIMES SHOWED US THAT COLLECTIVELY, WE COULD EMERGE STRONGER THAN EVER. WHILE THE OPPORTUNITIES REMAIN THE SAME, NEW PERSPECTIVES HAVE EMERGED IN ADAPTING THE NEW NORMAL WAY OF WORKING AND LIVING.

KPIs of 2019-20

₹ **31,227.88** million
Total Revenue in F.Y. 2019-20

₹ **8,221.91** million
EBITDA in F.Y. 2019-20

₹ **5,903.20** million
PAT in F.Y. 2019-20

₹ **1,31,411.86** million
Market Capitalization as on 31 March 2020

₹ **2,546.65** million (1,350%)
Dividend Declared for F.Y. 2019-20

1,350
Employees as on 31 March 2020

58.47%
Promoter's Holding as on 31 March 2020

Note
EBITDA: Earning before Interest, Tax, Depreciation and Amortization
PAT: Profit after Tax

Our business at a glance

Established in the year 1991, AIA Engineering Limited (hereafter 'AIA', 'The Company' or 'We') is one of the world's largest manufacturers of value-added, impact abrasion, and corrosion resistant High Chrome Mill Internals (HCMI).

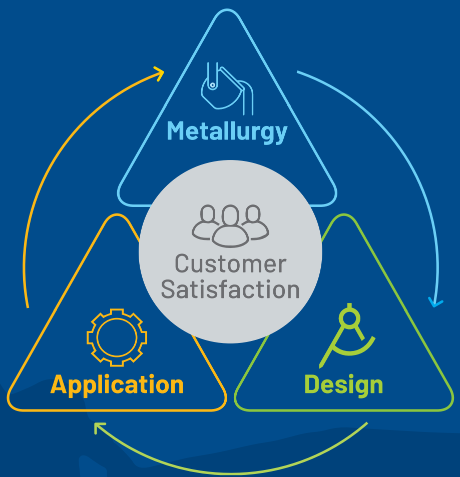
Through our unique combination of products and services, we help our customers increase their production output, decrease their operating costs and reduce environmental impact. We provide broad offerings with a proven track record of quality and reliability for our customers.

What we offer?

Designing, developing, manufacturing and installation of abrasion and corrosion resistant castings such as grinding media and mill liners for tube mills and vertical mill parts (collectively referred to as mill internals).

How we offer?

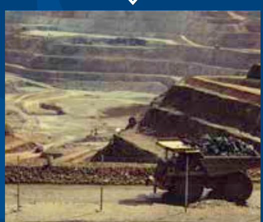
The golden triangle represents our knowledge matrix which helps us deliver unique value proposition of improvement in process parameters, reduction in operational costs and limiting environmental impact.

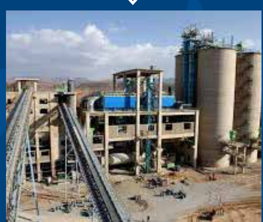


Value drivers

- Metallurgy
- Grinding process technology
- New product development

Application





MINING
Grinding of mineral ore before processing for separation of different materials

CEMENT
Grinding of limestone and clinker

THERMAL
Grinding of coal before it enters boiler

QUARRY
Crushing of aggregates

Global presence

AIA engages with customers in more than 120 countries. The Company has a local presence in strategic locations across the world through subsidiaries and rep offices. This has allowed the Company to build long standing relationships with global blue chip customers in cement and mining markets.

Subsidiaries and representative offices

- USA
- Canada
- UK
- UAE
- Australia
- South Africa
- China
- Chile
- Indonesia
- Ghana

Global logistics network (Warehouses)

- Russia
- USA
- UK
- Netherlands
- Australia
- Ghana

120 countries

Global presence

Journey so far

1978
A Company named Ahmedabad Induction Alloys Pvt. Ltd. was incorporated by Mr. Bhadresh K. Shah

1979
Commenced operations and started manufacturing wear parts for cement and power plants

1985
Started manufacturing high chrome grinding media

1989
Started manufacturing of high chrome liners, level control diaphragms and other diaphragms

1991
Ahmedabad Induction Alloys Pvt. Ltd. was merged with this Company (AIA) in 1991

1996
Certification of Quality Management Systems as per ISO 9001

2003
Incorporated Vega ME as a wholly owned subsidiary of AIAE

2005
AIAE got listed on Indian Stock Exchanges

2008
Commissioned Moraiya greenfield project with a capacity of manufacturing 100,000 MT grinding media

2011
Commissioned new plant for mining liners and vertical mill parts

2014
Capacity enhanced to 260,000 MT with expansion at Moraiya facility

2017
Commissioned Phase 1 of Kerala GIDC, near Ahmedabad greenfield project for manufacturing grinding media

2018
Development of mill lining solution for mines

2019
Enhanced capacity of Kerala GIDC plant by 50,000 MT

2020
Certification of Environment Management System as per ISO 14001 and Health & Safety Management System as per OHSAS 18001, for our Moraiya and Kerala Plants

Letter from Managing Director's desk

> I am optimistic that we will emerge stronger from this crisis as we continue our efforts to add more value for our customers

Bhadresh K. Shah
Managing Director

Dear Shareholders,

We are in the middle of the biggest crisis we have seen in our lifetimes. The Covid-19 pandemic has created an unprecedented socio-economic disruption and a tragic loss of human lives. The exit path remains a vaccine and untill then, it is likely to be a ride with a continuous stop-start rhythm and strict health protocols.

At AIA, we are hopeful that like all other previous crisis, this too shall pass. The testing times brought us all together and gave the courage to face the challenges. During the first phase of lockdown, we had shut down our offices and facilities and quickly adapted the 'Work from Home' practice. We started operating our manufacturing facilities post Government clearance in the subsequent lockdowns. We ensured complete safety of our people through adequate checks and social distancing norms.

On the performance front, I am glad to state that we are now running at 80% to 90% of our pre-Covid capacity. We have steadily progressed towards achieving our long-term goals. During the year, we successfully completed our first SAG mill liners trial for a large gold mine in Africa. The long-term optimism for the mining, cement and power industries continue to hold true even on this date. Going ahead, our strategic priorities would involve increasing R&D focus to further strengthen our total solutions capabilities. Besides, our perspective towards regular operations will now be highly directed towards improving productivity, strengthening employee morale and their preparedness to adapt with the evolving times.

With this note, I would like to thank all our stakeholders, investors, customer, suppliers and Government/ Regulatory Bodies for being with us amidst tough times. I also acknowledge the efforts of our team members for their commitment and dedication. We value the passion and enthusiasm they bring to their work. We are committed to building an organization that is sensitive, vibrant and geared towards building a better tomorrow.

Best wishes,
Bhadresh K. Shah
Managing Director
AIA Engineering Limited

We started operating our manufacturing facilities post Government clearance in the subsequent lockdowns. We ensured complete safety of our people through adequate checks and social distancing norms.

Current installed capacity

390,000 Metric Ton

Proposed addition (Greenfield)

Linings:

50,000

Grinding Media:

50,000

Total capacity post addition

490,000 Metric Ton

Stakeholder engagement

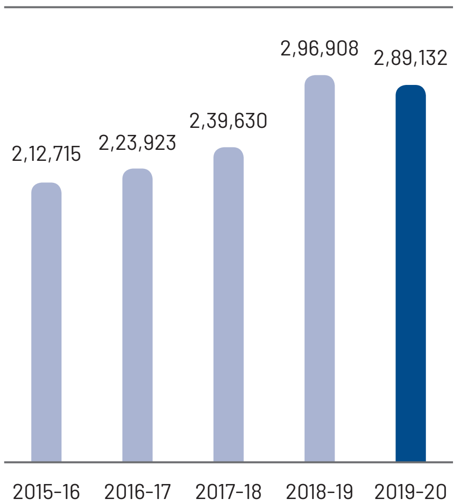
Stakeholders are at the heart of our strategy and business model. Engaging with stakeholders helps understand their evolving needs which in turn helps us in our strategic decision-making.

	Investor	Employees	Suppliers/Vendors
WHY THEY ARE IMPORTANT	As providers of capital, they are key stakeholders in our growth and expansion plans.	Our employees are at the centre of all our operations. Their collaborative skills and expertise is essential for our growth.	Our operations are closely linked with the timely availability of supplies, quality of raw materials and services that we source. These, in turn, have a material impact on the efficiency of the production process.
STAKEHOLDER EXPECTATIONS	• Growth of the Company • Reward to shareholders • Return on Capital Employed (ROCE) • Strong governance and risk management	• Growth opportunities • Safe working environment • Hygiene and sanitation • Talent retention • Training and development • Proactive communication • Ethical behaviour • Employee engagement	• Payment terms • Fair and transparent dealing • Safety system and performance
FREQUENCY OF ENGAGEMENT	Quarterly, annual and need-based	Monthly, half-yearly and need-based	Continuous
ASSESSMENT FACTORS	• Risk management • Credit rating	• Attrition rate	• Safety incidents • Vendor satisfaction index • Quarterly performance evaluation
MODE OF ENGAGEMENT AND COMMUNICATION	• Annual general meetings • Quarterly earnings calls and presentation and investor conferences • Press releases and newsletters • Regular disclosure to stock exchanges • Updates on the Company website	• Performance appraisal • Emails and circulars • Health, Safety and Environment (HSE) committee meetings and safety alerts • Training and awareness sessions • Forums like Kaizen / 5S • Festival celebrations • Birthday wishes • Picnic • Sports day	• Supplier/Vendors meet • Supplier feedback
VALUES CREATED	• Robust financials • Sustainable growth	• Participative and encouraging work environment • Higher retention • Work-life balance • Job satisfaction • High morale • Enhanced productivity and efficiency • Continual improvisation in processes	• Long-term relations • Fair procurement practises
COVID SUPPORT/RESPONSE	-	• Daily Sanitization of offices • Daily Sanitization of buses • Wearing masks mandatory in the premises • Compulsory social distancing	• Share info on good practises • Assess vendors on their safety practises

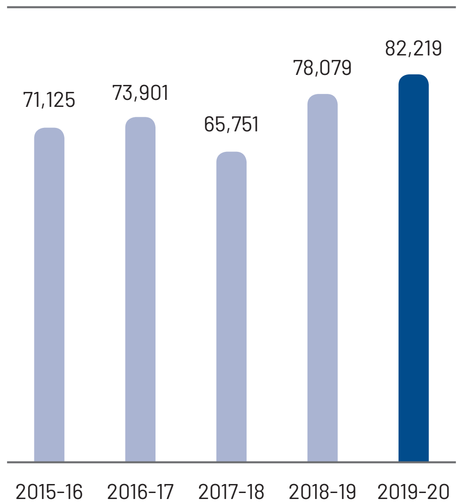
Customers	Government/Regulatory bodies	Communities
Customers are key stakeholders as they are the direct users of our services. Customer feedback, is key to maintaining brand reputation and steady cash flows.	Regional and national government bodies and agencies who implement and enforce applicable laws across our industry.	The people who live in the local communities around our sites and operations.
• Product quality delivery • Credit period and transparent payment terms • Health and safety aspects • Innovation	• Compliance and taxes • Timely responses to queries • Anti-corruption • CSR	• Livelihood and support • Hygiene and sanitation facilities • Healthcare facilities • Education • Local employment • Air and water pollution
Continuous	Need-based	Continuous
Customer satisfaction index	No. of meetings/seminars attended by the leadership team annually	General well-being of the neighbouring communities
• Customer satisfaction surveys • Direct interactions	• Emails • Progress and performance reports • Accident incident reports • Returns under applicable laws	• Community meetings and visits • Interaction for local bodies
Consistent quality products leading to improved efficiency	Credibility and strong governance	• Employment generation • Healthcare • Better quality of life
• Share safety practises • Minimise visits	Compliance with Covid Guidelines	Generously donated for food packets and masks, among others, in the neighbouring communities during lockdown

Financial performance

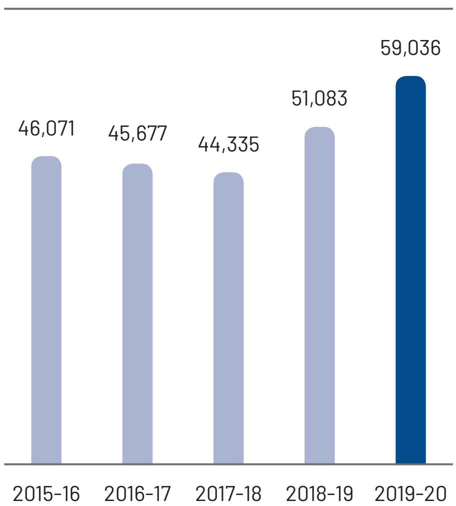
Net sales
(₹ Lakhs)



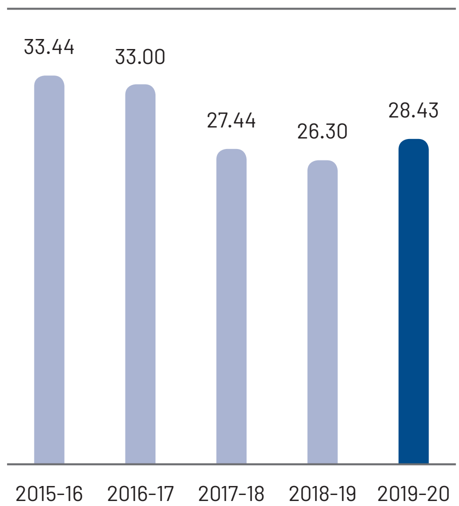
Operating profit
(₹ Lakhs)



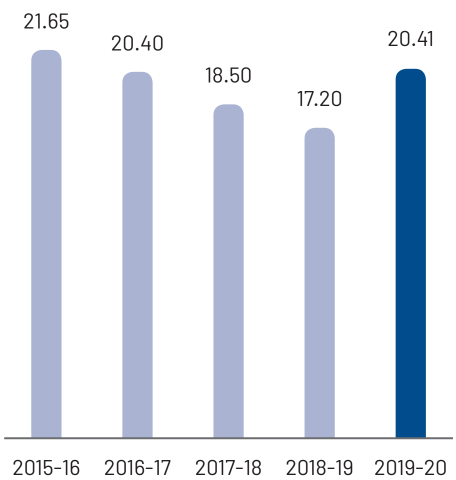
Profit after tax
(₹ Lakhs)



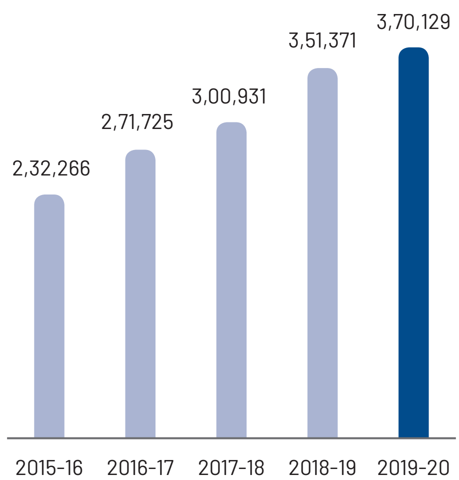
Operating profit margin
(%)



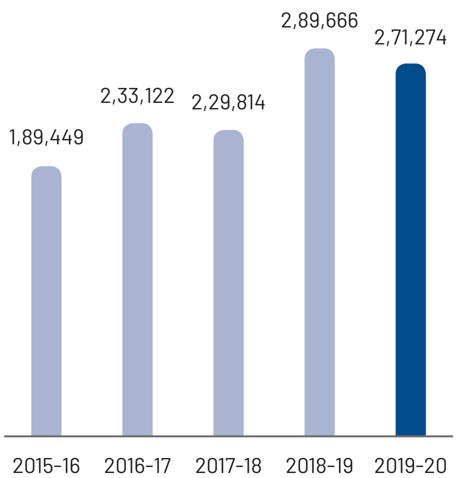
Profit margin
(%)



Net worth
(₹ Lakhs)



Production volume
(Metric Ton)



Board of Directors

Mr. Rajendra S. Shah

(DIN 00061922)

Qualification: A Mechanical Engineer and an Industrialist

Experience: Administration and Finance

- Possesses entrepreneurial insight into running engineering business
- Chairman and Managing Director of Harsha Engineers Limited, manufacturers of Bearing Cages

Mr. Bhadresh K. Shah

(DIN-00058177)

Qualification: B. Tech (Metallurgy) from the Indian Institute of Technology, Kanpur

Experience: Production, Finance Cost and Technical Administration

- Over 49 years in the manufacturing and design of various value-added, impact, abrasion and corrosion resistant high chrome castings
- Emphasis on manufacturing process improvements, new product development, quality and adherence to international manufacturing standards which ensures that Company's products are recognized domestically as well as internationally

Mr. Rajan Ramkrishna Harivallabhdas

(DIN-00014265)

Qualification: Bachelor's Degree in Commerce and Master's Degree of Business Administration from USA

Experience: Textile, Engineering and Chemical Industry

- Former Managing Director and Director in various companies as a part of the family owning Textile, Engineering and Chemical companies known as Shri Ambica Group from 1973 to 1988; in this capacity he acquired experience of management, finance and marketing from 1988 to 1996
- Promoted and managed the family's private chemical manufacturing companies
- Promoted and managed as Chairman and Managing Director of a Public Listed Chemical manufacturing Company HK. Fine chem Limited from 1992 to 2010; the Company is one of the few manufacturers of specialty chemicals using the imported molecular distillation equipment for the first time in India along with the fractionation column designed by Sulzer of Switzerland

Mr. Yashwant M. Patel

(DIN-02103312)

Qualification: B.Sc. (Chemistry)

Experience: Possesses rich and varied experience in Production, Administration, HR and Accounts

Mrs. Khushali S. Solanki

(DIN 07008918)

Qualification: Diploma in Hotel Management

Experience: Possesses rich and varied experience in Administration, Marketing and Accounts

Mrs. Bhumika S. Shodhan

(DIN 02099400)

Qualification: Diploma in Fashion Designing

Experience: Possesses rich experience in Production, Management and Administration

Mr. Sanjay S. Majmudar

(DIN 00091305)

Qualification: B. Com, FCA & ACS

Experience: Corporate Laws, Direct Tax Laws, Financial Advisory Services, Debt Syndications, Project Finance, International Structures and Taxation Planning, M &A

- Practicing Chartered Accountant
- Contributed papers and participated as the speaker on Corporate Laws in seminars and conferences hosted by ICAI and CA Association, Ahmedabad
- Regular speaker in the MSOP programme of the Institute of Company Secretaries of India, Ahmedabad Chapter

Mr. Dileep C. Choksi

(DIN 00016322)

Qualification: B. Com, LLB, FCA and Grad. CWA

Experience: Leading Chartered Accountant, qualified Lawyer and a Cost Accountant with over 39 years of experience

- Areas of specialization include tax planning and structuring for domestic and international clients, including expatriates, finalising collaborations and joint ventures, executive advisory and decision support, corporate restructuring with a focus on start-ups, turnaround and change management strategies and analysing tax impact of various instruments
- Former joint Managing Partner of Deloitte in India
- He has set up C. C. Choksi Advisors Private Limited, the activities of which aim to provide complete solutions for all business requirements

Mrs. Janaki U. Shah

(DIN 00343343)

Qualification: Bachelor of Arts (Economics)

Experience: Textile Manufacturing and Computer Education with over 20 years of experience

Socially responsible

The Company continuously tries to make a positive impact on the society through various contributions. During the year under review, AIA has spent ₹ 977.82 Lakhs in the following areas :

₹ 49.57 Lakhs
Preventing & Promoting Healthcare

₹ 239.00 Lakhs
Promotion of Education

₹ 380.25 Lakhs
Protection of National Heritage, Art & Culture

₹ 9.00 Lakhs
Eradicating Hunger & Development of Children

₹ 300.00 Lakhs
Improving people's quality of life through initiatives of social, economic, educational, environmental, health and cultural advancement

GYAN DEEP PROGRAM

AIA CSR Foundation (part of AIA Engineering Limited) started a CSR initiative called "Gyan Deep" in July 2017. Gyan Deep program is targeted towards improving the quality of education in government primary schools (Grade 1 to 8) that are spread across the Ahmedabad district of Gujarat.

NUMBER OF SCHOOLS AND STUDENTS THAT ARE PART OF THE PROGRAM EACH YEAR:

Sr. No	Year	# of Schools	# of students
Year – 1	2017-18	3	1,366
Year – 2	2018-19	9	3,893
Year – 3	2019-20	10	4,100+

Gyan Deep is a carefully designed multi-year program that involves deployment of Schools LENS Solutions Pvt Ltd (SSPL's) digital education platform through digital smart classrooms and tablet lab. SSPL also provides the necessary training and educational services throughout the year to students, teachers and parents.

In addition to the digital education initiative, Gyan Deep program also involves a month-long Social Awareness Program where students, teachers and the community get practical understanding of various social factors such as sanitation, health, environment and safety. Social Awareness Program was quite successful in the first two years of Gyan Deep. Due to the Covid-19 situation, government schools have been closed since February/ March 2020, and therefore we have not been able to conduct Social Awareness Program in the current year, so far.

STUDENT GROWTH AND IMPROVEMENT

To measure overall student performance and effectiveness, SSPL conducts annual students' assessment at the end of the year in each school. We conducted student academic assessment in the third year and found significant performance improvement in this year.

In addition to the learning improvement, students and teachers from our program schools have become "Social Upliftment Agents" in their respective communities while spreading social awareness during COVID-19 situation. We have conducted various activities in our program schools. The main goal of these activities is to create an engagement with the school community that involves parents, Sarpanch and community leaders. But, due to the Covid-19 situation, we could not conduct annual program. However, we have received positive feedback and response through out the year from our program schools' Principals, Teachers and many Government Officers who frequently visit our schools.

28.14%
Student Academic Performance Improvement in Year 3 (2019-20)

180+
Teachers' capacity improvement activities and community workshops

PLANTATION INITIATIVE

Along with providing education, AIA also understands the importance of conserving the environment and reducing the impact of CO2. As a part of its CSR foundation, the Company has undertaken initiatives such as 'Plantation' and 'Reclamation'. Under the former program, approximately 3 to 4 acres of land has been reclaimed.

48,464
Total number of trees planted

18,043
Air Force Station, Vadodara

9,262
Vayu Shakti Nagar, Gandhinagar

1,495
Ahmedabad Municipal Corporation, Odhav, Ahmedabad

1,200
GE, Ahmedabad Cantt

10,802
Ahmedabad Cantt

7,662
Air Force Selection Board, Gandhinagar

₹ 61,80,320
Total amount spent on plantation

TATPADAM UPVAN, NATHDWARA

As a part of its CSR activities, AIA has contributed towards the development of the world's tallest Lord Shiva statue and allied structures at Nathdwara (Rajasthan) to Tatpadam Upvan (a Section 8 Company) which is a subsidiary of Miraj Developers Ltd. This is a joint project of Municipal Board Nathdwara (Commissioner), Miraj Developers Ltd. & State of Rajasthan (District Collector, Rajsamand). The main objective behind the project is to increase the tourist inflow to Nathdwara along with generating employment for the people living there. The project is being developed at par with international standards and the allied structures will include a food court, adventure park/VR game zone, amphitheatre, handicraft shops, arrival platform, approach staircase for the statue, gazebo, fountain, gardens, public convenience, parking and an admin building. With a total built-up area of 15,000 Sq. mt. and budgeted cost of ₹ 175 Crores, the project will have two viewing galleries at the level of 110 ft and 270 ft, each. The project is expected to be completed by 2021.

BOARD'S REPORT

The Members,

AIA Engineering Limited

Ahmedabad

Your Directors take pleasure in submitting the 30th Annual Report and the Audited Annual Accounts of the Company for the year ended 31 March 2020.

1. FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	Year ended 31 March 2020	Year ended 31 March 2019	Year ended 31 March 2020	Year ended 31 March 2019
Revenue from Operations (net)	2,49,806.44	2,73,716.71	289,131.75	2,96,908.20
Other Operating Income	8,956.00	10,041.79	8,956.00	10,041.79
Total Revenue from Operations (net)	**2,58,762.44**	**2,83,758.50**	**298,087.75**	**3,06,949.99**
Other Income	**48,548.45**	**11,621.58**	**14,191.00**	**12,092.44**
Total Income	**3,07,310.89**	**2,95,380.08**	**312,278.75**	**3,19,042.43**
Profit before Finance Cost, Depreciation & Amortization and Tax Expenses	1,05,812.16	68,680.05	82,219.10	78,079.29
Finance Cost	519.89	719.05	558.75	754.71
Depreciation & Amortization	9,551.24	7,769.59	9,787.92	7,884.57
Profit Before Tax	**95,741.03**	**60,191.41**	**71,872.43**	**69,440.01**
(i) Provision for Taxation (Current)	14,250.45	16,963.31	14,294.75	17,116.40
(ii) Deferred Tax	(1,762.39)	1,745.93	(1,454.33)	1,179.84
Total Tax (i+ii)	**12,488.06**	**18,709.24**	**12,840.42**	**18,296.24**
Profit after Tax	**83,252.97**	**41,482.17**	**59,032.01**	**51,143.77**
Non Controlling Interest	-	-	(3.79)	60.72
Net Profit after Non Controlling Interest	83,252.97	41,482.17	59,035.80	51,083.05
Other Comprehensive Income / (Loss) (Net of Minority Interest)	262.61	95.16	(390.20)	(654.21)
Total Comprehensive Income	83,515.58	41,577.33	58,645.60	50,428.84

Standalone Operating Results:

During the year under review, the Revenue from Operations of the Company is ₹ 2,58,762.44 Lakhs as compared to ₹ 2,83,758.50 Lakhs in the previous Financial Year. Exports Turnover registered in the same period is ₹ 1,93,303.97 Lakhs as against the Export Turnover of ₹ 2,07,549.52 Lakhs in the previous Financial Year.

During the year under review, Company has earned a Profit Before Tax (PBT) of ₹ 95,741.03 Lakhs and Profit After Tax (PAT) of ₹ 83,252.97 Lakhs as compared to PBT of ₹ 60,191.41 Lakhs and PAT of ₹ 41,482.17 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 ₹ 2,98,087.75 Lakhs as compared to ₹ 3,06,949.99 Lakhs in the previous Financial Year. Correspondingly, the Consolidated Profit After Tax (PAT) registered during the year under review is ₹ 59,035.80 (After Minority Interest) as compared to PAT (After Minority Interest) of ₹ 51,083.05 Lakhs in the previous Financial Year.

2. DIVIDEND:

During the year under Report, the Company has declared an Interim Dividend of ₹ 27/- (1350%) per share on 9,43,20,370 Equity Share of the face value of ₹ 2/- each amounting to ₹ 25,466.50 Lakhs (excluding Dividend Distribution Tax of ₹ 4,444.45 lakhs) for the Financial Year 2019-20 on 9th March 2020. The said Interim Dividend was paid on 23rd March 2020. Having declared Interim dividend for the Financial Year, your Board has not recommended a Final dividend for the Financial Year 2019-20.

3. SHARE CAPITAL:

The paid up Equity Share Capital of the Company as on 31 March 2020 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 2020 were ₹ 3,881.10 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 an expense of ₹ 12,860.93 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 Corporate Guarantee covered under the provisions of Section 186 of the Companies Act, 2013. The details of Guarantees provided and Investment made by the Company are given in the notes to the Financial Statements.

Internal Financial Control and Audit:

The Company has designed and implemented a process driven framework for Internal Financial Controls [IFC] within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended on 31 March 2020, the Board is of the opinion that the Company has sound IFC commensurate with the size, scale and complexity of its business operations. The IFC operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved internal controls whenever the effect of such gaps would have a material effect on the Company's operations.

The Board of Directors at the recommendations of the Audit Committee appointed M/s. Talati & Talati, Chartered Accountants as Internal Auditors of the Company for the Financial Year 2020-21 and M/s. ADCS & Associates, Chartered Accountants as Internal Auditors for Nagpur Unit.

Related Party Transactions:

All the Related Party Transactions entered into during the financial year were on an Arm's Length basis and 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.

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 August, 2019 and reassigned a Rating of 5A I, which indicates that overall status of the Company is "Strong".

5. HUMAN RESOURCE:

The company acknowledges that Human Resource is one of the most important strategic element in the successful functioning of the organization and hence a lot of dedicated effort is put in to ensure proper growth of this asset. The company believes that motivated employees can demonstrate a lot of involvement and participation in the growth of the company and hence the company takes various measures to create such a working culture.

The company's approach towards developing and fostering its human capital is very scientific and addresses all elements viz. Manpower Planning, Talent Acquisition, Talent Engagement, Talent Development & Talent Retention in a very systematic and organized manner. The company realizes that teamwork and not individual brilliance is the key to success and hence engages its employees into a lot of employee engagement activities round the year. Such activities not only help in improving the rapport of the employees across various functions, it also helps in developing their creativity and innovativeness.

BOARDS' REPORT (CONTD.)

The company also appreciates the importance of a healthy work life balance and hence regularly organizes activities which aid in unwinding and de-stressing the employees. Participation in various sports activities, collective celebration of festivals and periodic get-togethers over lunch is actively promoted by the company.

Continuous growth and skill upgradation is the "mantra" in which the company believes. No matter how talented and skilled the manpower of the company is, the company believes that there has to be a continuous improvement in the same. This can only happen through properly planned and executed training programs at regular intervals. Training programs are designed based on the skill gap analysis and periodic training is imparted across the organization for skill upgradation. Apart from technical and functional training, the company also organizes sessions on behavioral aspects and on motivational topics. Employee health and well being is considered of paramount importance and speakers are invited to deliver speech on these subjects as well. With an objective of skill upgradation and growth of its employees, the company explores all avenues of training viz. in house training by subject experts, deputing employees to various seminars and programs etc.

The organization has always been very focused and performance oriented, and accordingly has created a culture which is performance driven. The performance management system deployed is also highly objective and result oriented leading to performance based appraisals.

While the company has consistently maintained and improved upon its HR practices and systems, it has also been open to exploring new initiatives and fresh ideas. Such deep rooted and fundamentally strong HR practices has enabled the company to create a dedicated and committed team of loyal employees in spite of having grown significantly over the past few years.

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 2020 to which the financial statements relates and the date of this Report.

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. To that extent, the future growth prospects of the Company will rely on making further inroads in mining industry.

The Company focuses on 4 mineral ore types that represent the biggest pie of the mineral grinding space. These are Iron, Platinum, Gold and Copper. Annual replacement requirement of grinding media is estimated at 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.

The Company started its engagement with the mining sector by offering grinding media in high chrome metallurgy which reduced wear rates and thereby the cost of these consumables. The Company's DNA is to work on sharpening this engagement continuously by offering further solutions that improve customers' operations and reduce their costs. In line with this philosophy, Company now offers solutions that can help in reduction in cost of other consumables (other than high-chrome grinding media), reduction in use of toxic reagents and thereby improving their environmental footprint and increasing metal recovery, especially relevant for gold and copper mines. This has helped your Company in being able to provide comprehensive solutions to the mining industry globally and in creating a unique positioning which augurs well for the consistent and steady growth in this industry over medium to long term.

In addition to Grinding Media, Company is now focusing on Mill Linings for the mining customers. The Company has been making these parts for grinding mills for Cement grinding for more than 20 years. It now offers these parts for grinding mills used for mineral ore grinding and offering solutions which can result in optimized grinding efficiency. Company will be able to offer reduced power costs and increased throughputs as a solution to customers. There will be material savings for the customer and with Company's existing solutions around wear cost reduction, reagent consumption reduction and metal recovery improvement, it will position the Company as true partner with its Customers and help sharpen its engagement meaningfully. Company is in the process of setting up a dedicated Greenfield facility to manufacture Mill Linings which will help it to service this industry.

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.

In spite of a possible near term slow down in wake of the impact of the Covid-19 Pandemic, we believe that this is likely to be normalised within a relatively shorter period and thus in medium to long term the prospects of mining industry for the company remain unaltered and the company continues to remain bullish on mining industry as its core area of focus.

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 newalloys, designs and process improvements which will ensure that it continues to be a preferred supplier to Cement Companies worldwide. While in near term, due to Covid 19 impact the Cement demand is impacted, over a medium to longer term, the Company is hopeful of seeing a resurgence of normal demand on the back of overall investment climate post the economic stimulus announced by the Governments of all major countries of the world. On the whole, in near term, your Company continues to believe that the overall production and sales will remain flat 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 has completed its first phase of Greenfield expansion of Grinding Media of 50,000 MT in August 2019. The Company's current capacity now 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 crore and is estimated to be commissioned by March 2021.

In line with various uncertainties emerging on account of Covid-19 Pandemic the company has decided not to break ground on the second phase of the grinding media Greenfield capacity expansion of 50,000 MT at GIDC Kerala, Ahmedabad. The second phase will be most likely deferred to the next fiscal year.

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 subsidiaries, associates and joint venture 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 organization. The Company has systems and procedures in place to hear and resolve employee's 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.

BOARDS' REPORT (CONTD.)

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'S DISCUSSION AND ANALYSIS (MDA):

MDA 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.

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 Organization. The Company has a well-defined Risk Management framework to identify, monitor and minimizing/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 Optimizing.

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

The objectives and scope of Risk Management Committee broadly comprises of:

- Oversight of risk management performed by the executive management:
- Reviewing the Corporate Risk Management Policy and framework within the local legal requirements and Listing Regulations;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownerships as per a predefined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

15. POLICES:

(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:

SEBI Vide its Notification No. SEBI/LAD-NRO/GN/2018/59 dated 31 December 2018 has amended the SEBI (Prohibition of Insider Trading) (Amendment) (Regulations) 2018 which became applicable from 1 April 2019. In Compliance with the aforesaid notification of SEBI, the Company has revised Model Code of Conduct of Insider Trading Regulations, 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 500 companies based on market capitalization (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 annexed herewith as Annexure **"D"** to this Board's Report.

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 2020, 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 following Directors were appointed/reappointed during the year:

- Mrs. Janaki U. Shah (DIN: 00343343): Appointed as an Independent Director for a term of 5 (five) consecutive years with effect from 12th August, 2019.
- Mr. Rajendra S. Shah (DIN: 00061922): Reappointed as an Independent Director for a second term of 5 (five) consecutive years with effect from 11th September, 2019.
- Mr. Sanjay S. Majmudar (DIN: 00091305): Reappointed as an Independent Director for a second term of 5 (five) consecutive years with effect from 11th September, 2019.
- Mr. Dileep C. Choksi (DIN: 00016322): Reappointed as an Independent Director for a second term of 5 (five) consecutive years with effect from 11th September, 2019.

Dr. S. Srikumar (DIN 01025579), Ceased to be a Director of the Company w.e.f. 12 August 2019.

The Board of Directors placed on record their deep appreciation for the enormous contribution made by Dr. S. Srikumar as Director of the Company during the period from 2009 to 2019. The Company and the Board has benefited immensely from Dr. S. Srikumar's vast experience, knowledge and insights of the industry and operations of the Company. The Company will cherish the valuable services and helpful guidance provided by him during the long tenure of his directorship. The Board of Directors wish him a healthy and peaceful life.

Mr. Yashwant M. Patel (DIN 02103312), Whole-Time Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offered himself for re-appointment.

Mr. Rajan Harivallabhdas (DIN: 00014265) has been appointed as an Independent Director for a period of 5 consecutive years from 24.09.2015 to 23.09.2020. The Board on recommendation of Nomination and Remuneration Committee, has re-appointed him as an Independent Director for a period of 5 consecutive years from 24th September, 2020 and proposed a resolution for member's approval at the ensuing Annual General Meeting.

Mr. Viren K. Thakkar has been appointed as Chief Financial Officer (CFO) of the Company w.e.f. 12th August, 2019 in place of Mr. Bhupesh Porwal who resigned as CFO w.e.f. 31st July, 2019.

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, Five Board Meetings and Four 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 other 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.

BOARDS' REPORT (CONTD.)

(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 2020.

(i) Audit Committee

(ii) Stakeholders' Relationship Committee

(iii) Nomination and Remuneration Committee

(iv) Corporate Social Responsibility Committee

(v) 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) 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 letter alongwith necessary documents, reports and internal policies to enable them to familiarize with the Company's Procedures and practices. The Company has through presentations at regular intervals, familiarized and updated the Independent Directors with the strategy, operations and functions of the Company and Engineering Industry as a Whole. The details of such familiarization 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.

(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—

(a) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

(b) 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;

(c) 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;

(d) the Directors have prepared the Annual Accounts on a going concern basis;

(e) 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

(f) 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:

M/s. 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.

In accordance with the Companies Amendment Act, 2017, enforced on 7 May 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting.

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.

Cost Auditors:

The Cost Auditors has filed the cost audit report for the financial year ended 31 March 2019 within stipulated time frame.

The Board of Directors on the recommendation of the Audit Committee has appointed M/s Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as the Cost Auditors of the Company to audit the cost accounting records of the Company for the financial year 2020-21. 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 of the remuneration payable to M/s Kiran J. Mehta & Co., Cost Accountants, Ahmedabad is included in the Notice convening the 30th 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, Practicing Company Secretary (ACS-3459, CP No. 1745), Ahmedabad to conduct a Secretarial Audit of the Company's Secretarial and related records for the year ended 31 March 2020.

The Report on the Secretarial Audit for the year ended 31 March 2020 is annexed herewith as Annexure **"E"** 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. EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as Annexure **"F".**

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 ₹ 1,121.83 Lakhs and the Company has spent ₹ 977.82 Lakhs during the Financial Year ended 31 March 2020. The shortfall in the spending during the year under report is intended to be utilized in a phased manner in future, upon identification of suitable projects within the Company's CSR Policy. The requisite details of CSR activities pursuant to Section 135 of the Companies Act, 2013 and as per the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure **"G".**

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

22. PARTICULAURS 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 **"H".** 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.

BOARDS' REPORT (CONTD.)

23. ENVIRONMENT, HEALTH AND SAFETY:

The Company is committed to health and safety of its employees, contractors and visitors. We are compliant with all EHS Regulations stipulated under the Water (Prevention and Control of Pollution) Act, The Air (Prevention and Control of Pollution) Act, The Environment Protection Act and the Factories Act and Rules made thereunder. Our mandate is to go beyond compliance Standards and we have made a considerable improvement in this direction.

The "Environment Management System" and "Occupational Health & Safety Management System" of our grinding media foundries located at Moraiya and Kerala GIDC have been audited by Bureau Veritas (India) during March 2020 and certified under the ISO 14001:2015 and OHSAS 18001:2007 Standards.

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: 22 June, 2020

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. Company converted its 8 MT Induction Melting Furnace from 5MW to 6MW energy efficient, which will save approx. 10 Units/MT of Charge.
2. Company Installed High efficiency induced draft Fan for Rotary shake out Dust Collector, which will save approx. 200 Units per day.
3. Company replaced 40 HP pumps with 15 HP energy efficiency pumps which will save approx. 350-370 units per day.
4. By Installing Nine Numbers of 2.1 MW Wind Energy Turbines, company has increased its renewable energy consumption to approx. 18.3 % of its total energy consumption.
5. Conversion of Heat Treatment Furnaces from LDO fired to PNG fired will save approx. 12 % of Fuel.

(I) POWER & FUEL CONSUMPTION:

Particulars	Current Year 2019-20	Previous Year 2018-19
1. Electricity		
a) Purchased Units	34,50,88,294.26	35,33,77,697.00
Total Amount (₹ Lakhs)	22,910.11	25,410.93
Rate/Unit (₹)	6.64	7.19
b) Own Generation		
Through Diesel Generator Unit	1,91,749	1,42,355
Unit per Litre of Diesel Oil	2.06	2.01
Cost/Unit (₹)	33.73	35.31
c) Through Steam Turbine/Generator Units		
Units per Ltr. 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 Ltrs)	11,95,906.40	21,94,203.00
Total Amount (₹ Lakhs)	510.54	966.08
Average Rate (₹)	42.69	44.06
f) Others/Internal Generation PNG		
Quantity Unit (SCM)(In Thousands)	12,051	11,664
Total Cost (₹ Lakhs)	4,582.78	4,522.70
Rate/Unit (₹)	38.03	38.77

(II) CONSUMPTION PER UNIT OF PRODUCTION:

(₹ in Lakhs)

Particulars	Current Year 2019-20	Previous Year 2018-19
Product:		
Casting Unit (Tonnes)	2,47,958	2,49,648
Electricity per Ton of Castings (Units)	1,392.49	1,416.07

(B) TECHNOLOGY ABSORPTION:

I. RESEARCH & DEVELOPMENT (R & D)

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

- Development of metal matrix composite solution for some wear parts 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.

- Metal matrix composite solution is expected to improve life of wear parts.
- 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 (Rs. in lakhs).

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

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

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

b) Benefits derived as a result of the above efforts.

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

c) Imported technology.

Nil

d) Foreign Exchange Earnings and Outgo:

(₹ in Lakhs)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
i) Total Foreign Exchange used	26,098.47	33,021.74
ii) Total Foreign Exchange earned	1,93,364.86	2,07,596.92

For and on behalf of the Board,

Rajendra S. Shah
Chairman
(DIN:00061922)

Place: Ahmedabad
Date: 22 June, 2020

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 Ltd., 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
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 Ltd. manufactures Grinding Media of different grades for AIA Engineering Ltd. ("AIA") according to Purchase Orders placed by AIA from time to time as per the Technical specifications and using the Technical knowhow provided by AIA.
v)	Justification for entering into such contracts or arrangements or transactions	In order to optimize the Company's sales, out side India Vega Industries (Middle East) FZC acts as Global Distributor of the Company.	The Contract Manufacturing Agreement was entered to fully utilize the installed capacity of Welcast Steels Ltd.
vi)	Date(s) of approval by the Board	8 February 2019	27 May 2019
vii)	Amount paid as Advances, if any	NIL	NIL

For and on behalf of the Board,

Rajendra S. Shah
Chairman
(DIN:00061922)

Place: Ahmedabad
Date: 22 June, 2020

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)

Sr. No.	1	2	3	4	5	6	7	8	9	10	11
Name of the Subsidiary	**Welcast Steels Ltd.**	**Vega Industries (Middle East) FZC**	**Vega Industries Ltd .- UK**	**Vega Industries Ltd. - USA**	**Vega Steel Industries (RSA) (Pty) Ltd.**	**Wuxi Vega Trade Co. Ltd.**	**PT Vega Industries Indonesia**	**AIA CSR Founda-tion**	**VEGA Industries Chile SPA**	**AIA Ghana Limited**	**VEGA Industries Australia Pty Ltd.**
The date since when subsidiary was acquired	28.09.2005	20.12.2003	31.10.2004	31.10.2004	25.03.2009	28.08.2010	31.07.2015	23.10.2015	22.05.2017	01.03.2018	12.06.2018
Reporting period for the subsidiary concerned, if different from the Holding Company's period.	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020
Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of the foreign subsidiary.	INR	USD BS-75.3675 PL-70.1722	GBP BS-88.6548 PL-89.5935	USD BS-75.37 PL-70.17	ZAR BS-4.2281 PL-4.7799	CNY BS-10.64 PL-10.1034	IDR BS-0.0046 PL-0.0050	INR	CLP BS-11.375 PL-10.4474	GHS BS-13.05 PL-12.9223	AUD BS-46.17 PL-48.1342
Share Capital	63.84	244.32	9.38	37.59	0.012	225.52	150.35	1.00	79.68	751.74	0.05
Reserves & Surplus	3,378.11	9,824.53	1,024.67	1,008.87	150.89	(27.68)	(236.55)	(0.00)	(373.08)	(158.23)	(0.27)
Total Assets	5,037.94	1,00,697.99	10,602.06	33,748.52	6,391.64	1,734.46	769.89	1,044.07	1,874.86	3,355.47	9,861.50
Total Liabilities	1,595.99	90,603.22	9,565.34	32,699.37	6,240.35	1,536.11	856.32	1,043.07	2,169.01	2,760.43	9,861.72
Investments	-	1,457.22	37.59	-	-	-	-	-	-	-	-
Turnover	15,001.54	2,18,530.34	19,103.34	52,594.10	17,884.64	2,347.48	1,595.95	-	1,220.37	8,437.95	8,156.59
Profit Before Taxation	(5.06)	10,744.32	57.27	60.75	1.74	(23.85)	(53.63)	-	(273.92)	115.98	1.84
Provision for Taxation	21.23	-	9.55	13.20	7.99	-	-	-	-	22.03	0.53
Profit After Taxation	(26.29)	10,744.32	47.72	47.55	(6.26)	(23.85)	(53.63)	-	(273.92)	93.95	1.31
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
% of Shareholding	74.85%	100%	100% by Vega ME	100% by Vega UK	74.63% by Vega ME	100% by Vega ME	99% by Vega ME & 1% by AIAEL	100%	100% by Vega ME	100% by Vega ME	100% by Vega ME

The following information shall be furnished at the end of the statement:

(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	None				
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					
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					

The following information shall be furnished at the end of the statement:-

(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

ANNEXURE-"C"

BUSINESS RESPONSIBILITY REPORTING

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 2020, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This BRR delineates AIA Engineering Ltd.'s 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.

GENERAL INFORMATION

General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L29259GJ1991PLC015182
2. Name of the Company: AIA Engineering Ltd.
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 Period: 2019-20
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

Part B: Financial Details of the Company

1. Paid up Capital (INR): 18.86 Crores
2. Total Turnover (INR): 2,58,762.44 Lakhs
3. Total Profit after Taxes (including total Comprehensive Income) (INR): 83,515.58 Lakhs
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):1.17% (INR 977.82 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.)

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 2020. 1. Welcast Steels Limited. 2. Vega Industries (Middle East) FZC., UAE 3. Vega Industries Limited, UK 4. Vega Steel Industries (RSA) PTY Limited 5. Wuxi Vega Trade Co. Limited, China 6. PT Vega Industries Indonesia, Indonesia 7. Vega Industries Limited, USA 8. AIA CSR Foundation 9. Vega Industries Chile, SpA 10. AIA Ghana Limited, Ghana 11. Vega Industries Australia Pty Ltd, 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

BR INFORMATION

1. **Details of 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 marginalized.
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 P1	Product Responsibility P2	Welfare of Employees P3	Stakeholder Engagement & CSR P4	Human Rights P5	Environment P6	Public Policy P7	CSR P8	Value to customers P9
1	Do you have a policy / policies for:	Y	N	Y	N	N	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	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
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
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
6	Indicate the link for the policy to be viewed online?	Y **	Y *				Y *		Y **	Y *
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	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

3. If answer to Sr. No 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

Sr. No.	Questions	Business Ethics P1	Product Responsibility P2	Welfare of Employees P3	Stakeholder Engagement & CSR P4	Human Rights P5	Environment P6	Public Policy P7	CSR P8	Value to customers 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)	-	-	-	-	-	-	-	-	-

*Human Rights: The Company does not have a standalone Human Rights policy. Aspects of human rights such as child labour, forced labour, occupational safety, non-discrimination are covered by its various Human Resource policies.

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 third 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 in its Annual Report 2018-19.

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, CSR 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 (FY 2020-21).

In order to lend focus to each of the nine Principles, the Company will have in place the necessary policies and processes in the next reporting period.

Stakeholder complaints received in the past financial year have been satisfactorily resolved by the management where possible:

ANNEXURE-"C" (CONTD.)

a. Customers : 70 complaints were received, 63 complaints were resolved.

b. Employees: 32 complants were received and all were resolved.

c. Shareholders / Investors: One complaint received and resolved in the reporting period.

d. Suppliers / vendors and Contractors: 45 complaints were received, 41 were addressed and 4 remain 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. There were no complaints received in 2019-20.

The Company has an Internal Complaints Committee (ICC) to redress complaints received regarding sexual harassment. No complaints were received by the ICC in 2019-20.

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 management system in place that helps address 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 our 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 commercialization, 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 from the ship breaking industry
  - 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-%	
Energy	Furnace Power/Metric Ton of Liquid metal charge	kWh	1.04 %	0.14 %
	PNG for Heat Treatment/Metric Ton of Gas fired quenched production	SCM	0%	0%
Water	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.

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 customers 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 3,059 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 sustainable managed.
- 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 Ltd., S.A.L. Steels Ltd., 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. Noncontact 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 5,672 local* vendors, 40% 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 20-25 core vendors on supply parameters. Performance assessment on environmental and social criteria will be conducted with critical suppliers in 2020-21, this will also include physical audits.

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 2020 was 1,350.

ANNEXURE-"C" (CONTD.)

Employees Well-being

The Company takes cognizance of the work-life balance of its employees, especially that of women, it provides:

- Timely payment of all salaries / wages to all workers and staff.
- Top-up medical policy in addition to the individual Medi-claim and Group Term Life (GTL) policy to all permanent staff and workmen.
- Group personal accident policy (GPA) to managerial staff.
- Free transport facilities to our Moriya and Kerala units.
- Perquisites such as subsidised food, free transport facility and uniforms, jaggery and lemon water during the summer on shop floors.
- Annual tie – ups with hospitals for health check-ups of our managerial staff. Provides data cards and mobiles to specific employees based on nature of their work.
- Car scheme for managerial category.
- Loan which is availed often by permanent staff and workmen.
- Rotational weekly offs for our permanent and staff workmen, they enjoy weekly offs, a work shift is not more than 8.5 hours. The Company provides 12 paid holiday & provide 12 casual leaves, and 30 privilege leaves to permanent staff and workmen at plants.
- Women 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.

The Company provide and maintain 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 premises.

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 < 6%, the average years of association of employees with the Company is > 10 years.

Group*	Total Strength	No. of female employees	% of female employees to total strength
Staff	1204	10	0.2%
Worker	146		
Casual / Temporary / Contractual	3449	30	0.6%
Total	**4799**	**40**	**0.8%**

Employees with disabilities 0%

Collective Bargaining

The Company has a Representative committee at Unit 1 in Odhav, wage settlement is done last year. 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 both contract and permanent workers, unit head, function heads, factory manager and HR manager.

The grievance redressal mechanism is deployed as follows:

a. 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.

b. The worker submits a complaint (written / verbal) to shift / department supervisor, who in turn reports it to his functional head, this is reported to the factory manager and HR.

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 at the Company's Moraiya and Kerala units 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 at 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**		
	Water Coolers	Drinking water Tap	Male	Male	Female	All	Hand wash	Tap	OHC
Total	**37**	**113**	**146**	**94**	**16**	**40**	**97**	**129**	**3**

The Company also provides 45 water Bottles (20 litres) each which is refilled 3 times a day at various points of the plants.

Occupational Health and Safety

The Company has constituted safety committee and safety representatives shift wise. This list is published and pasted on shop floor notice boards at the Moraiya and Kerala units. 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 safety and 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.

Safety & Fire Training Programs: The Company conducted more than 186 trainings in the reporting period covering 2200+ Participants.

LTIFR/ LTIR/ Absentee Rate – Don't have information

Safety performance	**Grinding Media**	**VSMS-Liner**
	2019-20	**2019-20**
LTIR	4.43	1.60
LTIFR	2.26	0.64
LTISR	19.4	1.07

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.
- 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

ANNEXURE-"C" (CONTD.)

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.
- External trainings for managerial category of staff on topics ranging from responsibility to communication skills.

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.

Stakeholder Engagement

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 are 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 engaging 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, festivals at M1 & Kerala plant
- One day picnic at Statue of Unity for Odhav, Moraiya & Kerala plant
- Completion of 25 years of service - hosting an appreciation event for the employee
- Training activities, safety day, safety competition and awards
- 5S awareness training programmes, and deployment of 1S and 2S at Moraiya, Kerala and Units 12 & 13 at Odhav respectively.

The Company plans to continue to expand its activities and extend the same to other units. Out of 32 grievances received from employees, 32 were resolved in FY 2019-20.

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, Excise, VAT, GST, Customs, DGFT, RBI, Banks and FI, Income Tax Dept., SEBI, BSE, NSE, MCA.

The Company interact with these statutory bodies as required, maintain records and ensure 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 Registrar and Transfer Agents (RTA) or directly to the company, there is a dedicated email 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, 45 grievances were received and addressed, 4 remains pending as on 31 March 2020.

Customers

The Company engages with customers through:

a. One-on-one meetings (sales meets)
b. Technical seminars organised by AIA in Ahmedabad (1 time a year)
c. Customer organises for technical meets, knowledge sharing
d. Email communication on technical developments, achievements

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 marginalized stakeholders and has taken special efforts to engage with the disadvantaged, and marginalised stakeholder, please refer to Principle 8 below for more details.

Human Rights

Principle 5: Businesses should respect and promote human rights

The Company recognizes and respect 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 realization 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 utilizes natural and manmade resources in an optimal and responsible manner and strives to ensure the sustainability of resources.

The Company has implemented of Integrated Management Systems (ISO 14001:2015 and OHSAS 18001:2007) and has been obtained certificate for Grinding media Plant located Moraiya and Kerala GIDC for same, in this way company strives to improve its performances on a continuous basis.

The environment and health and safety policy extends to all units including Welcast Steels Ltd.; 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 from the ship-breaking industry.

  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

  The Company has moved from LDO fired heat treatment furnaces to PNG fired in Kerala GIDC

ANNEXURE-"C" (CONTD.)

unit, 7 out of 8 heat treatment furnaces in Moraiya unit have also switched over.

- 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:

  1. Company converted its 8MT Induction Melting Furnace No H from 5MW to 6MW energy efficient which will save approx. 10 Units/MT of Charge.
  2. Company Installed High efficiency induced draft Fan for Phase 1 Rotary shake out Dust Collector which will save approx. 200 Units per day.
  3. Company replaced 40 HP pumps with 15 HP energy efficiency pumps which will save approx. 350-370 units per day.
  4. Conversion of Heat treatment Furnace No -03 from LDO fired to PNG fired will save approx. 12 % of Fuel.

- Renewable energy

  The Company has installed 9 wind turbine generators (WTG) in Kutch and Jamjodhpur site with the total capacity of 18.9 MW, 18.3 % of the energy consumed is replaced by renewable energy.

  Renewable energy generated in FY 2019-20 by the WTG is 6,31,74,390 units against total purchased power of 34,50,88,294 units.

- Water

  The Company consumes 2,52,829 KL/Annum of ground water. Water meters are installed at points of withdrawal and water balance is maintained.

  Water conservation projects:

  1. External spaces have been greened by planting tri-colour, red and white alternethra plants in the Kerala units, this replaced the conventional water intensive lawns.
  2. Moraiya and Kerala plants have recharge wells where roof top water is channelled for ground water recharge.
  3. Moraiya and Kerala plants are also zero discharge units.
  4. Domestic (canteen, washroom) waste water is treated and reused in Cooling tower, Gardening and toilet flushing.
  5. We are introducing Dry type cooling tower instead of wet type at Kerala GIDC unit for water conservation.
  6. 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.

  1. 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 making
  2. Foundry Waste Sand 10,892 MT reused as a Co-process (kiln feed) at M/s. Ambuja - Kodinar.
  3. Apprx. 50kgs/day of 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.
  4. The Company made agreement with M/s. Duro Green for its Moraiya plant canteen waste. Aprrox. 200 kgs/day of canteen waste, dried leaves and vegetation generated at the cantteen is processed for composting plant. The manure generated is used in the horticulture garden and lawns.
  5. The Company has introduced the Bioneer compost machine (Organic Waste Converter) at Kerala GIDC unit.

     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 2019-20	Liners-VSMS 2019-20
Energy	Furnace Power/Metric Ton of Liquid metal charge	kWh	622.93	613.96
	PNG for Heat Treatment/ Metric Ton of Gas fired quenched production	SCM	36.71	60.21
Water	Usage of Water for Production unit(KL/MT)	KL/MT	1.17	0.97
Waste	Waste sand (MT) per Metric ton of production	MT/MT of Production	0.067	0.050

The above information provided is for reduction 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 at 800deg C or more, high TDS cooling tower blow down water is re-used to quench the slag and cool it to room temperature.

  There are no show cause and legal notices 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.

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 ₹ 977.82 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 FY 2019-20.

The Company has incorporated a Section 8 Company 'AIA CSR Foundation' and spends majority of its CSR funds through the Foundation. The Foundation is rigorously evaluating suitable projects to finalise its CSR spends.

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 it's 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 70 customer complaints were received, 63 of these were addressed and resolved at the end of 2019-20, while 7 remain pending.

ANNEXURE-"D"

DIVIDEND DISTRIBUTION POLICY

OBJECTIVE:

The objective of this Policy is to ensure the right balance between the quantum of Dividend and amount of profits retained in the business for various purposes. Towards this end, the Policy lays down parameters to be considered by the Board of Directors (the "Board") of the AIA Engineering Limited (the "Company") for declaration of Dividend from time to time.

PHILOSOPHY:

The philosophy of the Company is to maximise the shareholders' wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilise its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distributing the surplus profits in the form of dividend to the shareholders.

REGULATORY FRAMEWORK:

The Securities and Exchange Board of India ("SEBI") vide its Notification dated July 08, 2016 has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015(the "Listing Regulation") by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy (the "Policy") in place by the top five hundred listed companies based on their market capitalization calculated as on the 31st day of March of every year.

The Company being one of the top five hundred listed companies as per the market capitalization as on the last day of the immediately preceding financial year, frames this policy to comply with the requirements of the SEBI Listing Regulation.

THE POLICY SHALL NOT APPLY TO:

- Determination and declaring dividend on preference shares as the same will be as per the terms of issue approved by the shareholders.
- Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law.
- Distribution of cash as alternative to payment of dividend by way of buyback of equity shares.

GENERAL POLICY OF THE COMPANY AS REGARDS DIVIDEND:

The general consideration of the Company for taking decisions with regard to dividend payout or retention of profits shall be as following:

1. Subject to the considerations as provided in the Policy, the Board shall determine the dividend payout in a particular year after taking into consideration the operating and financial performance of the Company, the advice of Advisory Board and other relevant factors.
2. The Board may also, where appropriate, aim at distributing dividends in kind, subject to applicable law, in form of fully or partly paid shares or other securities.
3. Company's Dividend Policy is to distribute 10-25% of its consolidated net profit as dividend (including Dividend Distribution Tax).

A. CIRCUMSTANCES UNDER WHICH DIVIDEND PAYOUT MAY OR MAY NOT BE EXPECTED:

The shareholders of the Company may not expect Dividend under the following circumstances:

- Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- Significantly higher working capital requirements adversely impacting free cash flow;
- Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- Whenever it proposes to utilise surplus cash for buy-back of securities;
- In the event of inadequacy of profits or whenever the Company has incurred losses.

B. PARAMETERS FOR DECLARATION OF DIVIDEND:

In line with the philosophy stated above, the Board of the Company shall consider the following parameters for declaration of Dividend.

The Financial Parameters/Internal Factors:

The Board of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- Consolidated net operating profit after tax;
- Working Capital requirements;
- Capital expenditure requirements;
- Resources required to fund acquisitions and/or new businesses
- Cash flow required to meet contingencies;
- Outstanding borrowings;
- Past Dividend Trends;

- Net sales of the Company;
- Return on invested capital; and
- Any other factor as may deem fit by the Board.

C. INTERNAL & EXTERNAL FACTORS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND:

The Board of the Company would consider the following internal/external factors before declaring or recommending dividend to shareholders:

INTERNAL FACTORS

- Past performance/reputation of the Company
- Age of the Company and its product/market

EXTERNAL FACTORS

- Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax Laws;
- Dividend pay-out ratios of companies in the same industry;
- Product/Market expansion plan;
- Macroeconomic conditions; and
- Expectations of major stakeholders including small shareholders.

D. MANNER OF UTILISATION OF RETAINED EARNINGS:

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilisation of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan;
- Product expansion plan;
- Increase in production capacity;
- Modernization plan;
- Diversification of business;
- Long term strategic plans;
- Replacement of capital assets;
- Where the cost of debt is expensive; and
- Other such criteria as the Board may deem fit from time to time.

E. PARAMETERS FOR VARIOUS CLASSES OF SHARES:

1. The factors and parameters for declaration of dividend to different class of shares of the Company shall be same as covered above.
2. The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.
3. The dividends shall be paid out of the Company's distributable profits and/or general reserves, and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.

Dividend when declared shall be first paid to the preference shareholders of the Company as per the terms and conditions of their issue.

AMENDMENT

This Policy would be subject to modification in accordance with the guidelines/clarifications as may be issued from time to time by relevant statutory and regulatory authorities. The Board may modify, add or amend any of the provisions of this Policy. Any exceptions to the Dividend Distribution Policy must be consistent with the Regulations and must be approved in the manner as may be decided by the Board.

ANNEXURE-"E"

FORM NO. MR - 3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

[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 authorized 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 2020, 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 2020 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under 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;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(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) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

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 year 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 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 notice is given at least seven days 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 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 for payment to Mr. Sanjay S. Majmudar (DIN:00091305) a Non-executive Independent director of the company of commission in such manner as may be decided between him and company in respect of F.Y.2019-2020.

FOR TUSHAR VORA & ASSOCIATES
Company Secretaries

TUSHAR M VORA
Proprietor
FCS No. 3459
C P No.: 1745
UDIN : F003459B000365667

Place: Ahmedabad
Date: 22 June, 2020

ANNEXURE-"E" (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.
7. Considering the limitations prevailing on account of global pandemic COVID - 19 Lockdown and semi-lockdown situation, we are not able to verify all the information physically as well as in detail, and, therefore, in respect of some of the matters, we have relied up on the information and explanations as provided by the Company, its officers, agents and authorized representatives.

FOR TUSHAR VORA & ASSOCIATES
Company Secretaries

TUSHAR M VORA
Proprietor
FCS No. 3459
C P No.: 1745
UDIN : F003459B000365667

Place: Ahmedabad
Date: 22 June, 2020

ANNEXURE-"F"

FORM MGT 9

EXTRACT OF ANNUAL RETURN

as on the Financial Year ended 31 March 2020

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rules 12(1) of the Companies (Management and Administrative) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	L29259GJ1991PLC015182
ii)	Registration Date	11 March 1991
iii)	Name of the Company	AIA Engineering Limited
iv)	Category/ Sub - Category of the Company	Public Limited Company
v)	Address of the Registered Office and Contact Details	115, GVMM Estate, Odhav Road, Odhav, Ahmedabad 382 410 Ph. 079 - 22901078 Email: snj@aiaengineering.com
vi)	Whether Listed Company	Yes at BSE and NSE
vii)	Name, Address and Contact Details of Registrar and Transfer Agent, if any	Linkintime India Private Limited 5th Floor, 506 to 508, Amarnath Business Centre -1, Besides Gala Business Centre, Nr. St. Xavier's College Corner, Off. C. G. Road, Navrangpura, Ahmedabad 380 009 Ph. 079 - 26465179 Email: ahmedabad@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Name of Description of main product/service	NIC Code of Product/Service	% of total turnover of the Company
Mfg. of High Chrome Mill Internals	24319	100%

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATES COMPANIES:

Sr. No.	Name of the Company	CIN/GLN	Holding /Subsidiary/ Associates	% of Shares held	Applicable Section
1	Welcast Steels Ltd.	L27104GJ1972PLC085827	Subsidiary	74.85%	2(87)
2	Vega Industries (Middle East) FZC., UAE	Foreign Company	Wholly-Owned Subsidiary	100%	2(87)
3	Vega Industries Ltd., UK	Foreign Company	Wholly-Owned Subsidiary	100% by Vega ME	2(87)
4	Vega Industries Ltd., USA	Foreign Company	Wholly-Owned Subsidiary	100% by Vega UK	2(87)
5	Vega Steel Industries (RSA) Proprietary Ltd., South Africa	Foreign Company	Subsidiary	74.63% by Vega ME	2(87)
6	Wuxi Vega Trade Co. Ltd., China	Foreign Company	Wholly-Owned Subsidiary	100% by Vega ME	2(87)
7	Pt Vega Industries Indonesia, Indonesia	Foreign Company	Wholly-Owned Subsidiary	99% by Vega ME and 1% by AIA Eng. Ltd.	2(87)
8	Vega Industries Chile, SpA	Foreign Company	Wholly-Owned Subsidiary	100% by Vega ME	2(87)
9	AIA Ghana Limited	Foreign Company	Wholly-Owned Subsidiary	100% by Vega ME	2(87)
10	Vega Industries Australia Pty. Ltd.	Foreign Company	Wholly-Owned Subsidiary	100% by Vega ME	2(87)
11	AIA CSR Foundation	U85190GJ2015NPL084851	Wholly-Owned Subsidiary	100%	2(87)

ANNEXURE-"F" (CONTD.)

IV. SHAERHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK-UP AS PERCENTAGE OF TOTAL EQUITY)

i) Category - wise Shareholding

Category of Shareholders	No. of Shares held at the beging of the Year				No. of Shares held at the end of the Year				% Change during this year
	Demat	Physical	Total	%	Demat	Physical	Total	%	
A. Promoters									
(1) Indian									
a) Individual/HUF	5,51,48,921	-	5,51,48,921	58.47%	5,51,48,921	-	5,51,48,921	58.47%	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	**5,51,48,921**	**-**	**5,51,48,921**	**58.47%**	**5,51,48,921**	**-**	**5,51,48,921**	**58.47%**	**-**
(2) Foreign									
a) NRI Individual	-	-	-	-	-	-	-	-	-
b) Other - Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks /FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**5,51,48,921**	**-**	**5,51,48,921**	**58.47%**	**5,51,48,921**	**-**	**5,51,48,921**	**58.47%**	**-**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds/UTI	1,32,07,088	-	1,32,07,088	14.00%	1,38,03,493	-	1,38,03,493	14.63%	0.63
b) Venture Capital Funds	-	-	-	-	-	-	-	-	-
c) Alternate Investment Fund	4,15,601	-	4,15,601	0.44%	3,86,810	-	3,86,810	0.41%	-0.03
d) Foreign Venture Capital Investments	-	-	-	-	-	-	-	-	-
e) Foregin Portfolio Investors	2,06,11,480	-	2,06,11,480	21.85%	2,01,26,599	-	2,01,26,599	21.34%	-0.51
f) Financial Institutions/ Banks	22,998	-	22,998	0.02%	16,049	-	16,049	0.02%	0.00
g) Insurance Companies	-	-	-	-	13,10,536	-	13,10,536	1.39%	1.39
i) Any Other (Speicfy)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	**3,42,57,167**	**-**	**3,42,57,167**	**36.32%**	**3,56,43,487**	**-**	**3,56,43,487**	**37.79%**	**1.47**
Central Government/ State Government(s)/ President of India									
Central Government / State Government(s)	2,45,310	-	2,45,310	0.26%	3,11,994	-	3,11,994	0.33%	0.07
Sub-Total (B)(2)	**2,45,310**	**-**	**2,45,310**	**0.26%**	**3,11,994**	**-**	**3,11,994**	**0.33%**	**0.07**
(3) Non- Institutional									
a) Individuals									
(i) Individuals Shareholders holding share capital upto ₹ 1 Lakh	23,30,211	130	23,30,341	2.47%	21,30,535	130	21,30,665	2.26%	-0.21

ANNEXURE-"F" (CONTD.)

Category of Shareholders	No. of Shares held at the beging of the Year				No. of Shares held at the end of the Year				% Change during this year
	Demat	Physical	Total	%	Demat	Physical	Total	%	
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	95,000	-	95,000	0.10	0.10
b) NBFCs Registered with RBI	105	-	105	0.00%	3,400	-	3,400	0.00%	0.00
c) Employee Trusts	-	-	-	-	-	-	-	-	-
d) Overseas Depositores holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-
e) Any Other									
Bodies Corporate	19,86,756	-	19,86,756	2.11%	661246	-	6,61,246	0.70%	-1.41
Clearing Member	37,254	-	37,254	0.04%	34,528	-	34,528	0.04%	0.00
NRI/NRI Repat	2,05,137	-	2,05,137	0.22%	1,82,216	-	1,82,216	0.20%	-0.02
Hindu Undivided Family	1,03,658	-	1,03,658	0.11%	1,04,080	-	1,04,080	0.11%	0.00
Trust	4,487	-	4,487	0.00%	3,533	-	3,533	0.00%	0.00
IEPF	1,234	-	1,234	0.00%	1,300	-	1,300	0.00%	0.00
Sub-Total (B)(3)	**46,68,842**	**130**	**46,68,972**	**4.95%**	**32,15,838**	**130**	**32,15,968**	**3.41%**	**-1.54**
Total Public Sharehoding (B) = B(1) +B(2)+B(3)	**3,91,71,319**	**130**	**3,91,71,449**	**41.53%**	**3,91,71,319**	**130**	**3,91,71,449**	**41.53%**	**0.00**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total(A+B+C)	**9,43,20,240**	**130**	**9,43,20,370**	**100%**	**9,43,20,240**	**130**	**9,43,20,370**	**100%**	**-**

ii) Shareholding of Promoters and Promoter Group:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Bhadresh K. Shah	5,51,28,901	58.45	-	5,51,28,901	58.45	-	-
2	Khushali Shah	10,010	0.01	-	10,010	0.01	-	-
3	Bhumika Shyamal Shodhan	10,005	0.01	-	10,005	0.01	-	-
4	Gita B. Shah	5	0.00	-	5	0.00	-	-
Total		**5,51,48,921**	**58.47**	**-**	**5,51,48,921**	**58.47**	**-**	**-**

iii) Change in Promoters Shareholding (Please specify, if there is no change):

Sr. No.	Particulars	Shareholding at the beginning of the year 1 April 2019		Date	Increase/ (Decrease)	Reason	Cumulative Shareholding during the year 2019-20		Shareholding at the end of the year 31 March 2020	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Bhadresh K. Shah	5,51,28,901	58.45	-	-	-	5,51,28,901	58.45	5,51,28,901	58.45
2	Khushali B. Shah	10,010	0.01	-	-	-	10,010	0.01	10,010	0.01
3	Bhumika Shyamal Shodhan	10,005	0.01	-	-	-	10,005	0.01	10,005	0.01
4	Gita B. Shah	5	0.00	-	-	-	5	0.00	5	0.00

During the year, there is no change in any of the promoters' shareholding.

ANNEXURE-"F" (CONTD.)

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Particulars	Shareholding at the beginning of the year 1 April 2019		Date	Increase/ (Decrease)	Reason	Cumulative Shareholding during the year 2019-2020		Shareholding at the end of the year 31 March 2020	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Nalanda India Equity Fund Limited	91,27,809	9.68	-	-	-	91,27,809	9.68	91,27,809	9.68
2	HDFC Trustee Company Limited -A/c HDFC Mid Capopportunities Fund	27,71,509	2.94	13 Mar 2020	(50,000)	Transfer	27,21,509	2.89	27,21,509	2.89
3	L & T Mutual Fund Trustee Limited - L & T Emerging Business Fund	18,11,051	1.92	26 Apr 2019	34,156	Transfer	18,45,207	1.96	18,40,184	1.95
				03 May 2019	283	Transfer	18,45,490	1.96		
				24 May 2019	13,694	Transfer	18,59,184	1.97		
				31 May 2019	54,000	Transfer	19,13,184	2.03		
				19 Jul 2019	28,300	Transfer	19,41,484	2.06		
				26 Jul 2019	8,000	Transfer	19,49,484	2.07		
				02 Aug 2019	26,012	Transfer	19,75,496	2.09		
				09 Aug 2019	27,888	Transfer	20,03,384	2.12		
				16 Aug 2019	10,600	Transfer	20,13,984	2.14		
				06 Sep 2019	(44,386)	Transfer	19,69,598	2.09		
				13 Sep 2019	(1,02,412)	Transfer	18,67,186	1.98		
				20 Sep 2019	(27,002)	Transfer	18,40,184	1.95		
4	SBI Equity Hybrid Fund	17,92,212	1.90	-	-	-	17,92,212	1.90	17,92,212	1.90
5	Kotak Standard Multicap Fund	13,49,519	1.43	09 Aug 2019	25,000	Transfer	13,74,519	1.46	16,93,395	1.80
				16 Aug 2019	5,000	Transfer	13,79,519	1.46		
				23 Aug 2019	5,000	Transfer	13,84,519	1.47		
				30 Aug 2019	24,871	Transfer	14,09,390	1.49		
				18 Oct 2019	1,753	Transfer	14,11,143	1.50		
				01 Nov 2019	8,247	Transfer	14,19,390	1.50		
				08 Nov 2019	6,857	Transfer	14,26,247	1.51		
				15 Nov 2019	67,386	Transfer	14,93,633	1.58		
				22 Nov 2019	69,819	Transfer	15,63,452	1.66		
				29 Nov 2019	52,510	Transfer	16,15,962	1.71		
				06 Dec 2019	3	Transfer	16,15,965	1.71		
				13 Dec 2019	42,139	Transfer	16,58,104	1.76		
				27 Dec 2019	21,548	Transfer	16,79,652	1.78		
				28 Feb 2020	(3,785)	Transfer	16,75,867	1.78		
				20 Mar 2020	6,400	Transfer	16,82,267	1.78		
				31 Mar 2020	11,128	Transfer	16,93,395	1.80		
6	Pinebridge Investments GF Mauritus Limited	14,15,047	1.50	14 Jun 2019	(6,720)	Transfer	14,08,327	1.49	10,43,293	1.11
				05 Jul 2019	(18,924)	Transfer	13,89,403	1.47		
				14 Feb 2020	(45,000)	Transfer	13,44,403	1.43		
				21 Feb 2020	(1,01,110)	Transfer	12,43,293	1.32		
				06 Mar 2020	(2,00,000)	Transfer	10,43,293	1.11		

ANNEXURE-"F" (CONTD.)

Sr. No.	Particulars	Shareholding at the beginning of the year 1 April 2019		Date	Increase/ (Decrease)	Reason	Cumulative Shareholding during the year 2019-2020		Shareholding at the end of the year 31 March 2020	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
7	Oppenheimer International Small-Mid Company Fund	0	0.00	14 Feb 2020	18,269	Transfer	18,269	0.02	10,23,502	1.09
				21 Feb 2020	709	Transfer	18,978	0.02		
				28 Feb 2020	1,98,928	Transfer	2,17,906	0.23		
				06 Mar 2020	3,62,273	Transfer	5,80,179	0.62		
				13 Mar 2020	3,50,500	Transfer	9,30,679	0.99		
				20 Mar 2020	92,823	Transfer	10,23,502	1.09		
8	DSP Midcap Fund	8,50,953	0.90	27 Sep 2019	285	Transfer	8,51,238	0.90	8,51,238	0.90
9	IDFC Multicap Fund	7,78,486	0.83	05 Apr 2019	(3,875)	Transfer	77,4611	0.82	8,49,113	0.90
				12 Apr 2019	(602)	Transfer	7,74,009	0.82		
				19 Apr 2019	(381)	Transfer	7,73,628	0.82		
				26 Apr 2019	(4,017)	Transfer	7,69,611	0.82		
				10 May 2019	3,244	Transfer	7,72,855	0.82		
				17 May 2019	3,756	Transfer	7,76,611	0.82		
				29 Jun 2019	30,000	Transfer	8,06,611	0.86		
				05 Jul 2019	18,241	Transfer	8,24,852	0.87		
				12 Jul 2019	7,827	Transfer	8,32,679	0.88		
				19 Jul 2019	5,130	Transfer	8,37,809	0.89		
				26 Jul 2019	5,000	Transfer	8,42,809	0.89		
				09 Aug 2019	10,000	Transfer	8,52,809	0.90		
				06 Sep 2019	3,000	Transfer	8,55,809	0.91		
				13 Sep 2019	7,000	Transfer	8,62,809	0.91		
				18 Oct 2019	(1,966)	Transfer	8,60,843	0.91		
				25 Oct 2019	(4,034)	Transfer	8,56,809	0.91		
				01 Nov 2019	(3,000)	Transfer	8,53,809	0.91		
				15 Nov 2019	(3,084)	Transfer	8,50,725	0.90		
				22 Nov 2019	(12,316)	Transfer	8,38,409	0.89		
				29 Nov 2019	(5,366)	Transfer	8,33,043	0.88		
				06 Dec 2019	(351)	Transfer	8,32,692	0.88		
				13 Dec 2019	(16)	Transfer	8,32,676	0.88		
				31 Dec 2019	(57)	Transfer	8,32,619	0.88		
				10 Jan 2020	(610)	Transfer	8,32,009	0.88		
				14 Feb 2020	(896)	Transfer	8,31,113	0.88		
				13 Mar 2020	1,315	Transfer	8,32,428	0.88		
				20 Mar 2020	11,685	Transfer	8,44,113	0.89		
				27 Mar 2020	5,000	Transfer	8,49,113	0.90		
10	Bajaj Allianz Life Insurance Company Limited	6,06,012	0.64	05 Apr 2019	20,000	Transfer	6,26,012	0.66	7,64,325	0.81
				12 Apr 2019	(20,000)	Transfer	6,06,012	0.64		
				26 Apr 2019	(4,876)	Transfer	6,01,136	0.64		
				10 May 2019	(7,952)	Transfer	5,93,184	0.63		
				24 May 2019	5,000	Transfer	5,98,184	0.63		
				21 Jun 2019	15,000	Transfer	6,13,184	0.65		
				05 Jul 2019	7,000	Transfer	6,20,184	0.66		
				19 Jul 2019	(10,000)	Transfer	6,10,184	0.65		
				30 Aug 2019	(4,831)	Transfer	6,05,353	0.64		

ANNEXURE-"F" (CONTD.)

Sr. No.	Particulars	Shareholding at the beginning of the year 1 April 2019		Date	Increase/ (Decrease)	Reason	Cumulative Shareholding during the year 2019-2020		Shareholding at the end of the year 31 March 2020	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
				06 Sep 2019	1,000	Transfer	6,06,353	0.64		
				27 Sep 2019	79,000	Transfer	6,85,353	0.73		
				30 Sep 2019	5,000	Transfer	6,90,353	0.73		
				04 Oct 2019	10,000	Transfer	7,00,353	0.74		
				01 Nov 2019	1,000	Transfer	7,01,353	0.74		
				31 Dec 2019	2,000	Transfer	7,03,353	0.75		
				03 Jan 2020	7,000	Transfer	7,10,353	0.75		
				24 Jan 2020	(60,172)	Transfer	6,50,181	0.69		
				31 Jan 2020	15,500	Transfer	6,65,681	0.71		
				07 Feb 2020	7,500	Transfer	6,73,181	0.71		
				14 Feb 2020	13,656	Transfer	6,86,837	0.73		
				21 Feb 2020	13,500	Transfer	7,00,337	0.74		
				06 Mar 2020	18,300	Transfer	7,18,637	0.76		
				13 Mar 2020	6,800	Transfer	7,25,437	0.77		
				20 Mar 2020	36,445	Transfer	7,61,882	0.81		
				27 Mar 2020	443	Transfer	7,62,325	0.81		
				31 Mar 2020	2,000	Transfer	7,64,325	0.81		
11	Goldman Sachs Funds - Goldman Sachs Emerging Markets Equity Portfolio	777148	0.82	11 Oct 2019	(3,725)	Transfer	7,73,423	0.82	6,12,271	0.65
				18 Oct 2019	(77,136)	Transfer	6,96,287	0.74		
				13 Mar 2020	(84,016)	Transfer	6,12,271	0.65		
12	Matthews India Fund	1184403	1.26	05 Apr 2019	(26,987)	Transfer	11,57,416	1.23	4,22,254	0.45
				12 Apr 2019	(10,534)	Transfer	11,46,882	1.22		
				10 May 2019	(7,558)	Transfer	11,39,324	1.21		
				17 May 2019	(71,110)	Transfer	10,68,214	1.13		
				14 Jun 2019	(11,489)	Transfer	10,56,725	1.12		
				21 Jun 2019	(64,066)	Transfer	9,92,659	1.05		
				05 Jul 2019	(7,106)	Transfer	9,85,553	1.04		
				12 Jul 2019	(1,009)	Transfer	9,84,544	1.04		
				19 Jul 2019	(1,05,849)	Transfer	8,78,695	0.93		
				02 Aug 2019	(49,813)	Transfer	8,28,882	0.88		
				09 Aug 2019	(28,727)	Transfer	8,00,155	0.85		
				16 Aug 2019	(2,656)	Transfer	7,97,499	0.85		
				30 Aug 2019	(44,696)	Transfer	7,52,803	0.80		
				27 Sep 2019	(1,24,782)	Transfer	6,28,021	0.67		
				07 Feb 2020	(20,740)	Transfer	6,07,281	0.64		
				06 Mar 2020	(52,262)	Transfer	5,55,019	0.59		
				13 Mar 2020	(72,885)	Transfer	4,82,134	0.51		
				20 Mar 2020	(30,354)	Transfer	4,51,780	0.48		
				27 Mar 2020	(24,051)	Transfer	4,27,729	0.45		
				31 Mar 2020	(5,475)	Transfer	4,22,254	0.45		

v) Shareholding of Directors and Key Managerial Personnel:

Particulars	Shareholding at the beginning of the year 1 April 2019		Date	Increase/ (Decrease)	Reason	Cumulative Shareholding during the year 2019-2020		Shareholding at the end of the year 31 March 2020	
	No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mr. Bhadresh K. Shah - Managing Director	5,51,28,901	58.45	-	-	-	5,51,28,901	58.45	5,51,28,901	58.45
Mr. Rajendra S. Shah - Director	847	0.00	-	-	-	847	0.00	847	0.00
Mrs. Khushali S. Solanki - Director	10,010	0.01	-	-	-	10,010	0.01	10,010	0.01
Mrs. Bhumika S. Shodhan - Director	10,005	0.01	-	-	-	10,005	0.01	10,005	0.01
Mr. Yashwant M. Patel, Whole-Time Director, Dr. S. Srikumar, Mr. Rajan Harivallabhdas, Mr. Sanjay S. Majmudar, Mr. Dileep C. Choksi & Mrs. Janaki U. Shah Directors	None of the directors hold shares in the Company								
Mr. Bhupesh P. Porwal - Chief Financial Officer *	-	-	-	-	-	-	-	-	-
Mr. Viren K. Thakkar - Chief Financial Officer **	-	-	-	-	-	-	-	-	-
Mr. S. N. Jetheliya - Company Secretary	7,050	0.01	28-06-2019	(250)	Transfer	6,800	0.01	7,150	0.01
			18-03-2020	250	Transfer	7,050	0.01		
			19-03-2020	25	Transfer	7,075	0.01		
			20-03-2020	25	Transfer	7,100	0.01		
			23-03-2020	50	Transfer	7,150	0.01		

* Mr. Bhupesh P. Porwal ceased to be Chief Financial Officer w.e.f. 31 July 2019

** Mr. Viren K. Thakkar has been appointed as Chief Financial Officerf w.e.f. 12 August 2019

ANNEXURE-“F” (CONTD.)

vi) Indebtedness:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ in Lakhs

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	11,169.31	1,500.00	-	12,669.31
ii) Interest due but not paid	14.87	0.70	-	15.57
iii) Interest accrued but not due				
Total(i+ii+iii)	**11,184.18**	**1,500.70**	**-**	**12,684.88**
Change in Indebtedness during the Financial Year				
i) Addition	22,417.03	-	-	22,417.03
ii) Reduction	(24,291.68)	-	-	(24,291.68)
Net Change	**(1,874.65)**			**(1,874.65)**
(including foreign exchange loss of ₹ 416.86)				
Indebtedness at the end of the Financial Year				
i) Principal Amount	9,294.66	1500.00	-	10,794.66
ii) Interest due but not paid	12.96	0.35	-	13.31
iii) Interest accrued but not due				
Total(i+ii+iii)	**9,307.62**	**1,500.35**	**-**	**10,807.97**

vii) Remuneration of Directors and Key Managerial Personal:

A. Remuneration of Managing Director and Whole-Time Director:

₹ in Lakhs

Sr. No.	Particulars of Remuneration	Name of MD/WTD		Total Amount
		Mr. Bhadresh K. Shah	Mr. Yashwant M. Patel	
1	Gross Salary			
	a) Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961	72.00	14.40	86.40
	b) Value of perquisite u/s 17(2) of the Income Tax Act, 1961	39.13	0.32	39.45
	c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-		
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - As % of Profit (Others, specify)	-	-	-
5	Others, Please Specify	-	-	-
Total		**111.13**	**14.72**	**125.85**

ANNEXURE-"F" (CONTD.)

B. Remuneration to other Directors:

₹ in Lakhs

Sr. No.	Particulars of Remuneration	Names of Other Directors					Total Amount
		Dr. S. Srikumar	Mr. Dileep C. Choksi	Mr. Rajendra S. Shah	Mr. Sanjay S. Majmudar	Mr. Rajan Harivallabhdas	
1	Gross Salary						
	a) Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961	-	-	-	-	-	-
	b) Value of perquisite u/s 17(2) of the Income Tax Act, 1961	-	-	-	-	-	-
	c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-	-
2	Stock Option	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-
4	Commission - As % of Profit (Others, specify)	-	-	-	22.50	-	22.50
5	Others, Sitting Fees	-	0.60	1.15	1.15	0.90	3.80
Total		**-**	**0.60**	**1.15**	**23.65**	**0.90**	**26.30**

Remuneration to other Directors:

₹ in Lakhs

Sr. No.	Particulars of Remuneration	Names of Other Non-Executive Directors			Total Amount
		Mrs. Janaki U. Shah	Mrs. Khushali S. Solanki	Mrs. Bhumika S. Shodhan	
1	Gross Salary				
	a) Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961	-	-	-	-
	b) Value of perquisite u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - As % of Profit (Others, specify)	-	-	-	-
5	Others, Sitting Fees	0.60	0.60	0.75	1.95
Total		**0.60**	**0.60**	**0.75**	**1.95**

ANNEXURE-"F" (CONTD.)

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

₹ in Lakhs

Sr. No.	Particulars of Remuneration	Key Managerial Personnel (Other than MD/WTD			Total Amount
		Chief Financial Officer		Company Secretary	
		Mr. Bhupesh P. Porwal upto 31 July 2019	Mr. Viren K. Thakkar w.e.f. 12 August 2019	Mr. S.N. Jetheliya	
1	Gross Salary				
	a) Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961	30.25	50.41	62.54	143.20
	b) Value of perquisite u/s 17(2) of the Income Tax Act, 1961	0.32	0.77	1.01	2.10
	c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - As % of Profit (Others, specify)	-	-	-	-
5	Others, Please Specify	-	-	-	-
Total		**30.57**	**51.18**	**63.55**	**145.30**

V PENTALTIES/PUNISHMENT/COMPUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding Fee Imposed	Authority (RD/NCLT/ Court)	Appeal made, if any give detail
A. Company Pentaly Punishment Compounding	NONE				
B. Directors Pentaly Punishment Compounding					
C. Other Officers in Default Penalty Punishment Compounding					

ANNEXURE-"G"

ANNUAL REPORT ON THE CORPORATE SOCIAL RESPONSIBILITY (CSR)

Activities pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014

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

   Company's vision on CSR is to enhance the quality of life and the economic wellbeing of communities around our operations.

   For detailed policy, please refer http://www.aiaengineering.com/Finances/pdf/csr%20policy.pdf

2. The Composition of CSR Committee : The Company has a CSR Committee of Directors comprising of Mr. Bhadresh K. Shah, Chairman of the Committee, Mr. Yashwant M. Patel and Mr. Sanjay S. Majmudar.

3. CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENT:

Sr. No.	Particulars	Amount (₹ in Lakhs)
1.	Average Net Profit of the Company for the last three years	56,091.61
2.	Prescribed CSR Expenditure (2% of the Amount of Net Profit)	1,121.83
3.	Details of CSR spent during the financial year	
	a) Total Amount spent for the financial year	977.82
	b) Amount unspent, if any	144.01
	c) Manner in which the amount spent during the financial year is given on next page in a separate table	

4. In case the Company has failed to spend the two per cent of the average Net Profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report:-

   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 ₹ 1,121.83 Lakhs and the Company has spent ₹ 977.82 Lakhs during the financial year ended 31 March 2020. The shortfall in the spending during the year under report is intended to be utilized in a phased manner in future, upon identification of suitable projects within the Company's CSR Policy.

5. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

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: 22 June, 2020

ANNEXURE-"G" (CONTD.)

Manner in which CSR amount was spent during the financial year

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise (₹ Lakhs)**	**Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ Lakhs)**	**Cumulative expenditure upto to the reporting period (₹ Lakhs)**	**Amount spent : Direct or through implementing agency***
1	Prevention & Promoting Health care	CI(i) Healthcare	Local	5.00	5.00	5.00	Nihar Charitable Trust, Ahmedabad
2	Protection of National Heritage, Art and Culture	CI (v) – National Heritage, Art & Culture	Rajasthan, Nathdwara	350.00	350.00	350.00	Tatpadam Upavan, Nathdwara
3	Protection of National Heritage, Art and Culture	CI (v) – National Heritage, Art & Culture	Local	15.00	15.00	15.00	Karmakshetra Education Foundation, Ahmedabad
4	Promotion of Education	CI (ii) -Education of Under privileged Students	Local	6.00	6.00	6.00	Vidya Charitable Trust, Ahmedabad
5	Prevention & Promoting Health care	CI(i) Healthcare	Local	5.00	5.00	5.00	Sanjivani Health and Relief Committee, Ahmedabad
6	Promotion of Education	CI (ii) -Education	Uttar Pradesh	125.00	125.00	125.00	IIT Kanpur
7	Prevention & Promoting Health care	CI(i) Healthcare	Local	7.00	7.00	7.00	Kanoria Hospital & Research Centre, Ahmedabad
8	Eradicating Hunger & Development of Children	CI. (i) - Eradicating Hunger & development of Children	Local	5.00	5.00	5.00	Akshay Patra Foundation, Ahmedabad
9	Prevention & Promoting Health care	CI(i) Healthcare	Gujarat, Nadiad	10.00	10.00	10.00	Muljibhai Patel Society for Research in Nephro-Urolgy, Nadiad
10	Promotion of Education of Differently Abled Persons	CI. (ii) – Education of Differently Abled Persons	Local	36.00	36.00	36.00	Aastha Charitable Trust for Welfare of the mentally Challenged, Ahmedabad
11	Prevention & Promoting Health care	CI(i) Healthcare	Local	11.00	11.00	11.00	The Gujarat Cancer Society, Ahmedabad

ANNEXURE-"G" (CONTD.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise (₹ Lakhs)**	**Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ Lakhs)**	**Cumulative expenditure upto to the reporting period (₹ Lakhs)**	**Amount spent : Direct or through implementing agency***
12	Promotion of Education	CI (ii) -Education	Local	5.00	5.00	5.00	The Nirmal Education Society, Ahmedabad
13	Promotion of Education	CI (ii) -Education	Maharashtra – Aurangabad	7.00	7.00	7.00	Chetana Empowerment Foundation, Aurangabad
14	Prevention & Promoting Health care	CI(i) Healthcare	Local	11.00	11.00	11.00	Ashirvad Education Trust, Ahmedabad
15	Promotion of Education of Differently Abled Persons	Cl. (ii) – Education of Differently Abled Persons	Local	10.00	10.00	10.00	National Society for Equal Opportunities for Handicapped, Ahmedabad
16	Protection of National Heritage, Art and Culture	CI (v) – National Heritage, Art & Culture	Local	15.00	15.00	15.00	Tulsi Vallabh Nidhi Trust, Ahmedabad
17	Protection of National Heritage, Art and Culture	CI (v) – National Heritage, Art & Culture	Local	0.25	0.25	0.25	Saptak Annual Music Festival, Ahmedabad
18	Prevention & Promoting Health care	CI(i) Healthcare	Local	0.57	0.57	0.57	Nihar Aarogya Mandir, Ahmedabad
19	Promotion of Education	CI (ii) -Education	Local	50.00	50.00	50.00	Sharda Mandir Trust, Ahmedabad
20	Improvement of quality of life of people through initiatives of social, economics, educational, environmental, health and cultural advancement	Schedule VII of Companies Act, 2013	Local	300.00	300.00	300.00	AIA CSR Foundation, Ahmedabad
21	Eradicating Hunger	C. (i) Hunger	Local	4.00	4.00	4.00	During COVID-19 situation, Distribution of Food Packets through Jalaram Caterer, Ahmedabad
	Total					**977.82**	

ANNEXURE-"H"

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	26.85
Mr. Yashwant M. Patel	3.56
Mr. Rajendra S. Shah	0.28
Mr. Sanjay S. Majmudar	5.72
Mr. Rajendra Harivallabhdas	0.22
Mr. Dileep C. Choksi	0.14
Mrs. Khushali S. Solanki	0.14
Mrs. Bhumika S. Shodhan	0.18
Mrs. Janaki Udayan Shah	0.14

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	(1.30)
Mr. Yashwant M. Patel	–
Mr. Rajendra S. Shah	–
Mr. Sanjay S. Majmudar	–
Mr. Rajan Harivallabhdas	–
Dr. S. Srikumar	–
Mr. Dileep C. Choksi	–
Mrs. Khushali S. Solanki	–
Mrs. Bhumika S. Shodhan	–
Mrs. Janaki Udayan Shah	–
Mr. Bhupesh P. Porwal – Chief Financial Officer*	–
Mr. Viren K. Thakkar – Chief Financial Officer **	–
Mr. S. N. Jetheliya, Company Secretary	17.18

* Ceased to be Chief Financial Officer with effect from 31.07.2019, so not comparable.

** Appointed as Chief Financial Officer with effect from 12.08.2019, so not comparable.

3) The percentage increase in the median remuneration of employees in the financial year was (3.46%).

4) There were 1,350 permanent employees on the rolls of Company as on 31 March 2020.

5) Average increase in the salaries of employees other than the managerial personnel in the last financial year was (0.70%) whereas the average increase in the managerial remuneration was (1.15%).

6) The members have at the 29th Annual General Meeting of the Company held on 12 August 2019 approved the payment of commission to the Non-Executive Directors within the ceiling of 0.25% of the Net Profits. The performance of the Company in terms of sales and profitability are the key parameters apart and 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,

Rajendra S. Shah
Chairman
(DIN:00061922)

Place: Ahmedabad
Date: 22 June, 2020

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.

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 (3) 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 finalized 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 5 times during the year under review on 27 May 2019, 12 August 2019, 12 November 2019, 31 January 2020 and 9 March 2020. 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.

REPORT ON CORPORATE GOVERNANCE (CONTD.)

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 2020 are as follows:

Name of the Board Member	Category	Attendance at the Board of Directors Meeting held on					Attended AGM 12 August 2019
		27 May 2020	12 August 2019	12 November 2019	31 January 2020	9 March 2020	
Mr. Rajendra S. Shah (Chairman)	Independent - Non Executive	√	√	√	√	√	√
Mr. Bhadresh K. Shah (Managing Director)	Executive - Promoter	√	√	√	√	√	√
Mr. Sanjay S. Majmudar	Independent Director	√	√	√	√	√	√
Dr. S. Srikumar	Non Independent - Non Executive	L.A.	–	–	–	–	√
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	√	√	√	L.A.	√	√
Mrs. Janaki Udayan Shah	Independent Director	√	√	L.A.	√	√	√

Dr. S. Srikumar ceased as a Director w.e.f. 12 August 2019 i.e. upto 29th AGM.

* L.A. (Leave of Absence)

As on 31st March, 2020, none of the Directors are related to each other except Mr. Bhadresh K. Shah, Mrs. Khushali S. Solanki and Mrs. Bhumika S. Shodhan. Mr. Bhadresh 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 (excluding Private & Foreign Companies):

Name of the Director	Other Directorships		Committee Memberships	Committee Chairmanships
	Listed	Unlisted		
Mr. Rajendra S. Shah	2	1	2	1
Mr. Bhadresh K. Shah	2	-	4	-
Mr. Sanjay S. Majmudar	4	1	4	4
Mr. Yashwant M. Patel	-	-	-	-
Mr. Dileep C. Choksi	5	3	7	3
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 Directorships in other Listed Company alongwith Category:

Name of the Director	Name of Listed Company	Category of Directorship
Mr. Rajendra S. Shah	Dishman Carbogen Amics Ltd. Welcast Steels Ltd.	Independent Independent
Mr. Bhadresh K. Shah	Welcast Steels Ltd. Cadila Healthcare Ltd.	Non – Independent, Non-Executive Independent
Mr. Sanjay S. Majmudar	Dishman Carbogen Amics Ltd. Welcast Steels Ltd. Aarvee Denims and Exports Ltd. Ashima Ltd.	Independent Independent Independent Independent
Mr. Yashwant M. Patel	—	—
Mr. Dileep C. Choksi	Arvind Ltd. Lupin Ltd. Deepak Nitrite Ltd. Swaraj Engins Ltd. ICICI Prudential Life Insurance Company Limited	Independent Independent Independent Independent Independent
Mrs. Khushali S. Solanki	Welcast Steels Ltd.	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/ compentencies
Strategic Leadership	Significant leadership experience to think strategically and develop	Entire Board
Industry Experience	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
Financial Expertise	Qualification and/or experience in accounting and/or finance coupled with ability to analyze 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
Governance, Risk and Compliance	Knowledge and experience of best practices in governance structures, policies and processes including establishing risk and compliance frameworks, identifying and monitoring key risks.	Entire Board
Diversity	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 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 the Board/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.

Company is paying sitting fees of ₹ 15,000 for attending a Board Meeting and ₹ 10,000 for attending an Audit Committee Meeting.

(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.

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 in 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:

SEBI Vide its Notification No. SEBI/LAD-NRO/GN/2018/59 dated 31 December 2018 has amended the SEBI (Prohibition of Insider Trading) (Amendment) (Regulations) 2018 which is applicable from 1 April 2019. In Compliance with the aforesaid notification of SEBI, the Company has revised Model Code of Conduct of Insider Trading Regulations which is applicable to all the Designated Persons of the Company who are expected to have access to the unpublished Price Sensitive information relating to the Company.

The said Code lays down guidelines which advise them on procedures to be followed and disclosures to be made while dealing in the Shares of the Company.

(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 victimization of Director (s) / Employee (s) / Stakeholders who avail the mechanism and also provide for direct access to the Chairman of the Audit Committee.

The policy is available on the website of the Company www.aiaengineering.com. Any Stakeholder, who comes across any instances of unethical matters, can report the same by sending an email to inform@aiaengineering.com.

(H) POLICY ON PROTECTION OF WOMEN AGAINST SEXUAL HARASSMENT AT WORKPLACE:

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" by forming 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 letter along with necessary documents, reports and internal policies to enable them to familiarize with the Company's Procedures and practices. The Company has through presentations at regular intervals, familiarized 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 organized for the Directors to enable them to understand the operations of the Company. The details of such familiarization 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 to 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;

REPORT ON CORPORATE GOVERNANCE (CONTD.)

(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 utilized for purposes other than those stated in the offer document / prospectus /notice and the report submitted by the monitoring agency monitoring the utilization 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 utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 crore 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) Reviewing the Management Discussion and analysis of financial condition and results of operations;

(xxii) Reviewing the appointment, removal and terms of remunerations of the Chief Internal Auditor;

(xxiii) Reviewing and discuss with the management the status and implications of major legal cases;

(xxiiiv) 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;

(xxv) Reviewing the statements of significant related party transactions, management letters etc.

(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 2019-20, four (4) Audit Committee Meetings were held on 27 May 2019, 12 August 2019, 12 November 2019 and 31 January 2020. Necessary quorum was present in all the meetings. The time gap between any two Audit Committee Meetings was not more than four months.

As on 31 March 2020, the Audit Committee comprises of 3 Independent Directors and 1 Executive Director. Names of the members and the Chairman of the Committee as on 31 March 2020 together with their attendance are given in the following table.

Name of the Member / Chairman	Category	Attendance at the Audit Committee Meetings held on			
		27 May 2019	12 August 2019	12 November 2019	31 January 2020
Mr. Sanjay S. Majmudar - Chairman	Independent	√	√	√	√
Mr.Rajendra S. Shah	Independent	√	√	√	√
Mr.Rajan Harivallabhdas	Independent	√	√	√	-
Mr. Bhadresh K. Shah	Executive	√	√	√	√

The Audit Committee was re-constituted on 12 August 2019 and Mr. Sanjay S. Majmudar, who was the member of the Audit Committee was appointed as Chairman in place of Mr. Rajendra S. Shah who will continue to be the member of the Committee.

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 representative of the Cost Auditor is invited to attend the meeting of the Audit Committee when the Cost Audit Report is tabled for discussion. 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) shall 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) Devising a policy on Board diversity;

(v) shall formulate the criteria for determining qualifications, positive attributes and independence of a director;

(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.

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(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 rolls 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. Dr. S. Srikumar - Member (upto 12 August, 2019)
4. Mrs. Khushali S. Solanki - Member (from 12 August, 2019)

Meeting and Attendance during the year:

Name of the Member / Chairman	Category	Attendance at the Nomination and Remuneration Committee Meetings held on	
		27 May 2019	12 August 2019
Mr. Sanjay S. Majmudar - Chairman	Independent	√	√
Mr. Rajendra S. Shah	Independent	√	√
Dr. S. Srikumar	Non-Executive	-	√
Mrs. Khushali S. Solanki	Non-Executive	-	-

As Dr. S. Srikumar, a Non-Executive Director, ceased to be a Director and member of the Nomination and Remuneration Committee w.e.f. 12 August 2019, Mrs. Khushali S. Solanki, Non-Executive Director of the Company has been appointed as a member to re-constitute the committee as per SEBI LODR Regulations w.e.f. 12 August 2019.

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.

Meetings and attendance during the year:

Name of the Member / Chairman	Category	Attendance at the Stakeholders' Relationship Committee Meetings held on			
		27 May 2019	12 August 2019	12 November 2019	31 January 2020
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 received one Complaint from Shareholder which has been resolved. There is no outstanding complaint as on 31 March 2020.

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 2020 and the details of members participation at the Meetings of the Committee are as under:

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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

Meeting and Attendance during the year:

During the year under review, three meetings of CSR Committee were held on 27 May 2019, 12 November 2019 and 31 January 2020 respectively in which all members of CSR Committee were present.

e) INDEPENDENT DIRECTORS' METTING:

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 27 May 2019, 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.

III. SUBSIDIARY COMPANIES:

Company has one Material Subsidiary Company i.e. Vega Industries (Middle East) FZC. UAE whose Net worth exceeds 20% of the Consolidated Net Worth of the Holding Company in the immediately preceding accounting year or has generated 20% 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.

The Company does not have any Unlisted Material Indian Subsidiary.

IV. RISK MANAGEMENT COMMITTEE:

SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 has amended the Regulation 21 of SEBI LODR Regulations making it compulsory to have Risk Management Committee for top 500 listed companies. However, the Board of Directors has already constituted a Risk Management Committee, voluntarily since 2014.

Corporate Risk Evaluation and Management is an ongoing process within the Organization. The Company has a well-defined Risk Management framework to identify, monitor and minimizing/mitigating risks as also identifying business opportunities.

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 Optimizing.

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

The objectives and scope of Risk Management Committee broadly comprises of:

1. To review the Company's risk governance structure, risk assessment and minimisation procedures and the guidelines, strategies and policies for risk mitigation on short term as well as long term basis;
2. To monitor and review the risk management plan of the Company;
3. To review the current and expected risk exposures of the organization, to ensure that the same are identified, qualitatively and quantitatively evaluated, analysed and appropriately managed;
4. Carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable;
5. To review cyber security function of the Company. ("Cyber security refers to the body of technologies, processes, and practices designed to protect networks, devices, programs, and data from attack, damage, or unauthorized access. Cyber security may also be referred to as Information Technology Security").

The Composition of Risk Management Committee and its meeting and attendance during the year is as under :

Name of the Member / Chairman	Category	Attendance at the Risk Management Committee Meetings held on			
		27 May 2019	10 August 2019	9 November 2019	31 January 2020
Mr. Bhadresh K. Shah- Chairman	Executive	√	√	√	√
Mr. Yashwant M. Patel - Member	Executive	√	√	√	√
Dr. Ajit Nath Jha- Member	Consultant	-	-	-	-

The Risk Management Committee has appointed a Risk Council which comprises of Executive Director – Corporate Affairs, Chief Financial Officer, V.P. Corporate Planning and Company Secretary. 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.

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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 2019-20 were in the Ordinary Course of Business and at Arms' Length basis. Suitable disclosures as required under Indian Accounting Standards (IndAS-24) have been made in the notes to the Financial Statements.

VI. DISCLOSURES:

(A) MATERIAL SIGNIFICANT RELATED PARTY TRANSACTIONS:

The Company has not entered into transactions 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 and Audit Committee 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 on an annual basis of such sum as may be approved by the Board on the basis of Nomination and Remuneration Policy of the Company.

iii. The total commission payable to the Directors shall not exceed 0.25% per annum of the Net Profit of the Company as approved by 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 carries out the individual performance review based on the Standard appraisal matrix and takes 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 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 2019-2020 is given below:

(₹ Lakhs)

Name of the Director and Designation	Salary	Perquisites	Total
Mr. Bhadresh K. Shah, Managing Director	72.00	39.13	111.13
Mr. Yashwant M. Patel, Whole-time Director	14.40	0.32	14.72

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 2019-2020 is given below:

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Sr. No.	Name of the Director	Sitting Fees Paid
1.	Mr.Rajendra S. Shah	1,15,000
2.	Mr. Sanjay S. Majmudar*	1,15,000
3.	Mr.Dileep C. Choksi	60,000
4.	Mr.Rajan Harivallabhdas	90,000
5.	Dr. S. Srikumar	–
6.	Mrs. Khushali S. Solanki	60,000
7.	Mrs. Bhumika S. Shodhan	75,000
8.	Mrs. Janaki Udyan Shah	60,000

***In addition to sitting fees, ₹ 22.50 Lakhs has been paid as Commission during the Financial Year 2019-20.**

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), Whole-Time Director of the Company will retire by rotation at the ensuing 30th Annual General Meeting of the Company and being eligible, has offered himself for re-appointment.

Mr. Rajan Harivallabhdas (DIN: 00014265), Independent Director is being re-appointed as an Independent Director for the second term of consecutive five years w.e.f. 24 September 2020.

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

(iii) Shareholding of Directors as on 31 March 2020 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	847
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 2020 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. 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
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.
2017-18	9 August 2018	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr.Vikram Sarabhai Marg, Ahmedabad-380 015.	9.00 A.M.
2016-17	14 August 2017	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 12 August 2019:

1. Payment 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.

Annual General Meeting held on 9 August 2018:

NIL

Annual General Meeting held on 14 August 2017:

(i) Appointment of Mr. Yashwant M. Patel as a Whole-Time Director.

(ii) Alteration of Articles of Association of the Company.

(iii) Keeping of Register/ Index of Members at a place other than the Registered Office of the Company.

POSTAL BALLOT:

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

X. GENERAL SHAREHOLDERS' INFORMATION:

Date and Time of 30th AGM	: 21st September, 2020 at 10.00 a.m.
Venue of AGM	: Through Video Conferencing
Financial Year	: 31 March 2020
Book Closure Date	: Not Applicable
Registered Office Address	: 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad 382 410
Dividend Payment Date	: N.A.
Compliance Officer	: Mr. S. N. Jetheliya, Company Secretary
Email for redressal of Investors' Complaints	: ric@aiaengineering.com
Website	: www.aiaengineering.com

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Financial Calendar (subject to change)

For Financial Year 2020-21

First Quarter Results	: On or before 14 August 2020
Second Quarter/Half Yearly Results	: On or before 14 November 2020
Third Quarter Results	: On or before 14 February 2021
Audited Results for the year 2020-21	: On or before 30 May 2021

(a) Listing on Stock Exchanges:

Name and Address of the Stock Exchange	Script Code
BSE Limited 25th 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 year 2020-21 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	BSE Limited		National Stock Exchange of India Limited	
		High (₹)	Low (₹)	High (₹)	Low (₹)
April 19	39,031.55	1,840.00	1,661.55	1,845.10	1,690.00
May 19	39,714.20	1,830.00	1,621.75	1,824.80	1,620.50
June 19	39,394.64	1,850.00	1,675.00	1,850.00	1,671.05
July 19	37,481.12	1,850.00	1,688.00	1,847.85	1,690.00
August 19	37,332.79	1,747.50	1,520.85	1,739.25	1,519.05
September 19	38,667.33	1,825.50	1,484.20	1,826.95	1,428.10
October 19	40,129.05	1,775.40	1,601.50	1,799.30	1,607.05
November 19	40,793.81	1,831.70	1,614.80	1,818.00	1,612.00
December 19	41,253.74	1,710.00	1,580.05	1,716.00	1,580.00
January 20	40,723.49	1,891.60	1,609.05	1,889.00	1,608.00
February 20	38,297.29	1,985.50	1,729.70	1,989.95	1,728.90
March 20	29,468.49	1,851.95	1,111.00	1,850.00	1,102.20

SHARE TRANSFER SYSTEM/ DIVIDEND AND OTHER RELATED MATTERS:

i. Share Transfers:

Share transfers in physical form are processed and the Share Certificates are generally returned to the transferees within a period of fifteen days from the date of receipt of transfer documents provided the transfer documents lodged with the Company are complete in all respects.

ii. Nomination facility for shareholding:

Pursuant to the provisions of Section 72 of the Companies Act, 2013 and Rules made thereunder, facility for making nomination is available for members in respect of Shares held by them. Members holding Shares in physical form may fill the Nomination form.

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/NACH. 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 Depository Participant/Company, 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. The Company has transferred to the said Fund, the unpaid Dividend for the year ended 31 March 2012 which have remained unpaid during the year under review.

v. 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 are submitted to BSE Limited and the National Stock Exchange of India Limited and are placed before Stakeholders' Relationship Committee and the Board of Directors at every quarter.

(c) Registrar & Transfer Agents:

MUMBAI OFFICE:	AHMEDABAD BRANCH OFFICE:
Link Intime India Private Limited	**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 Email :rnt.helpdesk@linkintime.co.in	5th Floor 506 to 508, Amarnath Business Centre -1, Besides Gala Business Centre, Nr. St., Xavier's College Corner, Off. C. G. Road, Navrangpura, Ahmedabad 380 009 Phone – 079-26465179 Email:ahmedabad@linkintime.co.in

(d) Distribution of Shareholding:

(i) Shareholding Pattern as on 31 March 2020.

Category	No. of Shares held		No. of Shares	% of holding
	Physical	Electronic		
Promoters Shareholding	-	5,51,48,921	5,51,48,921	58.47
Mutual Funds	-	1,38,03,493	1,38,03,493	14.63
Alternative Investment Fund	-	3,86,810	3,86,810	0.41
Financial Institutions & Banks	-	16,049	16,049	0.02
Foreign Portfolio Investor	-	2,01,26,599	2,01,26,599	21.34
Central Government/State Governments	-	3,11,994	3,11,994	0.33
NRIs	-	1,82,216	1,82,216	0.19
Other Corporate Bodies	-	6,61,246	6,61,246	0.70
NBFC registered with RBI	-	3,400	3,400	0.00
Indian Public	130	22,25,535	22,25,665	2.36
Hindu Undivided Family	-	1,04,080	1,04,080	0.11
Trusts	-	3,533	3,533	0.00
IEPF	-	1,300	1,300	0.00
Clearing Member	-	34,528	34,528	0.04
Insurance Companies	-	13,10,536	13,10,536	1.39
Total	**130**	**9,43,20,240**	**9,43,20,370**	**100.00**

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(ii) Distribution of Shareholding as on 31 March 2020.

No. of Equity Shares	No. of folios	% of total folios	No. of Shares	% of holding
1 to 500	17,836	94.48	13,56,797	1.43
501 to 1000	469	2.48	3,39,791	0.36
1001 to 2000	225	1.19	3,15,793	0.33
2001 to 3000	76	0.40	1,93,424	0.20
3001 to 4000	36	0.19	1,26,434	0.13
4001 to 5000	31	0.16	1,44,448	0.15
5001 to 10000	46	0.24	3,42,988	0.36
10001 & above	160	0.85	9,15,00,695	97.01
Grand Total	**18,879**	**100.00**	**9,43,20,370**	**100.00**
Shareholders in Physical Mode	6	0.01	130	0.00
Shareholders in Electronic Mode	18,873	99.99	9,43,20,240	100.00

(e) Dematerialization 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 dematerialized with any one of the Depositories viz. National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL).

As on 31 March 2020, 9,43,20,240 Equity Shares are in Dematerialized 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) Shares in respect of which dividend has not been claimed/encashed for 7 consecutive years transferred to IEPF Account:

During the year 2019-20, the Company has transferred 66 equity shares to IEPF Authority.

(h) The total fee (including out of pocket expenses) paid to the Statutory Auditors of the Company during the year under review is ₹ 43.84 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 Ltd.)

(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 - 440016 (erstwhile Paramount Centrispun Castings Pvt. Ltd.)

(g) SF No. 514, 5A1, 5A2, 5A3, Thathamangalam Village, Kariamanickam Road, S. Pudur, Samayapuram, Trichy - 621 115 (erstwhile DCPL Foundries Ltd.)

(h) 103/104/115 to 118, Kerala GIDC Estate, Taluka Bavala, Ahmedabad-382220.

(j) Address for Correspondence:

a) For transfer / dematerialisation of Shares, change of address of members and other queries:

Link Intime India Private Limited	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 Email : rnt.helpdesk@linkintime.co.in	5th Floor 506 to 508, Amarnath Business Centre -1, Besides Gala Business Centre, Nr. St., Xavier's College Corner, Off. C. G. Road, Navrangpura, Ahmedabad 380 009 Phone – 079-26465179 Email: ahmedabad@linkintime.co.in

b) For any query relating to Dividend, Annual Reports etc.

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

Registered Office:	**Corporate Office:**
AIA Engineering Limited	11-12, Sigma Corporates
115, GVMM Estate, Odhav Road, Odhav, Ahmedabad-382 410	B/h. HOF Showroom, Sindhu Bhavan Road,
Phone No. 079-22901078-81	Off. S.G. Highway, Bodakdev,
Fax No. 079-22901077	Ahmedabad-380054
Investors' related query E-mail : ric@aiaengineering.com	Phone No. 079-66047800 Fax No. 079-66047848

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 Boards' Report and the same 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.

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 31st March, 2020, 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, 2020.

We further state that such compliance 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 : F003459B000408633

Place : Ahmedabad
Date : 2 July, 2020

The above Corporate Governance Report was adopted by the Board of Directors at its meeting held on 22 June, 2020.

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 2019-20.

(Bhadresh K. Shah)
Managing Director
DIN: 00058177

Place : Ahmedabad
Date : 22 June, 2020

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 by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March 2020 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 or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Bhadresh 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
Membership No.: 3459
CP No.: 1745
UDIN : F003459B000490418

Place : Ahmedabad
Date : 22nd July, 2020

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 2020 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 : 22nd June, 2020

Viren K. Thakkar
Chief Financial Officer

Place : Ahmedabad
Date : 22nd June, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

A. INDUSTRY OVERVIEW:

AIA Engineering Ltd. ("AIAE") 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. AIAE 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.

Of the industries AIAE serves, Mining represents the largest opportunity and continues to be the growth engine. The Company focuses on 4 mineral ore types that represent the biggest pie of the mineral grinding space. These are Iron, Platinum, Gold and Copper. It represents a large opportunity for conversion of conventional forged grinding media to high chrome grinding media. Annual consumption of grinding media for the mining segment is estimated at 2.5 million tons with less than 20% of the same converted to high chrome, thus offering a sizeable growth opportunity of conversion. AIAE is now embarking on a journey of offering 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.

AIAE's philosophy is to partner with customers and design solutions to improve their cost and process parameters. It involves multiple initiatives that target different parts of customer's grinding operation. AIAE offers unique and custom designed alloys that help improve wear rates of grinding media and thereby reduce wear cost on that account. For its Gold and Copper customers, AIAE offers down-process benefits which include increase in metal recovery and reduced consumption of expensive and toxic reagents. And AIAE now offers mill optimisation for mining customers through unique mill lining solutions resulting into improvement in throughputs and cost reduction in the grinding process which includes reduction in power cost and reduced cost of wear parts. AIAE believes that because of this unique combination of capabilities to offer multiple solutions, it is well positioned to capitalise on the significant growth opportunity available in the global mining space in a sustained manner.

In FY 2019-20, mining markets enjoyed relative stability in their operations especially in commodity prices which saw recovery and stability. Cement markets continue to remain flat worldwide in line with trends observed over past many years. Large economies like US, Europe and India have significant needs to ramp up infrastructure which in turn will help the Cement market. But till that time, we continue to expect a flat market scenario. We continue to engage with our customer with solutions that can help improve their operating parameters and maintain our market share.

The Covid-19 Pandemic which has surfaced practically during the last quarter of fiscal year 2019-20 has adversely impacted almost all countries of the world and India is also not an exception. Governments of most of the countries declared either partial or complete Lockdown and due to this reason the economic activities including trade and industry practically came to a halt for varying periods during the last quarter of fiscal year 2019-20 and it has also continued in different proportions in the first quarter of fiscal year 2020-21.

In view of the Lock down declared by MHA on account of threat of COVID 19 in many states across the country from 23 March 2020, the operations of AIAE's Plants and Offices at various locations had been temporarily under lock down. AIAE restarted manufacturing operations at Company's plants located around Ahmedabad in early April and its plant at Trichy around second week of April 2020, while its Nagpur plant started in the 4th week of April 2020 in a staggered manner. AIAE has developed comprehensive operating instructions for COVID-safe environment, and these are effectively implemented at all Plants. All support functions are operational and working from home.

We are carefully gauging the impact of this pandemic on our customers mainly comprising of Mining and Cement customers spread over more than 120 countries. While many countries, where our customers are based, had various levels of lockdown procedures, most of our customers' plants have largely continued their operations, though at a subdued level, as Cement and Mining are both classified as essential commodities.

In our view, both Cement and Mining industries have been impacted in varying degrees by the pandemic related contraction and its knock-on effects on global supply chains. The ripple effect of this, like on most industries, is also faced by our customers and, by extension, by us. We have seen lower off take in the months of April and May and it is difficult to estimate how soon things will revert to normal. However, with Cement and Mineral Ores' end use in infrastructure and other essential requirements, along with the massive fiscal stimulus packages offered by all major Countries for Economic revival, we expect consumption to ease back earlier than many other products which are discretionary in nature.

We are in close contact with our customers through online tools and remain committed to partnering with them in their process optimization journey.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

AIAE's production was operationalized in a staggered and restricted manner and reached 70% pre-COVID capacity utilization in June 2020. AIAE is hopeful to enhance utilization progressively over next few months. As a strategy, we maintain stock at many locations closer to customers' plants which allows us to service customers from these warehouses.

As for our business in FY 2019-20, we saw stability in our raw materials, especially in Ferro Chrome prices which had remained choppy for last few years. Ferro Chrome pricing is linked to Chinese actions on production of steel and stocking decisions on this raw material which in turn brings volatility in pricing. We expect Ferro Chrome to remain reasonably stable going forward.

While shipping rates for most part of the fiscal year 2019-20 were showing a gradual upward movement it was within the manageable range. We expect that in the post Covid-19 period, in the initial phases the shipping rates may remain volatile but over a medium to longer term the shipping rates should stabilize.

Lastly for major portion of the fiscal year 2019-20 we saw a range bound movement in INR vs. other currencies more particularly USD. However, in the last quarter of the fiscal, particularly during February/March 2020, there was a sharp depreciation in INR vis-à-vis USD primarily owing to the impact of the Covid-19 on the global economy as well as on the Indian economy. The closing INR rate witnessed a sharp erosion and was lower at ₹ 76.86 to a USD which was the lowest level to which the INR had ever fallen. Again, in the post Covid situation it is expected that Rupee will remain volatile and there is a high degree of uncertainty prevailing all over the world. India continues to maintain a current account deficit which in turn brings pressure on INR in times when capital flows ease or reverse. We follow a rigorous hedging policy to mitigate the risk to the extent possible.

B. SEGMENTWISE PERFORMANCE:

The Company primarily operates in only one segment i.e. manufacturing of High Chrome Mill Internals. In Fiscal Year 2019-20, 77.39% of its total sales came from outside India while balance 22.61 % came from sales from India.

C. OUTLOOK AND PROSPECTS:

AIAE's core business involves offering solutions around grinding and crushing operations with focus on wear parts used in these processes at Cement plants, Mines and coal fired Thermal power plants. AIAE's growth prospects are linked to overall economic conditions in these industries in addition to its strategy around taking higher market share.

AIAE's primary growth prospects are linked to its strategy for the mining space from which bulk of its growth is expected to accrue from. The growth prospects are primarily emanating out of the large annual replacement market in this industry. Conventionally, forged grinding media is being used for grinding and crushing in grinding mills. Less than 20% of this is converted to high chrome and hence presents an opportunity to AIAE to convert forged media to high chrome. Main benefits of high chrome include reduction in wear cost, reduction in consumption of reagents and down process benefits including higher recovery of metal in gold and copper ore. AIAE engages with a customer over 18 to 24 months to develop a mine site by doing trials and establishing optimal chrome grade for that set of operating conditions. Because of these benefits we expect high chrome to take higher market share over forged over a time.

Additionally, AIAE is further entrenching itself in the mining space by venturing into Mill Linings wherein the offering will include optimization of grinding circuit. The Company will be able to offer reduced power costs and increased throughput as a solution to customers. These will be material savings for the customer and with Company's existing solutions around wear cost reduction and down process benefits of increased recovery of metal and reduction in reagent consumption, it will position the Company as a true partner with its Customers and help sharpen its engagement meaningfully in the Mining space.

In spite of a possible near term slow down in the mining industry in wake of the impact of the Covid-19 Pandemic, we believe that it should normalise within a relatively shorter period and thus in medium to long term the prospects of mining industry, in as much as AIAE is concerned, remain unaltered and AIAE continues to remain bullish on mining industry as its core area of focus. Again, as per the information available with AIAE, despite Lockdown being declared in major countries of the world most of the mines continued to operate, though at lower levels of output. Similarly, the process of developing solutions for both the existing as well as new mines continued without any major disruption. Now therefore as most of the major economies of the world have consciously started unlocking the economic activities we are confident that at best, this near term slow down would represent a minor aberration and will not impact the long term prospects for AIAE in mining segment.

In the Cement segment, the near-term prospects continue to remain flat. As and when India's cement production will go up your company will be an immediate beneficiary in terms of incremental production going to service the additional requirement. On the global front, most developing and developed markets continue to be marginal growth phase reflecting flat sales for AIAE. In China, the Company currently maintains a limited presence by marketing specific products.

In as much as the thermal power plants are concerned the Company continues to enjoy a niche position in this particular segment in India. The Company will strive to maintain a steady growth rate in this particular segment matching with the rate at which the sector grows.

D. CAPEX PLAN:

The company's current capacity stands at 3,90,000 MT of high chrome mill internals which has increased from 3,40,000 MT after implementation of the first phase of 50,000 MT capacity of Grinding Media GIDC Kerala expansion project. The company is also in the process of setting up of a dedicated Greenfield plant for manufacture of Mill Lining with a capacity of 50,000 TPA whose implementation has commenced in fiscal year 2019-20. The company expects to commission this plant before March 2021. The total estimated capital outlay for the Mill Lining plant is ₹ 250 crores, out of which the company has already incurred Capex of ₹ 60.00 crores in FY 2019-20 and the balance Capex of ₹ 190.00 crores will be incurred in FY 2020-21.

However, in line with various uncertainties emerging on account of Covid-19 Pandemic the company has decided not to break ground on the second phase of the grinding media Brownfield capacity expansion of 50,000 MT at GIDC Kerala, Ahmedabad. The second phase will be most likely deferred to the next fiscal year.

The company plans to fund all the above Capex from internal cash accruals.

E. RISKS AND CONCERNS:

Your 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 and Disruption and Uncertainty in Business due to Covid-19 pandemic.

COVID-19: The company's operations might be impacted due to exposure to the pandemic. These could impact revenue growth and lead to under-utilisation of established capacity. Demand for the company's product may be adversely affected in our industrial segments of Mining, Cement and Thermal. 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 company inlcude 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 and regular communication with customers and monitoring of receivable position, review of cash surplus and current capex spend.

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.

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 through clauses if there are longer tenure contracts or by re-pricing 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 mining customers.

F. INTERNAL CONTROL SYSTEM AND THE ADEQUACY:

The Company has proper and adequate systems of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded & reported properly and to ascertain operating business risks, which are mitigated by regular monitoring and corrective actions. The internal control systems have been designed so as to ensure that the financial and other records are reliable and reflect a true and fair view of the state of the Company's business. The Company has the SAP-ERP system which has also helped in further strengthening the Internal Control System.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

The Company continues to co-partner and engage with reputed external firms for carrying out Internal Audits. Reviews are conducted on an on-going basis, based on a comprehensive risk based audit plan, which is approved by the Audit Committee at the beginning of each year. The Audit Committee meets on a quarterly basis to review and discuss the various Internal Audit reports and also review closure of all agreed actions and compliance to the audit plan.

BSR & Co. LLP, the statutory auditors of the Company have audited the financial statements included in this annual report and have issued an attestation report on our internal control over financial reporting (as defined in Section 143 of Companies Act 2013). Based on its evaluation (as defined in Section 177 of Companies Act 2013 and Regulation 18 of SEBI LODR Regulations 2015), our audit committee has concluded that, as of 31 March 2020, our internal financial controls were adequate and operating effectively.

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	F.Y. 2019-20	F.Y. 2018-19
High Chrome Mill Internals	2,71,274	2,89,666

- **Sales Turnover:**

The Comparative position of Sales Turnover achieved by the Company is as under:

(₹ in Lakhs)

Particulars	F.Y. 2019-20	F.Y. 2018-19
Sales in India (20.88%)	60,387.49	68,837.66
Sales Outside India (79.12%)	2,28,744.26	2,28,070.54
Total	**2,89,131.75**	**2,96,908.20**

(₹ in Lakhs)

	Particulars	F.Y. 2019-20	F.Y. 2018-19
1	Revenue from Operations	2,98,087.75	3,06,949.99
2	Cost of Materials Consumed (Including change in Inventories)	1,17,346.87	1,22,525.44
	- % of revenue from operations	39.37%	39.92%
3	Employee Benefit Expense	13,438.76	12,639.13
	- % of revenue from operations	4.51%	4.12%
4	Other Expenses	99,274.02	1,05,798.57
	- % of revenue from operations	33.30%	34.47%
5	EBIDTA	82,219.10	78,079.29
	- % of revenue from operations	27.58%	25.44%
6	Finance Costs	558.75	754.71
	- % of revenue from operations	0.19%	0.25%
7	Depreciation and Amortization Expense	9,787.92	7,884.57
	- % of revenue from operations	3.28%	2.57%
8	Profit Before Tax	71,872.43	69,440.01
	- % of revenue from operations	24.11%	22.62%
9	Profit After Tax (Including Other Comprehensive Income and after Minority Interest)	58,645.60	50,428.84
	- % of revenue from operations	19.67%	16.43%

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	F.Y. 2019-20	F.Y. 2018-19
Sales in India (22.61 %)	56,502.47	66,167.19
Sales Outside India (77.39%)	1,93,303.97	2,07,549.52
Total	**2,49,806.44**	**2,73,716.71**

- **Key performance indicators:**

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

(₹ in Lakhs)

Particulars		F.Y. 2019-20	F.Y. 2018-19
1	Revenue from Operations	2,58,762.44	2,83,758.50
2	Cost of Materials Consumed (including change in inventories and purchase of stock in trade)	1,17,601.25	1,39,152.03
	- % of revenue from operations	45.45%	49.04%
3	Employee Benefit Expense	9,953.04	9,089.14
	- % of revenue from operations	3.85%	3.20%
4	Other Expenses	73,944.44	78,458.86
	- % of revenue from operations	28.58%	27.65%
5	EBIDTA	1,05,812.16	68,680.05
	- % of revenue from operations	40.89%	24.20%
6	Finance Costs	519.89	719.05
	- % of revenue from operations	0.20%	0.25%
7	Depreciation and Amortization Expense	9,551.24	7,769.59
	- % of revenue from operations	3.69%	2.74%
8	Profit Before Tax	95,741.03	60,191.41
	- % of revenue from operations	36.99%	21.21%
9	Profit After Tax (Including Other Comprehensive Income)	83,515.58	41,577.33
	- % of revenue from operations	32.28%	14.65%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

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	F.Y. 2019-20	F.Y. 2018-19	Change	Change in %	Explanations
1	Debtors Turnover (Days)	137	107	30	27.74%	On account of increase in overall debtors due to lock down
2	Inventory Turnover (Days)	38	32	6	19.60%	
3	Interest coverage Ratio	185.16	84.71	100.45	118.58%	On account of reduction in finance cost and borrowing both.
4	Current Ratio	10.45	8.51	1.94	22.79%	On account of increase in current asset, mostly current investment, receivable and inventory.
5	Debt Equity Ratio	0.03	0.04	(0.01)	-25.09%	On account of increase in total equity
6	Operating Profit Margin (%)	42.36%	25.09%	17.27%	68.80%	On account of dividend from subsidiaries and increase in sales margin.
7	Net Profit Margin (%)	33.33%	15.16%	18.18%	119.94%	On account of increase in operating profit margin as above
8	Return on Networth (%)	24.53%	13.98%	10.56%	75.53%	On account of increase in net profit margin

Consolidated

Sr. No.	Particulars	F.Y. 2019-20	F.Y. 2018-19	Change	Change in %	Explanations
1	Debtors Turnover (Days)	86	81	5	6.56%	
2	Inventory Turnover (Days)	74	61	13	21.63%	
3	Interest coverage Ratio	129.63	93.01	36.62	39.37%	On account of reduction in finance cost and borrowing both
4	Current Ratio	8.67	7.67	1.00	13.06%	
5	Debt Equity Ratio	0.03	0.04	(0.01)	-16.90%	
6	Operating Profit Margin (%)	28.43%	26.30%	2.13%	8.10%	
7	Net Profit Margin (%)	20.41%	17.20%	3.21%	18.69%	
8	Return on Networth (%)	16.36%	15.66%	0.70%	4.48%	

I. INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT:

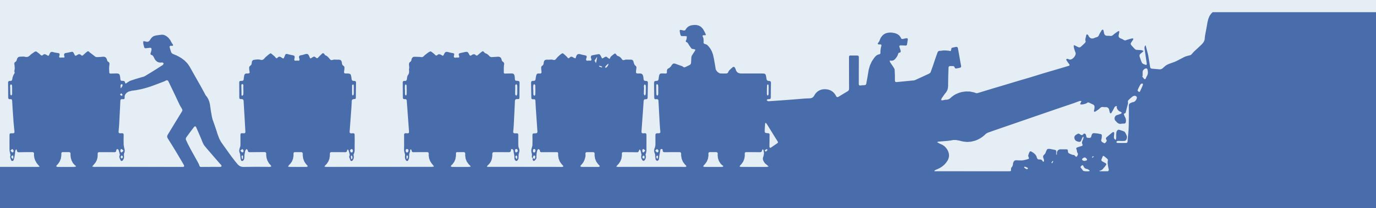
The Company believes that human resource is the most important asset of the organization. During the year under review, your Company continued its efforts to improve HR related processes, practices and systems to align these to the organizational objectives. Training and development of its employees 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.

Financial Statements

90-217



INDEPENDENT AUDITORS' REPORT

To the Members of AIA Engineering Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the standalone financial statements of AIA Engineering Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2020, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter : Revenue Recognition

Refer Note 3(j) and Note 32 to the standalone financial statements

Description of key audit matter	Our response and results
Revenue Recognition Revenue of the Company mainly comprises of sale of high chrome mill internals to its customers and to its overseas subsidiaries. Revenue from sale of goods is recognised when control is transferred to the customers and when there are no other unfulfilled obligations. This requires detailed analysis of each contract /customer purchase order regarding timing of revenue recognition. Inappropriate assessment could lead to a risk of revenue being recognized on sale of goods before the control in the goods is transferred to the customer. Accordingly, timing of recognition of revenue is a key audit matter.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Assessing the Company's accounting policies for revenue recognition by comparing with the applicable accounting standards; • Testing the design, implementation and operating effectiveness of key internal controls over timing of recognition of revenue from sale of goods; • Performing testing on selected statistical samples of customer contracts. Checked terms and condition related to acceptance of goods, acknowledged delivery receipts and tested the transit time to deliver the goods and its revenue recognition. Our tests of details focused on cut-off samples to verify only revenue pertaining to current year is recognized based on terms and conditions set out in sales contracts and delivery documents.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.

INDEPENDENT AUDITORS' REPORT (Contd.)

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

    c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.

    e) On the basis of the written representations received from the directors as on 31 March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations as at 31 March 2020 on its financial position in its standalone financial statements - Refer Note 43 and Note 44 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

NIRAV PATEL
Partner
Membership No.: 113327
ICAI UDIN: 20113327AAAAAU6747

Place : Mumbai
Date : 22 June 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF AIA ENGINEERING LIMITED FOR THE YEAR ENDED 31 MARCH 2020

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

With reference to the "Annexure A" referred to in the Independent Auditor's Report to the members of the Company on the standalone financial statements for the year ended 31 March 2020, we report the following:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us including registered titled deeds, we report that, the title deeds, comprising of all of immovable properties of land and buildings which are freehold, are held in the name of the Company. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Company, where the Company is lessee in the agreement.

(ii) The inventory, except goods-in-transit and stocks lying at third party locations, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.

(iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act 2013 ('the Act'). Accordingly, paragraph 3(iii) (a), (b), and (c) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided any security to parties covered under Section 185 and Section 186 of the Act. The Company has complied with the provisions of Section 185 and 186 of the Act in respect of guarantees given and investments made, as applicable.

(v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposit from public as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods and service tax, Duty of customs, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and service tax, Duty of customs, Cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable. Pending clarity on the matter as explained in Note 43(iv) to the standalone financial statements, the Company is currently unable to determine the extent of arrears of such provident fund as at 31 March 2020 outstanding for a period of more than six months from the date they become payable.

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(b) According to the information and explanations given to us, there are no dues of Income-tax, Goods and Service tax, Duty of customs, Duty of excise and Cess as at 31 March 2020, which have not been deposited with the appropriate authorities on account of any dispute, other than those mentioned in the Enclosure - I to this report.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks and government. Further, the Company does not have any debentures issued / outstanding at any time during the year.

(ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and accordingly to the information and explanations given to us, the term loan taken by the Company is applied for the purpose for which it was raised.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company as prescribed under Section 406 of the Act. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and Section 188 of the Act where applicable. The details of such related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting Standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.

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

(xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

NIRAV PATEL
Partner
Membership No.: 113327
ICAI UDIN: 20113327AAAAAU6747

Place : Mumbai
Date : 22 June 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF AIA ENGINEERING LIMITED FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

ENCLOSURE – I

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount related	Amount involved (₹ in lakhs)	Amount unpaid (₹ in lakhs)
Income tax Act, 1961	IT matters under dispute	Hon'ble High Court of Gujarat	A.Y. 2006-07	471.89	471.89
			A.Y. 2007-08	1,100.66	1,100.66
		ITAT, Ahmedabad	A.Y. 2008-09	893.05	893.05
			A.Y. 2009-10	1728.35	1728.35
			A.Y. 2010-11	1,830.28	1,830.28
			A.Y. 2011-12	1,734.24	1,734.24
			A.Y. 2012-13	1,610.63	1,610.63
			A.Y. 2013-14	2,173.48	2,173.48
		Commissioner of Income-tax, Ahmedabad	A.Y. 2014-15	3,657.95	2,729.59
			A.Y. 2016-17	1,554.18	1,554.18
Service tax (Finance Act, 1994)	Service tax	Dy. Commissioner, Ahmedabad.	F.Y. 2013-14 to 2017-18 [upto June 2017]	41.99	41.99
Central Excise Act, 1944	Duty of Excise, including interest and penalty (as applicable)	CESTAT, Ahmedabad	F.Y. 2006-07 to 2007-08	31.39	31.39
States' Value Added Tax Act	Value Added Tax	VAT Tribunal, Madurai	F.Y. 2013-14	9.16	9.16
		Commissioner (Appeals), GST, Nagpur	F.Y. 2015-16	54.86	54.86

ANNEXURE "B" "TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF AIA ENGINEERING LIMITED FOR THE YEAR ENDED 31 MARCH 2020

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE AFORESAID STANDALONE FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013

Opinion

We have audited the internal financial controls with reference to financial statements of AIA Engineering Limited (the 'Company') as of 31 March 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of

ANNEXURE "B" "TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF AIA ENGINEERING LIMITED FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as the 'Act').

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing (the 'Standards'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of internal financial controls with reference to financial statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

Inherent limitations of internal financial controls with reference to financial statements

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

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

NIRAV PATEL
Partner
Membership No.: 113327

ICAI UDIN: 20113327AAAAAU6747

Place : Mumbai
Date : 22 June 2020

STANDALONE BALANCE SHEET
AS AT 31 MARCH 2020

(₹ in Lakhs)

Particulars	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	81,521.75	81,517.20
(b) Right of use assets	5	4,171.45	-
(c) Capital work-in-progress	6	3,234.93	5,975.34
(d) Goodwill	7	460.69	460.69
(e) Other intangible assets	7	344.75	251.14
(f) Financial assets			
(i) Investments	8	1,578.62	1,578.38
(ii) Trade receivables	9	264.77	389.28
(iii) Loans	10	584.36	584.93
(g) Other tax assets (net)	11	2,416.53	2,414.44
(h) Other non-current assets	12	5,125.41	2,976.12
Total non-current assets		**99,703.26**	**96,147.52**
Current assets			
(a) Inventories	13	43,504.09	45,771.53
(b) Financial assets			
(i) Investments	14	1,41,763.55	1,07,846.24
(ii) Trade receivables	15	96,831.22	90,075.15
(iii) Cash and cash equivalents	16	3,881.10	2,066.47
(iv) Bank balances other than (iii) above	16	578.63	633.82
(v) Loans	17	233.03	189.03
(vi) Derivatives		-	996.49
(vii) Other financial assets	18	3,861.47	6,468.23
(c) Other current assets	19	9,081.90	10,686.71
Total current assets		**2,99,734.99**	**2,64,733.67**
Total assets		**3,99,438.25**	**3,60,881.19**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	20	1,886.41	1,886.41
(b) Other equity	21	3,59,338.75	3,15,718.20
Total equity		**3,61,225.16**	**3,17,604.61**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	-	1,500.00
(ii) Lease liabilities	23	1,044.54	-
(b) Provisions	24	725.13	578.77
(c) Deferred tax liabilities (net)	40 (b)	7,769.04	10,099.61
Total non-current liabilities		**9,538.71**	**12,178.38**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	25	9,294.66	11,169.31
(ii) Lease liabilities	26	363.87	-
(iii) Trade payables	27		
Total outstanding dues of micro enterprises and small enterprises		1,354.62	1,669.44
Total outstanding dues of creditors other than micro enterprises and small enterprises		10,163.08	13,496.43
(iv) Derivatives		873.88	-
(v) Other financial liabilities	28	2,557.23	1,499.78
(b) Other current liabilities	29	3,043.48	2,903.04
(c) Provisions	30	645.40	360.20
(d) Current tax liabilities (net)	31	378.16	-
Total current liabilities		**28,674.38**	**31,098.20**
Total liabilities		**38,213.09**	**43,276.58**
Total equity and liabilities		**3,99,438.25**	**3,60,881.19**
The accompanying notes are integral part of these standalone financial statements.	2 - 52		

As per our report of even date attached.

For and on behalf of the Board of Directors
AIA Engineering Limited
CIN: L29259GJ1991PLC015182

For **B S R & CO. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

NIRAV PATEL
Partner
Membership No: 113327

Place : Mumbai
Date : 22 June 2020

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

VIREN K. THAKKAR
Chief Financial Officer

Place : Ahmedabad
Date : 22 June 2020

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

S. N. JETHELIYA
Company Secretary
(ACS: 5343)

Place : Ahmedabad
Date : 22 June 2020

STANDALONE STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31 MARCH 2020

(₹ in Lakhs)

Particulars	Note	Year ended 31 March 2020	Year ended 31 March 2019
INCOME			
Revenue from operations	32	2,58,762.44	2,83,758.50
Other income	33	48,548.45	11,621.58
Total income		**3,07,310.89**	**2,95,380.08**
EXPENSES			
Cost of materials consumed	34	1,02,942.55	1,24,090.64
Purchases of stock-in-trade		10,203.44	23,908.16
Changes in inventories of finished goods and work-in-progress	35	4,455.26	(8,846.77)
Employee benefits expense	36	9,953.04	9,089.14
Finance costs	37	519.89	719.05
Depreciation and amortisation expense	38	9,551.24	7,769.59
Other expenses	39	73,944.44	78,458.86
Total expenses		**2,11,569.86**	**2,35,188.67**
Profit before tax		95,741.03	60,191.41
Tax expense	40 (a)		
Current tax		14,250.45	16,963.31
Deferred tax		(1,762.39)	1,745.93
Total Tax expenses		**12,488.06**	**18,709.24**
Profit for the year		**83,252.97**	**41,482.17**
Other Comprehensive Income			
A (i) Items that will not be reclassified to statement of profit and loss	42 (iv)	(287.76)	(13.02)
(ii) Income tax relating to items that will not be reclassified to statement of profit and loss		-	-
B (i) Items that will be reclassified to statement of profit and loss	21	647.65	166.25
(ii) Income tax relating to items that will be reclassified to statement of profit and loss	21	(97.28)	(58.07)
Other comprehensive income for the year (net of tax)		**262.61**	**95.16**
Total comprehensive income for the year (comprising profit and other comprehensive income for the year)		**83,515.58**	**41,577.33**
Earnings per equity share			
Equity share of par value ₹ 2 each			
Basic & Diluted	41	88.27	43.98
The accompanying notes are integral part of these standalone financial statements.	2 - 52		

As per our report of even date attached.

For and on behalf of the Board of Directors
AIA Engineering Limited
CIN: L29259GJ1991PLC015182

For **B S R & CO. LLP**
Chartered Accountants
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S. N. JETHELIYA
Company Secretary
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Place : Ahmedabad
Date : 22 June 2020

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	**1,886.41**	**1,886.41**
Changes in equity share capital during the year	-	-
Balance at the end of the year	**1,886.41**	**1,886.41**

B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Reserves and Surplus				Other Comprehensive Income		Total
	Securities premium reserve	Capital redemption reserve	General reserve	Retained earnings	Cash flow hedge reserve	Remeasure-ment of defined benefit plan	
Balance as at 1 April 2018	26,579.52	1,925.74	16,189.27	2,29,117.13	329.21	-	2,74,140.87
Profit for the year	-	-	-	41,482.17	-	-	41,482.17
Dividend paid on equity shares	-	-	-	-	-	-	-
Tax on dividends	-	-	-	-	-	-	-
Remeasurement of defined benefit plan	-	-	-	-	-	(13.02)	(13.02)
Movement in cash flow hedge reserve (net of tax)	-	-	-	-	108.18	-	108.18
OCI balance transferred to retained earnings	-	-	-	(13.02)	-	13.02	-
Balance as at 31 March 2019	26,579.52	1,925.74	16,189.27	2,70,586.28	437.39	-	3,15,718.20
Profit for the year	**-**	**-**	**-**	**83,252.97**	**-**	**-**	**83,252.97**
Dividend paid on equity shares	**-**	**-**	**-**	**(33,955.33)**	**-**	**-**	**(33,955.33)**
Tax on dividends	**-**	**-**	**-**	**(5,939.70)**	**-**	**-**	**(5,939.70)**
Remeasurement of defined benefit plan	**-**	**-**	**-**	**-**	**-**	**(287.76)**	**(287.76)**
Net movement in cash flow hedge reserve (net of tax)	**-**	**-**	**-**	**-**	**550.37**	**-**	**550.37**
OCI balance transferred to retained earnings	**-**	**-**	**-**	**(287.76)**	**-**	**287.76**	**-**
Balance as at 31 March 2020	**26,579.52**	**1,925.74**	**16,189.27**	**3,13,656.46**	**987.76**	**-**	**3,59,338.75**

Nature and purpose of reserves:

(a) Securities premium reserve: The amount received in excess of face value of the equity shares is recognised in Securities premium reserve.

(b) Capital redemption reserve: The Company has recognised Capital redemption reserve on redemption of Cumulative redeemable preference shares.

(c) General reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

(d) Retained earnings: Retained earnings are the profits that the Company has earned till date, less any transfer to general reserve, dividends or other distributions to shareholders.

(e) Cash flow hedge reserve: This represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of effective portion of cash flow hedges will be reclassified to statement of profit and loss only when the hedged items affect the profit and loss or upon discontinuation of hedge relationship.

The accompanying notes are integral part of these standalone financial statements.

As per our report of even date attached.

For and on behalf of the Board of Directors
AIA Engineering Limited
CIN: L29259GJ1991PLC015182

For **B S R & CO. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

NIRAV PATEL
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Place : Mumbai
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YASHWANT M. PATEL
Whole-time Director
(DIN : 02103312)

S. N. JETHELIYA
Company Secretary
(ACS: 5343)

Place : Ahmedabad
Date : 22 June 2020

STANDALONE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

(₹ in Lakhs)

	Particulars	Year ended 31 March 2020	Year ended 31 March 2019
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before tax	95,741.03	60,191.41
	Add / (less): adjustments		
	Interest income	(1,588.24)	(1,142.14)
	Dividend income	(33,974.07)	(9.55)
	Profit on sale of current investments	(3,216.11)	(4,294.60)
	Fair valuation of current investments	(3,831.49)	(2,821.15)
	Unrealised Gain on foreign exchange fluctuations (net)	(1,577.22)	(1,094.71)
	(Profit) / loss on sale of assets (net)	(6.87)	34.48
	Sundry balances (written back) / written off (net)	(117.56)	3.14
	Bad debts	11.06	164.80
	Depreciation and amortisation	9,551.24	7,769.59
	Provision for doubtful receivables	127.09	-
	Finance costs	519.89	719.05
	Provision for product warranties	108.67	(14.60)
	Loss / (gain) on fair valuation of forward contracts	-	(26.87)
		61,747.42	**59,478.85**
	Changes in working capital:		
	(Increase) in trade receivables	(2,205.43)	(20,453.56)
	(Increase) / decrease in loans	(43.43)	133.77
	Decrease in other non-current assets	882.82	1,268.18
	Decrease/ (Increase) in inventories	2,267.44	(11,275.23)
	Decrease / (increase) in other financial assets	2,786.02	(1,939.24)
	Decrease in other current assets	1,604.81	1,604.69
	Increase/ (decrease) in provisions	35.13	(71.91)
	(Decrease) / increase in trade payables	(3,523.84)	3,487.19
	Increase in other current liabilities	140.44	558.77
	Cash generated from operations	**63,691.38**	**32,791.51**
	Income taxes paid (net of refunds)	(14,539.84)	(18,101.54)
	Net cash generated from operating activities (A)	**49,151.54**	**14,689.97**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Acquisition of property, plant and equipment, capital work-in-progress and other intangibles	(12,860.93)	(19,710.34)
	Proceeds from sale of property, plant and equipment	25.44	23.17
	(Purchase of) / proceeds from sale of current investments	(27,138.61)	2,781.09
	Investment in fixed deposits with bank (net)	59.48	8.88
	Interest income	1,679.59	772.57
	Dividend income	33,974.07	9.55
	Net cash (used in) investing activities (B)	**(4,260.96)**	**(16,115.08)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Repayment of current borrowings (net)	(2,291.51)	(385.04)
	Repayment non-current borrowings	(21.87)	(13.73)
	Proceeds of non-current borrowings	-	1,500.00
	Dividends paid (including taxes on dividend)	(39,895.03)	-
	Finance costs paid	(389.89)	(696.68)
	Repayment of lease liabilities	(426.04)	-
	Net cash (used in) / generated from financing activities (C)	**(43,024.34)**	**404.55**
D.	**Net increase/ (Decrease) in cash and cash equivalents (A+B+C)**	**1,866.24**	**(1,020.56)**
E.	**Add : Cash and cash equivalents at the beginning of the year**	**2,066.47**	**3,028.93**
F.	**Less: Foreign exchange (loss) / gain on restatement of cash and cash equivalents**	**(51.61)**	**58.10**
G.	**Cash and cash equivalents at the end of the year (refer note 1 below)**	**3,881.10**	**2,066.47**

STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

Note:

1 Cash and cash equivalents include: (₹ in Lakhs)

Particulars	As At 31 March 2020	As At 31 March 2019
Balances with banks	3,870.44	2,061.52
Cash on hand	10.66	4.95
	3,881.10	**2,066.47**

2 Movement in financial liabilities and financial assets arising from financing activities:

Particulars	Non-current borrowings (including current maturities of long-term debt) (Note 22 and Note 28)	Current borrowings (Note 25)	Lease liabilities (Note 23 and 26)	Dividends paid (including taxes) (Note 21)	Finance costs (Note 37)
Balance as at 1 April 2018	35.60	11,794.31	-	-	12.99
Proceeds from borrowings	1,500.00	64,066.97	-	-	-
Repayment of borrowings	(13.73)	(64,451.99)	-	-	-
Dividends paid (including taxes)	-	-	-	-	-
Interest paid	-	-	-	-	(696.68)
Net movement during the year	1,486.27	(385.02)	-	-	(696.68)
Charge to statement of profit and loss	-	-	-	-	719.05
Foreign exchange fluctuation (gain)	-	(239.98)	-	-	
Balance as at 31 March 2019	1,521.87	11,169.31	-	-	35.36
Recognised on adoption of Ind AS 116	**-**	**-**	**1,325.66**	**-**	**-**
Proceeds from borrowings	**-**	**22,417.03**	**-**	**-**	**-**
Repayment of borrowings	**(21.87)**	**(24,708.54)**	**-**	**-**	**-**
Dividends paid (including taxes)	**-**	**-**	**-**	**(39,895.03)**	**-**
Interest paid	**-**	**-**	**-**	**-**	**(389.89)**
Amount paid during the year (Rent Reversal)	**-**	**-**	**(426.04)**	**-**	**-**
Net cash outflows during the year	**(21.87)**	**(2,291.51)**	**(426.04)**	**(39,895.03)**	**(389.89)**
Interest accrued during the year	**-**	**-**	**139.60**	**-**	**-**
Remeasurement of lease liability (Addition)	**-**	**-**	**369.19**	**-**	**-**
Foreign exchange difference	**-**	**-**	**-**	**-**	**-**
Charge to statement of profit and loss	**-**	**-**	**-**	**-**	**519.89**
Foreign exchange fluctuation loss	**-**	**416.86**	**-**	**-**	**-**
Balance as at 31 March 2020	**1,500.00**	**9,294.66**	**1,408.41**	**-**	**165.36**

3 The standalone statement of cash flows has been prepared in accordance with the 'indirect method' as set out in the Indian Accounting Standard (Ind AS) - 7 - 'Statement of Cash Flows'.

The accompanying notes are integral part of these standalone financial statements. 2 - 52

As per our report of even date attached.

For and on behalf of the Board of Directors
AIA Engineering Limited
CIN: L29259GJ1991PLC015182

For **B S R & CO. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

BHADRESH K. SHAH
Managing Director
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YASHWANT M. PATEL
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NIRAV PATEL
Partner
Membership No: 113327

VIREN K. THAKKAR
Chief Financial Officer

S. N. JETHELIYA
Company Secretary
(ACS: 5343)

Place : Mumbai
Date : 22 June 2020

Place : Ahmedabad
Date : 22 June 2020

Place : Ahmedabad
Date : 22 June 2020

NOTES

TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. BACKGROUND

AIA Engineering Ltd. (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its equity shares are listed on the Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE') in India. The registered office of the Company is located at 115, G.V.M.M. Estate, Odhav road, Odhav, Ahmedabad – 382410, Gujarat, India.

The Company is primarily involved in the manufacturing of High Chrome Mill Internals.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The standalone Ind AS financial statements of the Company comprises, the standalone balance sheet as at 31 March 2020, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (herein referred to as "standalone financial statements"). These standalone financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The standalone financial statements are approved for issue by the Audit Committee and Board of Directors at their meetings held on 22 June 2020.

Details of the Company's accounting policies are included in Note 3 of the standalone financial statements.

2.2 Basis of measurement

The standalone financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value
Employee defined benefit plans	Plan assets measured at fair value less present value of defined benefit obligation

2.3 Use of estimates and judgments

In preparing these standalone financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses based on historical experiences and other factors, including expectation of future events that may have an impact on the Group and that are reasonable under the circumstances As more fully explained in Note 45, the ongoing pandemic relating to COVID-19 may have an impact on the use of assumptions and judgements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the standalone financial statements is included in the following notes:

- **Note 49** – determining the amount of expected credit loss on financial assets (including trade receivables) and
- **Note 48** – lease classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2020 is included in the following notes:

- **Note 4, 5 and 7** – estimate of useful life used for the purposes of depreciation and amortisation on property plant and equipment and other intangible assets, impairment of goodwill;
- **Note 40 (c)** – recognition of deferred tax liabilities;
- **Note 42** – measurement of defined benefit obligations: key actuarial assumptions;
- **Notes 24, 30, 43 and 44** – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- **Note 49** – impairment of financial assets.

2.4 Measurement of fair values

Some of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a financial reporting team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

The financial reporting team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as pricing services, is used to measure fair values, then the financial reporting team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.5 Functional and presentation currency

The standalone financial statements are presented in Indian Rupees, the currency of the primary economic environment in which the Company operates. All the amounts are stated in the nearest rupee in lakhs.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in statement of profit and loss.

b) Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

Financial assets - classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTOCI – debt investment;
- FVTOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At present the Company does not have investment in any debt securities classified as FVTOCI on initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment by investment basis. At present there are no such investments.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes derivative instruments and investments. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses for financial assets held by the Company

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on derecognition is also recognised in statement of profit and loss. Presently, all the financial liabilities are measured at amortised cost except derivative instruments which are measured at FVTPL.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c) Derivative instruments and hedge accounting

The Company enters into derivative contracts in the nature of forward currency contracts with external parties to hedge its foreign currency risks relating to foreign currency denominated financial assets measured at amortised cost.

The Company formally establishes a hedge relationship between such forward currency contracts ('hedging instrument') and recognised financial assets ('hedged item') through a formal documentation at the inception of the hedge relationship in line with the Company's Risk Management objective and strategy.

The hedge relationship so designated is accounted for in accordance with the accounting principles prescribed for a cash flow hedge under Ind AS 109, 'Financial Instruments'.

Recognition and measurement of cash flow hedge:

The Company strictly uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. As per Ind AS 109 - Financial Instruments, foreign currency forward contracts are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in hedge reserve (under reserves and surplus) through other comprehensive income and the ineffective portion is recognised immediately in the statement of profit and loss.

The accumulated gains / losses on the derivatives accounted in hedge reserve are transferred to the statement of profit and loss in the same period in which gains / losses on the underlying item hedged are recognised in the statement of profit and loss.

Derecognition:

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. When hedge accounting is discontinued for a cash flow hedge, the net gain or loss will remain in hedge reserve and be reclassified to the statement of profit and loss in the same period or periods during which the formerly hedged transaction is reported in the statement of profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gains / losses recognised in hedge reserve is transferred to the statement of profit and loss.

d) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in statement of profit and loss.

Subsequent measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Freehold land is not depreciated.

Company has adopted useful life mentioned in Schedule II as per Companies Act, 2013, to depreciate its assets using the straight line method as per below:

Block of assets	Useful lives (years)
Buildings	30 - 60
Plant and equipments	15
Furniture and fixtures	10
Vehicles	8 - 10
Office equipments	5
Others - laboratory equipments	10
Others - computer hardware	3 - 6

Leasehold land is amortised over the lease period

The Company believes that these estimated useful lives reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as Other Non-Current Assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The consequential gain or loss is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the Statement of profit and loss.

e) Goodwill and Other intangible assets

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and accumulated impairment losses, if any.

Goodwill represents the excess of the consideration paid to acquire a business over underlying fair value of the identified assets acquired. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is deemed to have an indefinite useful life and is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation

Goodwill is not amortised and is tested for impairment annually.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method and is recognised in Statement of profit and loss.

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TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

The estimated useful lives of intangibles are as per below:

Software - 6 years Patent - 20 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

Impairment

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units (CGUs) that is expected to benefit from the synergies of the combination. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- **Raw materials and stores and spares:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost basis.
- **Finished goods and work in progress:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Weighted Average Cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

The comparison of cost and net realisable value is made on an item-by-item basis.

g) Impairment

Impairment of financial assets

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised cost is credit-impaired. A financial asset is 'credit -impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being significantly past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12 month expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Under the simplified approach, the Company is not required to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit losses together with appropriate management estimates for credit loss at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the group of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Measurement of expected credit losses

Expected credit losses are a probability- weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

Assets (other than goodwill) for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Employee benefits

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards government

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurement gains or losses are recognised in statement of profit and loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring.

i) Provisions (other than employee benefits), contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities. A liability is recognised at the time the product is sold. The Company does not provide any extended warranties to its customers.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised and disclosed only when an inflow of economic benefits is probable.

j) Revenue

Sale of goods

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer, which generally coincides with the delivery of goods to customers, based on contracts with the customers.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government.

Other operating revenue – export incentives

Export incentives are recognised as income when right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

k) Other income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of dividend can be measured reliably.

l) Leases

The Company has adopted Ind AS 116-Leases effective 01 April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognised on the date of initial application (01 April, 2019). Accordingly, previous period information has not been restated.

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1. The contract involves the use of an identified asset.
2. The Company has substantially all of the economic benefits from use of the asset through the period of the lease and,
3. The Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The ROU are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The estimated useful life is determined on same basis as those of property, plant & equipment.

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Standalone Balance Sheet and lease payments have been classified as cash flows from financing activities.

Leases (under Ind AS 17 – Leases)

Asset held under lease

In the previous year, leases of property, plant and equipment that transfer substantially all the risks and rewards of ownership are classified as finance leases. All the other leases are classified as operating leases. For finance leases, the leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under operating leases are neither recognised in (in case the Company is lessee) nor derecognised (in case the Company is lessor) from the Standalone balance sheet.

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TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

Lease payments

Payments made under operating leases are generally recognised in consolidated statement of profit and loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

m) Income taxes

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised.

Deferred tax assets-unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

n) Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

o) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. For the disclosure on reportable segments see Note 47.

p) Cash and cash equivalents

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and bank balances, demand deposits with banks where the original maturity is three months or less and other short-term highly liquid investments not held for investment purposes.

q) Earnings per share

Basic earnings per share is computed by dividing statement of profit and loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented.

r) Events after reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

s) Investments in subsidiaries

The Company has elected to recognise its investments in subsidiary at cost in accordance with the option available in Ind AS 27, Separate Financial Statements.

t) Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April, 2020.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 4 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Freehold Land	Leasehold Land	Buildings	Plant and Equipment	Furniture and Fixture	Vehicles	Office Equipment	Others *	Total
Gross block:									
As at 1 April 2018	2,990.53	2,998.62	31,801.20	42,812.68	1,340.28	212.83	261.61	865.72	83,283.47
Additions during the year	219.77	-	2,626.59	21,694.52	57.21	12.13	45.90	201.43	24,857.55
Disposals / adjustments during the year	-	-	-	(565.29)	(5.13)	(28.04)	(14.35)	(1.95)	(614.76)
As at 31 March 2019	3,210.30	2,998.62	34,427.79	63,941.91	1,392.36	196.92	293.16	1,065.20	1,07,526.26
Transfer on adoption of Ind AS 116	-	(2,998.62)	-	-	-	-	-	-	(2,998.62)
Additions during the year	525.88	-	1,218.50	9,945.90	61.10	34.20	61.75	133.56	11,980.89
Disposals / adjustments during the year	-	-	-	(104.78)	-	(5.34)	-	-	(110.12)
As at 31 March 2020	**3,736.18**	**-**	**35,646.29**	**73,783.03**	**1,453.46**	**225.78**	**354.91**	**1,198.76**	**1,16,398.41**
Accumulated depreciation:									
As at 1 April 2018	-	93.12	3,150.04	14,606.74	494.47	20.87	130.69	358.04	18,853.97
Charge for the year	-	16.86	1,275.51	6,043.91	162.10	32.46	43.31	138.04	7,712.19
Disposals / adjustments during the year	-		-	(522.87)	(3.95)	(15.77)	(13.11)	(1.40)	(557.10)
As at 31 March 2019	-	109.98	4,425.55	20,127.78	652.62	37.56	160.89	494.68	26,009.06
Transfer on adoption of Ind AS 116	-	(109.98)	-	-	-	-	-	-	(109.98)
Charge for the year	-	-	1,354.96	7,329.22	137.45	33.25	48.64	165.61	9,069.13
Disposals / adjustments during the year	-	-	-	(86.68)	-	(4.87)	-	-	(91.55)
As at 31 March 2020	-	-	5,780.51	27,370.32	790.07	65.94	209.53	660.29	34,876.66
Net Block									
As at 31 March 2019	3,210.30	2,888.64	30,002.24	43,814.13	739.74	159.36	132.27	570.52	81,517.20
As at 31 March 2020	**3,736.18**	**-**	**29,865.78**	**46,412.71**	**663.39**	**159.84**	**145.38**	**538.47**	**81,521.75**

* Others include laboratory equipments and computer hardware.

Notes:

1. Out of total assets, identified assets comprising factory land, buildings and plant and machineries of the Company are mortgaged / hypothecated to State Bank of India for availing various working capital facilities to the tune of ₹ 8,000.00 lakhs.
2. Refer Note 43 (b) for contractual commitments with respect to property, plant and equipments.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 5 RIGHT OF USE ASSETS

(₹ in Lakhs)

Particulars	Leasehold Land	Buildings	Total
Gross block:			
As at 01 April 2019 (on adoption of Ind AS 116)	2,998.62	1,325.66	4,324.28
Additions during the year	-	369.19	369.19
Deductions / adjustments during the year	-	-	-
As at 31 March 2020	**2,998.62**	**1,694.85**	**4,693.47**
Accumulated depreciation:			
As at 01 April 2019 (on adoption of Ind AS 116)	109.98	-	109.98
Depreciation for the year	16.86	395.18	412.04
Deductions / adjustments during the year	-	-	-
As at 31 March 2020	**126.84**	**395.18**	**522.02**
Net block:			
As at 31 March 2019	-	-	-
As at 31 March 2020	**2,871.78**	**1,299.67**	**4,171.45**

1. Lease contracts entered by the Company majority pertains for land and buildings taken on lease to conduct business activity in ordinary course of business.
2. Lease expense of ₹ 29.94 lakhs is recognized in statement of profit and loss for the year ended 31 March 2020 towards short term lease, lease of low value assets (refer note 39).
3. Extension and termination options are included in some lease contracts. These are used to maximise operational flexibility in terms of managing assets and operations.
4. Lease Obligation, interest expense on lease maturity profile of lease obligation and payment of lease obligation are disclosed respectively in lease liabilities (refer note 23 & 26), Finance Costs (refer note 37), Liquidity risk (refer note 48) and Standalone Statement of Cash Flows.
5. The operating lease arrangements are cancellable subject to the stipulated notice period which generally does not exceed 3 months. Thus, management is of the view that there is no right to receive or obligation to pay the agreed lease rentals in case of termination.

NOTE - 6 CAPITAL WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	5,975.34	9,514.07
Additions during the year	3,134.94	6,053.39
Capitalisation during the year	(5,875.35)	(9,592.12)
Balance at the end of the year	3,234.93	5,975.34

Note:

1. The year end balance of capital work-in-progress primarily consist of mining liner capacity expansion at Kerala GIDC, Ahmedabad.
2. Refer Note 43 (b) for contractual commitments with respect to property, plant and equipments.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 7 OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Other intangibles			Goodwill (refer note (a)
	Software	Patents and Copyrights	Total	
Gross block:				
As at 1 April 2018	693.16	39.11	732.27	460.69
Additions during the year	55.22	24.66	79.88	-
Disposals / adjustments during the year	-	-	-	-
As at 31 March 2019	748.38	63.77	812.15	460.69
Additions during the year	154.58	9.10	163.68	-
Disposals / adjustments during the year	-	-	-	-
As at 31 March 2020	**902.96**	**72.87**	**975.83**	**460.69**
Amortisation:				
As at 1 April 2018	492.59	11.02	503.61	-
Charge for the year	54.25	3.15	57.40	-
Disposal / Adjustments	-	-	-	-
As at 31 March 2019	546.84	14.17	561.01	-
Charge for the year	66.46	3.61	70.07	-
Disposal / Adjustments	-	-	-	-
As at 31 March 2020	**613.30**	**17.78**	**631.08**	**-**
Net Block				
As at 31 March 2019	201.54	49.60	251.14	460.69
As at 31 March 2020	**289.66**	**55.09**	**344.75**	**460.69**

Note (a):

The Company tests goodwill for impairment annually and provides for impairment if the carrying amount of goodwill exceeds its recoverable amount. The recoverable amount is determined based on "value in use" calculations which is calculated as the net present value of forecasted cash flows of cash generating unit (CGU) to which the goodwill is related.

The Company believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

NOTE - 8 INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current investments (unquoted)		
A. Investment in equity instruments		
Subsidiaries (measured at cost):		
(i) Fully paid equity shares (quoted)		
477,661 (previous year: 477,661) equity shares of Welcast Steels Limited of ₹ 10/- each fully paid up	1,341.05	1,341.05
(b) Fully paid equity shares (Unquoted)		
(a) 32,500 (previous year: 32,500) equity shares of Vega Industries (Middle East) F.Z.C., U.A.E. of face value US$ 10/- each	149.39	149.39
(b) 2,000 (previous year: 2,000) equity shares of PT. Vega Industries Indonesia of face value IDR 13,116/- each	1.30	1.30
(c) 10,000 (previous year: 10,000) equity shares of AIA CSR Foundation of face value ₹ 10/- each	1.00	1.00

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Others companies (unquoted) (measured at FVTPL) #		
(a) 25 (previous year: 25) equity shares of Koramangala Properties Limited of face value ₹ 100/- each, fully paid up	0.03	0.03
(b) 857,919 (previous year: 855,501) equity shares of Arkay Energy (Rameswarm) Limited of face value ₹ 10/- each, fully paid up	85.79	85.55
B. Investment in Government Securities (unquoted) (measured at cost)		
National Savings Certificates (Unquoted)	0.06	0.06
Total	**1,578.62**	1,578.38
Aggregate amount of quoted investments - at cost	1,341.05	1,341.05
Aggregate amount of quoted investments - at market value	1,443.97	2,807.45
Aggregate amount of unquoted investments - at cost	237.57	237.33

The Company's investment upon sale is only going to fetch the principle amount invested and hence the Company considers cost and fair value to be the same.

NOTE - 9 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current trade receivables (unsecured)		
Considered good *	264.77	389.28
Significant increase in credit risk	-	-
Credit impaired	-	-
Total	**264.77**	389.28

* Trade receivables are hypothecated to secure working capital facilities from Banks (refer Note 25).

NOTE - 10 LOANS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current loans		
Security deposits (unsecured, considered good)	465.53	432.85
Loans to staff		
Secured, considered good	31.49	56.87
Unsecured, considered good	87.34	95.21
Total	**584.36**	584.93

NOTE - 11 OTHER TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Advance income tax / tax deducted at source (net of provision for tax)	2,416.53	2,414.44
Total	**2,416.53**	2,414.44

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 12 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Capital advances	4,742.51	1,710.40
Others		
Balance with government authorities	56.41	939.23
Advance paid under protest	326.49	326.49
Total	**5,125.41**	2,976.12

NOTE - 13 INVENTORIES *
(VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials	6,710.67	5,555.59
Raw materials in transit	2,348.92	1,797.84
Work-in-progress	15,940.02	19,262.80
Finished goods	8,026.88	9,159.36
Stores and spares	10,472.48	9,724.89
Stores and spares in transit	5.12	271.05
Total	**43,504.09**	45,771.53

* Inventories are hypothecated to secure working capital facilities from Banks (refer Note 25).

NOTE - 14 INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current investments		
Measured at FVTPL		
Investment in mutual funds (quoted)	1,11,172.42	90,550.14
Investment in bonds (quoted)	20,591.13	14,796.10
Measured at Amortised cost		
Investment in non-convertible debentures (unquoted)		
500 (previous year: 250) 6.60% (previous year: 7.85%) Debentures of ₹ 1,000,000 each	5,000.00	2,500.00
500 (previous year: Nil) 6.20% (previous year: Nil%) Debentures of ₹ 1,000,000 each	5,000.00	-
Total	**1,41,763.55**	1,07,846.24
Aggregate amount of quoted investments - at cost	1,07,736.70	1,01,550.00
Aggregate amount of quoted investments - at market value	1,31,763.55	1,05,346.24
Aggregate amount of unquoted investments - at cost	10,000.00	2,500.00
Aggregate amount of unquoted investments - at market value	10,000.00	2,500.00

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 15 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current trade receivables (unsecured)		
Considered good * #	96,831.22	90,075.15
Significant increase in credit risk	190.10	63.01
Credit impaired	-	-
Total	**97,021.32**	90,138.16
Less: Provision for doubtful receivables	(190.10)	(63.01)
	96,831.22	90,075.15
* Trade receivables are hypothecated to secure working capital facilities from Banks (refer Note 25).		
# Includes trade receivable from related parties (refer Note 46 (d)).	84,786.54	75,222.63

NOTE - 16 CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents		
Balances with banks	3,870.44	2,061.52
Cash on hand	10.66	4.95
Sub Total (a)	**3,881.10**	2,066.47
Other bank balances		
Balances with bank in fixed deposit accounts (maturity within 3-12 months from reporting date)	566.27	625.75
Earmarked balances with bank (unpaid dividend) *	12.36	8.07
Sub Total (a)	**578.63**	633.82
Total (a + b)	**4,459.73**	2,700.29

* The Company can utilise these balances only towards payment of dividend.

NOTE - 17 LOANS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current loans		
Security deposits (unsecured, considered good)	108.12	80.80
Loans to staff		
Secured, considered good	27.56	22.63
Unsecured, considered good	97.35	85.60
Total	**233.03**	189.03

NOTE - 18 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Export incentives receivable	3,640.32	6,426.34
Interest accrued on fixed deposit and debentures	221.15	41.89
Total	**3,861.47**	6,468.23

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 19 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Advances other than capital advances		
Advances to related parties	10.75	5.78
Other advances		
Advances to suppliers	2,781.52	2,741.15
Advances to staff	47.16	34.40
Others		
Balance with government authorities	6,051.54	7,692.44
Prepaid expenses	190.93	212.94
Total	**9,081.90**	10,686.71

NOTE - 20 SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised share capital		
230,000,000 (previous year: 230,000,000) equity shares of face value ₹ 2/- each.	4,600.00	4,600.00
Issued, subscribed and fully paid up share capital	**4,600.00**	4,600.00
94,320,370 equity shares (previous year: 94,320,370) of face value ₹ 2/- each, fully paid up	1,886.41	1,886.41
Total	**1,886.41**	1,886.41

(a). Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

(₹ in Lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	9,43,20,370	1,886.41	9,43,20,370	1,886.41
Add: Changes during the year	-	-	-	-
Shares outstanding at the end of the year	**9,43,20,370**	**1,886.41**	9,43,20,370	1,886.41

(b). Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity share having a par value of ₹ 2 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, which is approved by Board of Directors of the Company. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c). The details of shareholders holding more than 5% shares are set out below :

(₹ in Lakhs)

Name of the shareholders	As at 31 March 2020		As at 31 March 2019	
	No. of shares	% of holding	No. of shares	% of holding
Bhadresh K. Shah	5,51,28,901	58.45%	5,51,28,901	58.45%
Nalanda India Equity Fund Limited	91,27,809	9.68%	91,27,809	9.68%

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 21 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Reserves and surplus		
(a). Securities premium reserve		
Balance at the beginning and at the end of the year	26,579.52	26,579.52
(b). Capital redemption reserve		
Balance at the beginning and at the end of the year	1,925.74	1,925.74
(c). General reserve		
Balance at the beginning and at the end of the year	16,189.27	16,189.27
(d). Retained earnings		
Balance at the beginning of the year	2,70,586.28	2,29,117.13
Add: Profit for the year	83,252.97	41,482.17
Less: Remeasurement of defined benefit plan transferred from OCI	(287.76)	(13.02)
Less: Dividend on equity shares #	(33,955.33)	-
Less: Tax on dividend #	(5,939.70)	-
Balance at the end of the year	3,13,656.46	2,70,586.28
Total reserves and surplus (A)	**3,58,350.99**	3,15,280.81
Other comprehensive income (OCI)		
(a). Cash flow hedge reserve:		
Balance at the beginning of the year	437.39	329.21
Recognised in statement of profit and loss		
Mark to market of hedging designated instruments and effective as hedges of future cash flow	(1,870.37)	1,198.96
Restatements of trade receivables to the extent of hedging	2,518.02	(1,032.71)
	647.65	166.25
Effect of tax on above		
Tax on Mark to market of hedging designated instruments and effective as hedges of future cash flow [refer note 40(C)]	568.18	(171.41)
Tax on Restatements of trade receivables to the extent of hedging	(665.46)	360.90
Tax of earlier years transferred to Hedge Reserve	-	(247.56)
Net tax in OCI	(97.28)	(58.07)
Balance at the end of the year	987.76	437.39
(b). Remeasurement of defined benefit plan		
Balance at the beginning of the year	-	-
Recognised in statement of profit and loss	(287.76)	(13.02)
Less: Transferred to retained earnings	287.76	13.02
Balance at the end of the year	-	-
Total other comprehensive income (B)	**987.76**	437.39
Total other equity (A+B)	**3,59,338.75**	3,15,718.20

Refer standalone statement of changes in equity for nature and purpose of reserves.

NOTE - 21 OTHER EQUITY (Contd.)

Dividend on equity shares paid during the year:

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Final dividend for the financial year 2018-19 [₹ 9 (previous year: nil) per equity share of ₹ 2 each]	8,488.83	-
Dividend distribution tax on final dividend	1,495.26	-
Interim dividend for the financial year 2019-20 [₹ 27 (previous year: nil) per equity share of ₹ 2 each]	25,466.50	-
Dividend distribution tax on interim dividend	4,444.45	-

Note:

Board of Directors had proposed final dividend of ₹ 9/- per equity share for the financial year 2018-19 and the said dividend was approved at the last Annual General Meeting and paid accordingly during the financial year 2019-20. Interim dividend of ₹ 27/- per equity share was declared by the Board of Directors and paid during the financial year 2019-20.

NOTE - 22 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current borrowings (unsecured)		
Borrowings from bank #	-	1,500.00
Total	**-**	1,500.00

Unsecured term loan from Citi Bank N.A. carrying interest rate of 8.50% is repayable in single bullet payment at the end of two years from disbursement, i.e. in financial year 2020 - 21.

NOTE - 23 LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non current lease liabilities	1,044.54	-
Total	**1,044.54**	-

NOTE - 24 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current provisions		
Provision for warranties	725.13	578.77
Total	**725.13**	578.77

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 24 PROVISIONS (Contd.)

Movement in provision for warranties

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	680.22	700.46
Utilisation during the year	(7.41)	(5.64)
Provision for the year #	210.13	236.49
Written back during the year	(101.46)	(251.09)
Balance at the end of the year	**781.48**	680.22
Non-current	725.13	578.77
Current (refer note 30)	56.35	101.45
Total	**781.48**	680.22

'#'The Company provides standard warranty to all its customers for any manufacturing defects in the products sold by the Company. Generally, the time period of warranty is linked to the hours which has been assured by the Company towards performance of the product under normal mill operation. Based on evaluation made by Company's technical team and the Company's historic experience of claims, the Company provides for warranty @ 0.20% of domestic sales and 0.05% of export sales for the year and is carried in the books for a period upto 5 years.

NOTE - 25 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current borrowings		
Loans repayable on demand		
Secured loans from banks *	9,294.66	11,169.31
Total	**9,294.66**	11,169.31

* Nature of security

1. Packing Credit in Foreign Currency ('PCFC') carrying interest rate ranging from 2.13% - 3.89% (previous year: 5.25% - 5.50%) and Export Packing Credit ('EPC') facilities carrying interest rate of 3.5% (previous year : 4.60% - 5.05%), both facilities from Citi Bank N.A., are secured by:
   - Pari passu charge over inventories and book debts of the Company to the extent of ₹ 15,000 lakhs, and
   - Demand Promissory Note and Letter of Continuity for ₹ 15,000 lakhs.
2. Export Packing Credit ('EPC') facility from State Bank of India in previous year carrying interest rate of 5.25% is hypothecated against entire chargeable current assets of the Company including inventories and receivables on pari passu basis.

NOTE - 26 LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current lease liabilities	363.87	-
Total	**363.87**	-

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 27 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro enterprises and small enterprises #	1,354.62	1,669.44
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Due to related parties [refer Note 46 (d)]	979.03	1,221.71
Due to others	9184.05	12,274.72
Total	**11,517.70**	15,165.87

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 as at 31 March provided as under, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act):

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Principal amount due to micro and small enterprise	1,342.17	1,649.65
Interest due on above	12.45	19.79
Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the principal amount of the payment made to the supplier beyond the appointed day during the period.	-	-
Interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	12.45	19.79
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

Note:

The Company had sought confirmation from its vendors on their status under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from 2 October 2006. Dues to micro and small enterprises have been determined to the extent confirmations received by the Company from its vendors. This has been relied upon by the auditors.

NOTE - 28 OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturities of long term debt (refer note 22)	1,500.00	21.87
Unpaid dividends *	12.36	8.07
Interest accrued on borrowings	13.31	15.57
Capital creditors	945.77	1,370.43
Other payables	85.79	83.84
Total	**2,557.23**	1,499.78

* There is no amount due to be transferred to Investor Education and Protection Fund.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 29 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Customer advances	1,389.15	1,164.67
Others		
Security deposits	5.50	17.14
Salary, wages and bonus payable	1,272.08	1,139.05
Statutory dues and other payables	376.75	582.18
Total	**3,043.48**	2,903.04

NOTE - 30 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current provisions		
Provision for employee benefits (refer Note 42)		
Gratuity	478.92	181.44
Leave encashment	110.13	77.31
Provision for warranties (refer Note 24)	56.35	101.45
Total	**645.40**	360.20

NOTE - 31 CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for income tax (net of advance tax and tax deducted at source)	378.16	-
Total	**378.16**	-

NOTE - 32 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products		
Export sales	1,93,303.97	2,07,549.52
Domestic sales	56,502.47	66,167.19
Sub Total (a)	**2,49,806.44**	2,73,716.71
Other operating revenue		
Exports incentives	8,956.00	10,041.79
Total (b)		
Total (a+b)	**2,58,762.44**	2,83,758.50

NOTE - 32 REVENUE FROM OPERATIONS (Contd.)

Disclosures pursuant to Indian Accounting Standard (Ind AS) 115 - Revenue from Contract with Customers

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Reconciliation of revenue from operations with the contracted price:		
Contracted price	2,50,355.96	2,74,234.72
Adjustments :		
- Discounts	(160.92)	(205.98)
- Sales return	(388.60)	(312.03)
Sale of products	2,49,806.44	2,73,716.71
Other operating revenue - export incentives	8,956.00	10,041.79
Revenue from operations	2,58,762.44	2,83,758.50
Revenue disaggregation by geography:		
India	65,458.47	76,208.98
Outside India:		
U.A.E.	1,89,799.46	2,04,980.48
Others	3,504.51	2,569.04
Total	**2,58,762.44**	2,83,758.50

Contract balances:

The following table provides information about receivables, contract assets and contract liabilities from the contracts with customers.

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade receivables	97,286.09	90,527.44
Contract assets	-	-
Contract liabilities		
Advance from customers	**1,389.15**	1,164.67

NOTE - 33 OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income from financial assets	1,588.24	1,142.14
Dividend Income	33,974.07	9.55
Other non-operating income		
Profit on sale of mutual fund units	3,216.11	4,294.60
Gain on foreign exchange fluctuation (net)	5,733.40	3,216.16
Fair value of current investments	3,831.49	2,821.15
Profit on sale of assets (net)	6.87	-
Warranties written back (net)	-	14.60
Miscellaneous receipts	198.27	123.38
Total	**48,548.45**	11,621.58

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 34 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening stock at the beginning of the year	7,353.43	6,591.91
Add: Purchases during the year	1,04,648.71	1,24,852.16
Less: Closing stock at the end of the year	9,059.59	7,353.43
Total	**1,02,942.55**	1,24,090.64

NOTE - 35 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening stock		
Work-in-progress	19,262.80	11,350.80
Finished goods	9,159.36	8,224.59
Sub Total (a)	**28,422.16**	19,575.39
Closing stock		
Work-in-progress	15,940.02	19,262.80
Finished goods	8,026.88	9,159.36
Sub Total (b)	**23,966.90**	28,422.16
(a) - (b)	**4,455.26**	(8,846.77)

NOTE - 36 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	9,093.99	8,333.49
Contribution to provident and other funds	596.49	503.98
Expenses related to post employment defined benefit plans [refer Note 42 (iv)]	191.16	168.42
Staff welfare expenses	71.40	83.25
Total	**9,953.04**	9,089.14

NOTE - 37 FINANCE COSTS

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest on:		
Bank borrowings	343.59	553.79
Lease liabilities	139.60	-
Others	6.87	52.52
Foreign exchange adjustments to borrowing costs	29.83	112.74
Total	**519.89**	719.05

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 38 DEPRECIATION AND AMORTISATION

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant and equipment (refer Note 4)	9,069.13	7,712.19
Amortisation of intangible assets (refer Note 6)	70.07	57.40
Depreciation of Right of Use assets (refer Note 5)	412.04	-
Total	**9,551.24**	7,769.59

NOTE - 39 OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Consumption of stores	25,734.13	28,708.07
Power and Fuel	27,492.89	29,933.63
Contract labour charges	7,159.08	7,235.82
Repairs and maintenance		
- Buildings	212.39	176.35
- Plant and machineries	753.00	673.84
- Others	612.13	605.74
Lease Rent	29.94	266.32
Insurance	620.00	505.78
Rates and taxes	141.35	101.65
Excise expense [refer note 43 (iii)]	1,090.38	-
Security expenses	457.93	416.27
Printing, stationery and communication expenses	141.09	179.54
Travelling and conveyance expense	713.86	837.72
Advertisement and sales promotion	21.81	23.12
Bad debts	11.06	164.80
Clearing, forwarding and freight outward expenses	4,315.24	4,228.24
Royalty expenses	294.42	-
Commission expenses	545.05	380.47
Warranty expenses	108.67	-
Directors' sitting fees	5.75	4.25
Payments to auditors		
- Statutory audit fees	17.50	16.50
- Others services	25.67	16.20
- Reimbursement of expenses	0.67	0.98
Legal and professional consultancy fees	1,764.89	2,042.23
Bank commission charges	153.00	118.04
Donation	12.31	2.85
Corporate social responsibility expenses (refer Note 51)	977.82	1,378.51
Loss on sale of assets (net)	-	34.48
Sundry balances written off	-	3.14
Provision for doubtful trade receivables (net)	127.09	-
Other miscellaneous expenses	405.32	404.32
Total	**73,944.44**	78,458.86

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 40 TAX EXPENSES

(₹ in Lakhs)

	Particulars		For the year ended 31 March 2020	For the year ended 31 March 2019
(a)	**Income tax expense**			
	Current tax			
	Provision for current tax		**14,250.45**	17,210.87
	Excess provision for current tax of earlier years written back		-	(247.56)
	Net deferred tax [refer Note 40(c)]		**(1,762.39)**	1,745.93
	Income tax expense for the year		**12,488.06**	18,709.24
(b)	**Deferred tax**			
	Deferred tax liabilities			
	Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961		5,103.14	6,676.64
	Fair valuation of current investments		2,885.84	3,074.73
	Hedge reserve balance		-	348.24
		Sub Total (a)	**7,988.98**	10,099.61
	Deferred tax assets			
	Hedge reserve balance		219.94	-
	Others		-	-
		Sub Total (b)	**219.94**	-
	Deferred tax liabilities (net) [refer Note 40(c)]	**(a) - (b)**	**7,769.04**	10,099.61

(c) Movement in deferred tax

(₹ in Lakhs)

Particulars		Opening balance as at 1 April	Statement of profit and loss	Other comprehensive income	Closing balance as at 31 March
2019-20					
Deferred tax liabilities					
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961		6,676.64	(1,573.50)	-	5,103.14
Fair valuation of current investments		3,074.73	(188.89)	-	2,885.84
Hedge reserve balance		348.24	-	(348.24)	-
	Sub Total (a)	**10,099.61**	**(1,762.39)**	**(348.24)**	7,988.98
Deferred tax assets					
Hedge reserve balance		-	-	219.94	219.94
Others		-	-	-	-
	Sub Total (b)	**-**	**-**	**219.94**	219.94
Deferred tax liabilities (net)	**(a) - (b)**	**10,099.61**	**(1,762.39)**	**(568.18)**	7,769.04
2018-19					
Deferred tax liabilities					
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961		4,688.28	1,988.36	-	6,676.64
Fair valuation of current investments		3,317.62	(242.89)	-	3,074.73
Hedge reserve balance		176.83	-	171.41	348.24
	Sub Total (a)	**8,182.73**	**1,745.47**	**171.41**	10,099.61

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 40 TAX EXPENSES (Contd.)

(₹ in Lakhs)

	Particulars		Opening balance as at 1 April	Statement of profit and loss	Other comprehensive income	Closing balance as at 31 March
	Deferred tax assets					
	Others		0.46	(0.46)	-	-
		Sub Total (b)	0.46	(0.46)	-	-
	Deferred tax liabilities (net)	**(a) - (b)**	8,182.27	1,745.93	171.41	10,099.61

(d) Effective tax reconciliation

Reconciliation of the tax expense (i.e., current tax and deferred tax) amount considering the enacted Income tax rate and effective Income tax rate of the Company is as follows:

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Profit before tax for the year	95,741.03	60,191.41
Tax at statutory income tax rate of 25.168% (previous year: 34.944%) in India	24,096.10	21,033.29
Adjustments:		
Tax on Foreign Dividend not charged to Profit & Loss	(8,550.44)	-
Income from long term investment taxed at lower rate	(1,140.02)	(2,261.62)
Non-deductible expenses for tax purposes	183.99	178.68
Benefit from change in tax rate	(2,066.17)	-
Tax of earlier years written back	-	(247.56)
Others	(35.40)	6.45
Income tax expense reported in the statement of profit and loss	**12,488.06**	18,709.24

The Company has ongoing dispute with Income tax authorities relating to tax treatment of certain items. These amounts have been disclosed as contingent liabilities (refer Note 43).

NOTE - 41 EARNINGS PER SHARE

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Net profit attributable to the equity shareholders (₹ in lakhs)	83,252.97	41,482.17
Weighted average number of equity shares outstanding during the period (nos.)	9,43,20,370	9,43,20,370
Nominal value of equity share (₹)	2.00	2.00
Basic and diluted earnings per share (₹)	88.27	43.98

NOTE - 42 EMPLOYEE BENEFITS

The Company has the following post-employment benefit plans:

A. Defined contribution plan

Contribution to defined contribution plan recognised as expense for the year is as under:

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Employer's contribution to provident fund	512.99	443.33

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 42 EMPLOYEE BENEFITS (Contd.)

B. Defined benefit plans

Gratuity: The employees' gratuity fund scheme is a defined benefit plan managed by a Trust. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The benefits are governed by the Payment of Gratuity Act, 1972. The key features are as under :

Benefits offered	15 / 26 x Salary x Duration of service
Salary definition	Basic salary including Dearness Allowance (if any)
Benefit ceiling	Benefit ceiling of ₹ 20 lakhs is not applied
Vesting conditions	5 years of continuous service (not applicable in case of death / disability)
Benefit eligibility	Upon death or resignation / withdrawal or retirement
Retirement age	58, 60, 62, 65 or 70 years

(i) Risks associated to the defined benefit plans:

a. Actuarial risk: Risks due to adverse salary growth / Variability in mortality and withdrawal rates.

b. Investment risk: Risks due to significant changes in discount rate during the inter-valuation period.

c. Liquidity risk: Risks on account of Employees resign/retire from the company and as result strain on the cash flow arises.

d. Market risk: Risks related to changes and fluctuation of the financial markets and assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

e. Legislative risk: Risks of increase in the plan liabilities or reduction in plan assets due to change in legislation.

(ii) Reconciliation of opening and closing balances of defined benefit obligation:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2019-20	**2018-19**
Defined benefit obligation at the beginning of the year	2,515.96	2,227.57
Recognised in statement of profit and loss:		
Current service cost	184.38	165.70
Interest cost	178.84	157.43
Actuarial (gain) / loss recognised in other comprehensive income:		
Due to change in financial assumptions	275.15	(1.02)
Due to change in demographic assumptions	0.12	-
Due to experience adjustments	2.37	38.36
Benefits paid	(125.17)	(72.08)
Defined benefit obligation at the end of the year	**3,031.65**	2,515.96

(iii) Reconciliation of opening and closing balances of fair value of plan assets:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2019-20	**2018-19**
Fair value of plan assets at the beginning of the year	2,334.52	2,108.93
Interest income	172.05	154.71
Return on plan assets excluding amounts included in interest income	(10.12)	24.31
Contributions by the employer	181.44	118.65
Benefits paid	(125.17)	(72.08)
Fair value of plan assets at the end of the year	**2,552.72**	2,334.52
Actual return on plan assets	161.93	179.02

NOTE - 42 EMPLOYEE BENEFITS (Contd.)

(iv) Expense recognised during the year:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2019-20	**2018-19**
Current service cost	184.38	165.70
Net interest cost	6.78	2.72
Net value of remeasurement on the obligation and plan assets	-	-
Net cost recognised in statement of profit and loss	**191.16**	168.42
Components of actuarial gains / (losses):		
Due to change in financial assumptions	275.15	(1.02)
Due to experience adjustments	2.37	38.36
Due to change in demographic assumptions	0.12	-
Return on plan assets excluding amounts included in interest income	10.12	(24.31)
	287.76	13.03

(v) Reconciliation of fair value of assets and obligations:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2019-20	**2018-19**
Present value of obligation	3,031.65	2,515.96
Fair value of plan assets	2,552.72	2,334.52
Net defined benefit liability at end of the year	**478.92**	181.44

(vi) Composition of plan assets:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2019-20	**2018-19**
Debt instruments		
Government of India securities	-	-
High quality corporate bonds	-	-
State Government securities	-	-
Cash and cash equivalents		
Bank balances	2%	2%
Special deposit scheme	-	1%
Investment funds		
Insurance policies	98%	96%
Others	-	1%
Total	**100%**	100%

(vii) Key actuarial assumptions:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2019-20	**2018-19**
Financial assumptions		
Discount rate	6.55%	7.60%
Expected rate of return on plan assets	6.55%	7.60%
Salary growth rate	8.50%	8.50%
Demographic assumptions		
Withdrawal rate	5% at younger ages reducing to 1% at older ages	
Mortality table	Indian assured lives mortality (2012-14)	Indian assured lives mortality (2006-08)

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 42 EMPLOYEE BENEFITS (Contd.)

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

(viii) Sensitivity analysis:

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in Lakhs)

Particulars	Increase in assumption		Decrease in assumption	
	2019-20	**2018-19**	**2019-20**	**2018-19**
Discount rate				
Change in assumption by 0.50%	-4.51%	-4.12%	4.90%	4.54%
Salary growth rate				
Change in assumption by 0.50%	4.76%	4.45%	-4.43%	-4.08%
Withdrawal rate				
Change in assumption by 0.10%	-0.31%	-0.09%	0.31%	0.17%

The Methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior period.

(ix) Maturity profile of the defined benefit obligation:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2019-20	**2018-19**
Age wise distribution of defined benefit obligation		
Age in years		
Less than 25	6.23	4.25
25 to 35	333.79	277.46
35 to 45	776.81	525.28
45 to 55	1,100.79	959.11
above 55	799.56	726.46
Accrued gratuity for left employees	14.47	23.40
Total	**3,031.65**	2,515.96
Past service wise distribution of defined benefit obligation		
Service period in years		
0 to 4	50.36	38.00
4 to 10	385.11	310.37
10 to 15	852.57	614.81
15 and above	1,729.14	1,529.38
Accrued gratuity for left employees	14.47	23.40
Total	**3,031.65**	2,515.96

C. Other long-term employee benefits

Leave encashment: The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

NOTE - 42 EMPLOYEE BENEFITS (Contd.)

The benefits are governed by the Company's leave policy. The key features are as under :

Salary for encashment	Basic salary
Salary for availment	Cost to company
Benefit event	Death or resignation or retirement or availment
Maximum accumulation	98
Benefit formula	(Leave days) x (Basic salary) / (Leave denominator)
Leave denominator	30
Leave credited annually	30
Retirement age	58, 60, 65 or 62 years

Key actuarial assumptions:

(₹ in Lakhs)

Particulars	**Leave encashment (funded)**	
	2019-20	**2018-19**
Financial assumptions		
Discount rate	6.55%	7.60%
Expected rate of return on plan assets	6.55%	7.60%
Salary growth rate	8.50%	8.50%
Demographic assumptions		
Withdrawal rate	5% at younger ages reducing to 1% at older ages	
Mortality table	Indian assured lives mortality (2012-14)	Indian assured lives mortality (2006-08)

Leave encashment recognised during the year in the standalone statement of profit and loss amounts to ₹ 239.44 lakhs (previous year ₹ 198.86 lakhs)

D. Company's estimate of contributions expected to be paid during financial year 2020-21 is as under:

(i)	Defined contribution plan:	
	(a) Employer's contribution to provident fund	12% of salary
(ii)	Defined benefit plan:	
	(a) Gratuity	478.92
(iii)	Other long-term employee benefits	
	(a) Leave encashment	110.13

NOTE - 43 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(₹ in Lakhs)

Particulars	**31 March 2020**	**31 March 2019**
(a) Contingent liabilities		
Claims against the Company not acknowledged as debts:		
Central Excise and Service tax	173.27	2,713.46
Income tax	16,754.71	15,200.53
Sales tax / VAT	76.29	52.42
Guarantees:		
Outstanding bank guarantees	15,432.21	14,308.54
Outstanding corporate guarantees given to customers	246.63	451.79
Letter of Credit	2,788.61	48.50
Others matters including claims related to ESIC, Electricity and Ex-employees	607.90	603.89
Total	**36,079.62**	33,379.13

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 43 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (Contd.)

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
(b) Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	6,893.94	1,292.94
Total	**6,893.94**	1,292.94

Notes:

(i). Most of the issue of litigation pertaining to Central Excise/ Service tax / Income tax (including transfer pricing matters) are based on interpretation of the respective law & rules thereunder. Management has been opined by its counsel that many of the issues raised by revenue will not be sustainable in law as they are covered by judgements of respective judicial authorities which supports its contention. Further, in several matters, the management has successfully defended their case at lower forums of adjudication. Accordingly, the management do not envisage any material impact on standalone financial statements of the Company.

(ii). Sales tax/Central Sales tax related litigation/demand primarily pertains to non submission of required declaration forms in time due to non-receipt of the same from customers and / or some interpretation related issues. However in most of the cases, required documents are being filed and given in minor impact if any, shall be the year of final outcome of respective matter in appeal.

(iii). As on 31 March 2019, the Company carried an amount of ₹ 2,713.46 lakhs in its books as contingent liability that may occur in the future as a result of pending indirect tax litigations between the tax authorities and the Company. During the year, the Company has applied in Sabka Vishwas (Legacy Dispute Resolution) Scheme (SVLDRS) for full and final settlement of indentified matters involving ₹ 2,523.04 lakhs. Accordingly, the Company has paid ₹ 1,090.38 lakhs (including earlier payments of ₹ 887 lakhs) towards various tax demands and has received discharge certificates amounting to ₹ 1,090.38 lakhs. The said amount is shown as Excise expense in Note 39.

(iv). The proposed Social Security Code, 2019, when promulgated, would subsume labour laws including Employees' Provident Funds and Miscellaneous Provisions Act and amend the definition of wages on which the organisation and its employees are to contribute towards Provident Fund. The Group believes that there will be no significant impact on its contributions to Provident Fund due to the proposed amendments. Additionally, there is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Hon'ble Supreme Court vide its ruling in February 2019 for prior years, in relation to the timing, extent and scope of compensation on which the organisation and its employees are to contribute towards Provident Fund. The Company will evaluate its position and act, as clarity emerges.

NOTE - 44 ARBITRATION MATTER

On termination of Joint Venture and Shareholders' Agreement, a Settlement Deed dated 16 February 2000 was executed between Mr. Bhadresh K. Shah, and Magotteaux International S.A. Belgium (Magotteaux). Under the arbitral mechanism provided in Settlement Deed, Magotteaux has initiated arbitral proceedings against Mr. Bhadresh K. Shah and the Company before the International Chamber of Commerce, London (ICC) claiming damages inter alia alleging infringement of its patent by the Company (in relation to the Company's Sintercast Product) and breach of the Settlement Deed (in relation to Company's Sintercast product). However, the Company disputed the arbitration request and denied the allegations made therein. On 2nd August 2019, the three member Arbitration Tribunal passed a unanimous Award declining jurisdiction to hear the dispute and dismissing claims of Magotteaux. Aggrieved by this decision, Magotteaux has preferred an appeal before the Commercial Court of England (QBD) for partial award passed by the Arbitration Tribunal. However, the management is confident of successfully defending the matter in accordance with law. Accordingly, no provision is made in the books of account of the Company.

NOTE - 45 COVID-19

The Company's manufacturing facilities, which had to suspend operations temporarily, due to the Government's directives relating to COVID-19, have since resumed operations, as per the guidelines and norms prescribed by the Government authorities. The Management has considered the possible effects, if any, that may result from the pandemic relating to COVID-19 on carrying amounts of property, plant and equipment, trade receivable and inventories. In developing the assumptions and estimates relating to the uncertainties as at the Balance Sheet date in relation to the recoverable amounts of these assets, the Management has considered the global economic conditions prevailing as at the date of approval of these financial results and has used internal and external sources of information to the extent determined by it. Having reviewed the underlying information, management believes the impact of the pandemic may not be significant. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.

NOTE - 46 RELATED PARTY DISCLOSURES

A List of related parties:

(i) Subsidiaries:

(₹ in Lakhs)

Sr. no.	Name of entity	Country of incorporation	% of holding as at 31 March 2020	% of holding as at 31 March 2019
Direct subsidiaries				
1	Welcast Steels Limited	India	74.85%	74.85%
2	Vega Industries (Middle East) F.Z.C.	U.A.E.	100.00%	100.00%
3	AIA CSR Foundation	India	100.00%	100.00%
Indirect subsidiaries				
4	Vega Industries Limited *	U.K.	100.00%	100.00%
5	Vega Industries Limited **	U.S.A.	100.00%	100.00%
6	Vega Steel Industries (RSA) Proprietary Limited #	South Africa	74.63%	74.63%
7	Wuxi Vega Trade Co. Limited *	China	100.00%	100.00%
8	PT. Vega Industries Indonesia ***	Indonesia	100.00%	100.00%
9	Vega Industries Chile SpA *	Chile	100.00%	100.00%
10	AIA Ghana Limited *	Ghana	100.00%	100.00%
11	Vega Industries Australia Pty Ltd.*	Australia	100.00%	0.00%

* Wholly owned subsidiaries of Vega Industries (Middle East) F.Z.C., U.A.E.

** Wholly owned subsidiary of Vega Industries Limited, U.K.

*** 99% of shares are held by Vega Industries (Middle East) F.Z.C., U.A.E. and balance 1% is held by AIA Engineering Limited.

\# Subsidiary of Vega Industries (Middle East) F.Z.C., U.A.E.

(ii) Key managerial personnel ('KMP'):

Sr. no.	Name	Designation
1	Mr. Rajendra S. Shah	Chairman
2	Mr. Bhadresh K. Shah #	Managing Director
3	Mr. Yashwant M. Patel	Whole-time Director
4	Mr. S. N. Jetheliya	Company Secretary
5	Mr. Bhupesh P. Porwal	Chief Financial Officer (up to 31st July 2019)
6	Mr. Viren K.Thakkar	Chief Financial Officer (w.e.f. 1st August 2019)

\# Controlling party. Refer Note 20 for shareholding pattern.

(iii) Independent directors:

Sr. no.	Name
1	Mr. Rajendra S. Shah
2	Mr. Sanjay S. Majmudar
3	Mr. Dileep C. Choksi
4	Mr. Rajan Harivallabhdas
5	Mrs.Janaki Udayanbhai Shah

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 46 RELATED PARTY DISCLOSURES (Contd.)

(iv) Others:

Sr. no.	Name	Relationship
1	AIA Employee's Gratuity Trust Fund, India	Post employment benefit plan of AIA Engineering Limited
2	Mrs. Giraben K. Shah	Relatives of key managerial personnel
3	Mrs. Gitaben B. Shah	
4	Mrs. Khushali Samip Solanki *	
5	Mrs. Bhumika Shyamal Shodhan *	
6	AB Tradelink Limited	Enterprise over which key managerial personnel or close member of their family exercise control
7	Vee Connect Travels Private Limited	
8	Discus IT Private Limited	
9	Harsha Engineers Limited	
10	RNCA & Associates	

* Non-Executive director of the Company.

NOTE - 46 RELATED PARTY DISCLOSURES (Contd.)

B Details of related party transactions during the year:

(₹ in Lakhs)

Sr. no.	Nature of transaction	Subsidiaries		Key Managerial Personnel		Independent Directors		Enterprise over which key managerial personnel or close member of their family exercise control		Relatives of key managerial personnel		Post employment benefit plan of the Company	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
1	Sale of products (inclusive of taxes)	1,90,114.24	2,05,260.37	-	-	-	-	-	-	-	-	-	-
2	Recovery of freight charges	4,856.48	4,524.71	-	-	-	-	-	-	-	-	-	-
3	Miscellaneous receipt of Income	60.89	47.40	-	-	-	-	-	-	-	-	-	-
4	Purchase of goods (inclusive of taxes)	12,978.64	28,462.63	-	-	-	-	2,603.09	3,668.74	-	-	-	-
5	Recovery of travelling expenses	177.93	152.17	-	-	-	-	-	-	-	-	-	-
6	CSR expenses	300.00	328.25	-	-	-	-	-	-	-	-	-	-
7	Commission expense on purchases	-	-	-	-	-	-	77.34	110.74	-	-	-	-
8	Commission expense on sales	115.75	101.28	-	-	-	-	-	-	-	-	-	-
9	Legal and professional consultancy fees	-	-	-	-	-	-	10.48	7.59	-	-	-	-
10	SAP ERP functional and technical support	-	-	-	-	-	-	88.94	91.58	-	-	-	-
11	Salary, bonus and perquisites	-	-	145.30	132.85	-	-	-	-	1.54	1.54	-	-
12	Contribution to gratuity fund	-	-	-	-	-	-	-	-	-	-	181.44	118.65
13	Rent, rates and taxes	-	-	-	-	-	-	-	-	3.84	2.33	-	-
14	Travelling expenses	-	-	-	-	-	-	175.88	184.24	-	-	-	-
15	Telephone expenses	1.63	2.37	-	-	-	-	-	-	-	-	-	-
16	Professional tax	0.07	0.10	-	-	-	-	-	-	-	-	-	-
17	Interest & finance charges	0.02	0.07	-	-	-	-	-	-	-	-	-	-
18	Dividend received	33,973.45	9.55	-	-	-	-	-	-	-	-	-	-
19	Directors' remuneration and perquisites	-	-	125.85	127.31	-	-	-	-	-	-	-	-
20	Sitting fees paid	-	-	-	-	4.40	3.20	-	-	1.35	1.05	-	-
21	Commission to Directors	-	-	-	-	22.50	22.50	-	-	-	-	-	-
	Total	**2,42,579.10**	2,38,888.80	**271.15**	260.16	**26.90**	25.70	**2,955.73**	4,062.89	**6.73**	4.92	**181.44**	118.65
Outstanding balance receivable at year end		84,786.54	75,222.63	-	-	-	-	2,487.13	2,076.06	-	-	-	-
Outstanding balance payable at year end		824.51	1,041.46	18.35	17.73	20.25	20.25	133.98	159.78	0.29	0.22	478.92	181.44

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 46 RELATED PARTY DISCLOSURES (Contd.)

C Disclosures in respect of transactions with related parties during the year:

(₹ in Lakhs)

Sr. no.	Nature of transaction	Name of related party	31 March 2020	31 March 2019
1	Sale of products (inclusive of taxes)	Vega Industries (Middle East) F.Z.C.	1,89,799.46	2,04,980.48
		Welcast Steels Limited	314.78	279.89
2	Recovery of freight charges	Vega Industries (Middle East) F.Z.C.	4,856.48	4,524.71
3	Miscellaneous receipt of Income	Vega Industries (Middle East) F.Z.C.	18.51	12.80
		Vega Industries Limited, U.K.	18.51	17.30
		Vega Industries Limited, U.S.A.	5.36	-
		Wuxi Vega Trade Co. Limited	18.51	17.30
4	Purchase of goods (inclusive of taxes)	Vega Industries (Middle East) F.Z.C.	-	79.00
		Welcast Steels Limited	12,978.64	28,383.63
		Harsha Engineers Limited	2,603.09	3,668.74
5	Commission expense on sales	Vega Industries (Middle East) F.Z.C.	115.75	101.28
6	Recovery of travelling expenses	Vega Industries (Middle East) F.Z.C.	177.93	152.17
7	CSR expenses	AIA CSR Foundation	300.00	328.25
8	Commission expense on purchases	AB Tradelink Limited	77.34	110.74
9	Legal and professional consultancy fees	RNCA & Associates	10.48	7.59
10	SAP ERP functional and technical support	Discus IT Private Limited	88.94	91.58
11	Salary, bonus and perquisites	Mrs. Gitaben B. Shah	1.54	1.54
		Mr. S. N. Jetheliya	63.55	53.78
		Mr. Bhupesh Porwal (Up to 31st July, 2019)	30.57	79.07
		Mr. Viren K.Thakkar (w.e.f. 1st August, 2019)	51.18	-
12	Contribution to gratuity fund	AIA Employee's Gratuity Trust Fund	181.44	118.65
13	Rent, rates and taxes	Mrs. Giraben K. Shah	3.84	2.33
14	Travelling expenses	Vee Connect Travel Private Limited	175.88	184.24
15	Telephone expenses	Welcast Steels Limited	1.63	2.37
16	Interest to others	Welcast Steels Limited	0.02	0.07
17	Professional tax	Welcast Steels Limited	0.07	0.10
18	Dividend received	Vega Industries (Middle East) F.Z.C.	33,961.51	-
		Welcast Steels Limited	11.94	9.55
19	Directors' remuneration and perquisites	Mr. Bhadresh K. Shah	111.13	112.59
		Mr. Yashwant M. Patel	14.72	14.72
20	Sitting fees paid	Mr. Rajendra S. Shah	1.15	0.75
		Mr. Sanjay S. Majmudar	1.15	1.00
		Mr. Dileep C. Choksi	0.60	0.45
		Mr. Rajan Harivallabhdas	0.90	1.00
		Mrs. Janaki Udayanbhai Shah	0.60	-
		Mrs. Khushali Samip Solanki	0.60	0.60
		Mrs. Bhumika Shyamal Shodhan	0.75	0.45
21	Commission to Directors	Mr. Sanjay S. Majmudar	22.50	22.50

NOTE - 46 RELATED PARTY DISCLOSURES (Contd.)

D The details of amounts due to or due from related parties as at 31 March are as follows:

(₹ in Lakhs)

Sr. no.	Particulars	Name of related party	31 March 2020	31 March 2019
1	**Trade receivables**			
	(a) Subsidiaries	Vega Industries (Middle East) F.Z.C.	84,743.41	75,185.59
		Wuxi Vega Trade Co., Limited	18.84	17.30
		Vega Industries Limited, U.K.	18.84	17.30
		Vega Industries Limited, U.S.A.	5.45	-
		Welcast Steels Limited	-	2.44
		Total	**84,786.54**	75,222.63
2	**Trade payables**			
	(a) Subsidiaries	Vega Industries (Middle East) F.Z.C.	115.75	59.58
		Welcast Steels Limited	708.76	981.88
	(b) Enterprise over which key managerial personnel or close member of their family exercise control	AB Tradelink Limited	11.17	1.89
		RNCA & Associates	3.08	0.08
		Harsha Engineers Limited	119.73	157.81
	(c) Independent directors	Mr. Sanjay S. Majmudar	20.25	20.25
	(d) Relatives of key managerial personnel	Mrs. Giraben K. Shah	0.29	0.22
		Total	**979.03**	1,221.71
3	**Provision for employee benefits (Current)**			
	Post employment benefit plan of the Company	AIA Employee's Gratuity Trust Fund, India	478.92	181.44
		Total	**478.92**	181.44
4	**Advances**			
	(a) Enterprise over which key managerial personnel or close member of their family exercise control	Discus IT Private Limited	0.74	3.43
		Vee Connect Travels Private Limited	10.01	2.35
		Total	**10.75**	5.78
5	**Bank guarantees**			
	(a) Subsidiaries	Vega Industries Limited, U.K.	753.68	692.02
		Vega Industries (Middle East) F.Z.C.	753.68	692.02
		Wuxi Vega Trade Co. Limited	753.68	692.02
		Total	**2,261.04**	2,076.06
6	**Other current liabilities**			
	(a) Key managerial personnel	Mr. Bhadresh K. Shah	6.00	6.00
		Mr. Yashwant M. Patel	1.20	1.20
		Mr. S. N. Jetheliya	4.93	3.94
		Mr. Viren K.Thakkar	6.21	-
		Mr. Bhupesh Porwal	-	6.59
		Total	**18.35**	17.73

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 46 RELATED PARTY DISCLOSURES (Contd.)

E Breakup of compensation paid to key managerial personnel:

(₹ in Lakhs)

Sr. no.	Particulars	Name of related party	31 March 2020	31 March 2019
1	Short-term employee benefits	Mr. Bhadresh K. Shah	111.13	112.59
		Mr. Yashwant M. Patel	14.72	14.72
		Mr. Bhupesh Porwal (Up to 31st July, 2019)	30.57	79.07
		Mr. Viren K.Thakkar (w.e.f. 1st August, 2019)	51.18	-
		Mr. S. N. Jetheliya	63.55	53.78
		Sub Total (a)	**271.15**	260.16
2	Post-employment benefits	Mr. Bhupesh P. Porwal	0.51	1.49
		Mr. Viren K.Thakkar (w.e.f. 1st August, 2019)	1.06	-
		Mr. S. N. Jetheliya	1.66	1.52
		Sub Total (b)	**3.23**	3.01
		Total (a + b)	**274.38**	263.17

Key Managerial Personnel and Relatives of Promoters who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the Standalone financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

All related party transactions entered during the year were in ordinary course of the business and are on arm's length basis. No amount has been recognised as bad or doubtful in respect of transactions with the related parties. Refer Note 49.

NOTE - 47 OPERATING SEGMENTS

(a) Information about reportable segment:

The Company operates mainly in manufacturing of High Chrome Mill Internals (Castings) and all other activities are incidental thereto, which have similar risk and return, accordingly, there are no separate reportable Segment.

(b) Information about geographical segment:

The geographical information analyses the Company's revenues and non-current assets by the Company's country of domicile (i.e., India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets have been based on the geographical location of assets.

(₹ in Lakhs)

	Particulars	31 March 2020	31 March 2019
(1).	Revenues from external customers including operating revenue:		
	India	65,458.47	76,208.98
	U.A.E. [revenue from Vega Industries (Middle East) F.Z.C.]	1,89,799.46	2,04,980.48
	Others	3,504.51	2,569.04
(2).	Non-current assets:		
	India	94,858.98	91,180.49
	Others	-	-

NOTE - 47 OPERATING SEGMENTS (Contd.)

(₹ in Lakhs)

	Particulars	31 March 2020	31 March 2019
(a)	Breakup of revenues :		
	Revenue from operations	2,49,806.44	2,73,716.71
	Other operating revenue	8,956.00	10,041.79
(b).	Non-current assets		
	Non-current assets (excluding financial instruments and tax assets). All non-current assets of the Company are located in India	94,858.98	91,180.49

There are no transactions with a single external customer which amounts to 10% or more of the Company's revenue. The sales to Vega Industries (Middle East) F.Z.C. (a wholly owned subsidiary) is disclosed above.

NOTE - 48

The Company's international transactions with associated enterprises are at arm's length, as per the independent accountant's report for the year ended 31 March 2019. The management believes that the Company's international transactions with associated enterprises post 31 March 2019 continue to be at arm's length and that transfer pricing legislations will not have any impact on the standalone financial statements, particularly on the amount of tax expenses for the financial year 2019-20 and the amount of provision for taxation as at 31 March 2020.

NOTE - 49 FINANCIAL RISK MANAGEMENT

The Company's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk, market risk and commodity risk. The Company's senior management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Management Committee which is responsible for developing and monitoring the Company's risk management policies. The key risks and mitigating actions are also placed before the Audit Committee of the Company. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Risk Management Committee of the Company is supported by the Finance team and experts who provide assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The activities are designed to protect the Company's financial results and position from financial risks, maintain market risks within the acceptable parameters while optimizing returns and protect the Company's financial investments while maximizing returns.

This note explains the sources of risk which the Company is exposed to and how the Company manages the risk in the financial statements.

Nature of risk	Exposure arising from	Measurement	Management
Credit risk	Cash and Cash equivalents, trade receivables, financial assets measured at amortized cost	Aging analysis Credit rating	Credit limit set and aging analysis protect Company from potential losses due to excess credit to the customers. Further the Company has also obtained ECGC insurance cover for export sales.
Liquidity risk	Borrowing and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk - foreign exchange	Future commercial transactions recognized financial assets and liabilities not denominated in INR	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts.
Commodity risk	Purchase of raw material	Fluctuation in imported metal scrap and ferro chrome prices and currency rates	Procurement and inventory strategy

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 49 FINANCIAL RISK MANAGEMENT (Contd.)

Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle the obligation as agreed. To manage this, the Company periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable. Customer wise limits are set accordingly.

The Company considers the probability of default of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

(i) Actual or expected significant adverse changes in business

(ii) Actual or expected significant changes in the operating results of the counterparty.

(iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.

(iv) Significant increase in credit risk on other financial instruments of the same counterparty.

The Company categorizes financial assets based on the assumptions, inputs and factors specific to the class of financial asset into High-quality assets, negligible credit risk; Quality assets, low credit risk; Standard assets, moderate credit risk; Substandard assets, relatively high credit risk; Low quality assets, very high credit risk; Doubtful assets, credit impaired.

Financial assets are written off only when there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company considers a loan or receivable for write off review when it pasts greater than one year from due date. Where loans or receivables have been written off, the Company continues engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the standalone statement of profit and loss.

Provision for expected credit losses:

<table>
<tr><th rowspan="2">Description of category</th><th rowspan="2">Category</th><th colspan="3">Basis for recognition of expected credit loss</th></tr>
<tr><th>Investments</th><th>Loans and deposits</th><th>Trade receivables</th></tr>
<tr><td>Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.</td><td>High-quality assets, negligible credit risk</td><td>12 month expected credit losses</td><td>12 month expected credit losses</td><td rowspan="5">Life time expected credit losses (simplified approach)</td></tr>
<tr><td>Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.</td><td>Quality assets, low credit risk</td><td>12 month expected credit losses</td><td>12 month expected credit losses</td></tr>
<tr><td>Assets where the probability of default is moderate, counter-party where the capacity to meet the obligations is not strong.</td><td>Standard assets, moderate credit risk</td><td>12 month expected credit losses</td><td>12 month expected credit losses</td></tr>
<tr><td>Assets where there has been a significant increase in credit risk since initial recognition where payments are more than 360 days past due</td><td>Substandard assets, relatively high credit risk</td><td>Life time expected credit losses</td><td>Life time expected credit losses</td></tr>
<tr><td>Assets where there is a high probability of default. It includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 360 days past due.</td><td>Low quality assets, very high credit risk</td><td>Life time expected credit losses</td><td>Life time expected credit losses</td></tr>
<tr><td>Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company.</td><td>Doubtful assets, credit impaired</td><td colspan="3">Asset is written off</td></tr>
</table>

NOTE - 49 FINANCIAL RISK MANAGEMENT (Contd.)

Expected credit loss for loans and deposits:

(₹ in Lakhs)

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
As at 31 March 2020					
Loss allowance measured at 12 month expected credit losses:					
Financial assets for which credit risk has not increased significantly since initial recognition	Loans	243.74	-	-	243.74
	Deposits	573.65	-	-	573.65
Loss allowance measured at life time expected credit losses:					
Financial assets for which credit risk has increased significantly and not credit impaired or credit impaired	NA	-	-	-	-
As at 31 March 2019					
Loss allowance measured at 12 month expected credit losses:					
Financial assets for which credit risk has not increased significantly since initial recognition	Loans	260.31	-	-	260.31
	Deposits	513.65	-	-	513.65
Loss allowance measured at life time expected credit losses:					
Financial assets for which credit risk has increased significantly and not credit impaired or credit impaired	NA	-	-	-	-

Expected credit loss for trade receivables under simplified approach:

Ageing of trade receivables as at year end:

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Not due	37,897.35	38,193.00
0 - 3 months	42,397.38	24,937.29
3 - 6 months	12,982.93	18,280.67
6 - 12 months	3,508.15	8,717.43
Beyond 12 months	500.28	399.05
Gross carrying amount	**97,286.09**	90,527.44
Expected credit loss	(190.10)	(63.01)
Net carrying amount	**97,095.99**	90,464.43

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows. Maturity groupings for Liquidity risk relating to lease liabilities as under:

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 49 FINANCIAL RISK MANAGEMENT (Contd.)

(₹ in Lakhs)

Particulars	31 March 2020
0-1 Year	363.87
1-5 Years	924.51
Above 5 Years	120.03
Total	**1,408.41**

Financing arrangements

The Company had access to following undrawn borrowing facilities as at year end:

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Fund and non-fund based facilities	59,284.52	59,474.00

The table below analyses derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Lakhs)

Particulars	0-1 years	1-5 years	Total
As at 31 March 2020			
Non-derivative financial liabilities			
Long term borrowings (including current maturity of long term debt)	1,500.00	-	1,500.00
Short term borrowings	9,294.66	-	9,294.66
Trade payables	11,517.70	-	11,517.70
Other financial liabilities	1,057.23	-	1,057.23
Total	**23,369.59**	**-**	**23,369.59**
Derivative financial liabilities			
Forward exchange contracts used for hedging inflows	873.88	-	873.88
As at 31 March 2019			
Non-derivative financial liabilities			
Long term borrowings (including current maturity of long term debt)	21.87	1,500.00	1,521.87
Short term borrowings	11,169.31	-	11,169.31
Trade payables	15,165.87	-	15,165.87
Other financial liabilities	1,477.91	-	1,477.91
Total	**27,834.96**	**1,500.00**	**29,334.96**
Derivative financial liabilities			
Forward exchange contracts used for hedging inflows	-	-	-

Note: Guarantees issued by the Company aggregating to ₹ 2,487.13 lakhs (previous year: ₹ 2,076.07 lakhs) on behalf of subsidiaries are with respect to borrowing limits obtained by the respective entity. These amounts will be payable on default by the concerned entity. As of the reporting date, none of the subsidiary have any outstanding borrowing and hence the Company does not have any present obligation to third parties in relation to such guarantees.

Market risk - interest rate

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

NOTE - 49 FINANCIAL RISK MANAGEMENT (Contd.)

Exposure to interest rate risk

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Borrowings bearing fixed rate of interest	10,794.66	12,669.31
Borrowings bearing variable rate of interest	-	-

Interest rate sensitivity

A change of 50 bps in interest rates would have following impact on profit before tax:

(₹ in Lakhs)

Particulars	31 March 2020	31 March 2019
Movement - effects on profit before tax		
50 bp increase-decrease in profits	-	-
50 bp decrease-increase in profits	-	-

Market risk - Foreign currency risk

The Company operates internationally and large portion of the business is transacted in several currencies. Consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Exports of the Company are significantly higher in comparison to its imports. As a policy the Company does not cover the foreign exchange requirements for its imports and the same is managed from the export earnings in foreign currency. Foreign currency exchange rate exposure for exports is managed by prudent hedging policy.

Foreign currency exposure:

(₹ in Lakhs)

Particulars	USD	EURO	ZAR	CAD	AUD	RUB	GBP
Trade receivables (net of hedge) (a)	4,02,90,746	1,02,82,015	10,15,54,709	9,40,015	34,26,198	25,49,630	-
Bank balances in EEFC accounts (b)	34,63,376	53,990	16,55,549	42	-	-	-
Exposure to foreign currency risk (assets) (a+b)	4,37,54,122	1,03,36,005	10,32,10,258	9,40,057	34,26,198	25,49,630	-
Trade payables (c)	2,893	1,08,011	-	-	-	-	39,964
Foreign currency loans (d)	87,50,000	-	-	-	-	-	-
Exposure to foreign currency risk (liabilities) (c+d)	87,52,893	1,08,011	-	-	-	-	39,964
As at 31 March 2019:							
Trade receivables (net of hedge) (a)	5,89,48,040	68,59,576	12,85,58,594	15,25,368	-	-	-
Bank balances in EEFC accounts (b)	4,65,259	48,308	2,44,944	42	-	-	-
Exposure to foreign currency risk (assets) (a+b)	5,94,13,299	69,07,884	12,88,03,538	15,25,410	-	-	-
Trade payables (c)	1,74,445	1,13,238	-	-	-	-	-
Foreign currency loans (d)	1,32,50,000	-	-	-	-	-	-
Exposure to foreign currency risk (liabilities) (c+d)	1,34,24,445	1,13,238	-	-	-	-	-

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 49 FINANCIAL RISK MANAGEMENT (Contd.)

Foreign currency risk sensitivity

(₹ in Lakhs)

Particulars	Movement (%)		Effect on profit before tax		Effect on cost of assets	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
USD sensitivity						
INR / USD- increase by	1.00	1.00	263.80	318.25	-	-
INR / USD- decrease by	1.00	1.00	(263.80)	(318.25)	-	-
Euro sensitivity						
INR / Euro- increase by	1.00	1.00	84.98	52.76	-	-
INR / Euro- decrease by	1.00	1.00	(84.98)	(52.76)	-	-
ZAR sensitivity						
INR / ZAR- increase by	1.00	1.00	43.74	61.49	-	-
INR / ZAR- decrease by	1.00	1.00	(43.74)	(61.49)	-	-
CAD sensitivity						
INR / CAD- increase by	1.00	1.00	5.02	7.91	-	-
INR / CAD- decrease by	1.00	1.00	(5.02)	(7.91)	-	-
AUD sensitivity						
INR / AUD- increase by	1.00	1.00	15.86	-	-	-
INR / AUD- decrease by	1.00	1.00	(15.86)	-	-	-
RUB sensitivity						
INR / RUB- increase by	1.00	1.00	0.24	-	-	-
INR / RUB- decrease by	1.00	1.00	(0.24)	-	-	-
GBP sensitivity						
INR / GBP- increase by	1.00	1.00	(0.38)	-	-	-
INR / GBP- decrease by	1.00	1.00	0.38	-	-	-

The following significant exchange rates have been applied during the year

(₹ in Lakhs)

Rupees	Average rate		Year-end spot rate	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
USD	70.54	69.89	75.37	69.20
EUR	78.46	78.97	83.08	77.65
ZAR	4.80	5.14	4.24	4.77
CAD	53.20	51.19	53.39	51.87
GBP	90.06	90.81	93.87	90.36
AUD	48.39	49.60	46.28	49.16
RUB	1.10	0.97	0.97	0.96

Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forwards to mitigate the risk of changes in exchange rate on foreign currency exposures relating to the underlying transactions and firm commitments. The counterparty for these contracts are banks. These derivative financial instruments are generally with a maturity upto 1 year. The Company does not enter into any derivative instruments for trading or speculative purposes.

Cash flow hedge:

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

NOTE - 49 FINANCIAL RISK MANAGEMENT (Contd.)

(₹ in Lakhs)

Currency - sold / bought	Exposure to buy / sell	No. of contracts	Net position		Fair value gain / (loss) in cash flow hedge reserve
			Foreign currency	₹ in lakhs	₹ in lakhs
31 March 2020					
USD / INR	Sell	171	5,01,75,000	37,815.64	(1,168.67)
ZAR / INR		24	3,90,00,000	1,652.86	294.79
					(873.88)
		Less : Deferred tax			(219.94)
		Balance in cash flow hedge reserve			(653.94)
31 March 2019					
USD / INR	Sell	77	2,60,00,000	17,992.62	652.64
ZAR / INR		96	9,60,00,000	4,583.33	343.85
					996.49
		Less : Deferred tax			(348.21)
		Balance in cash flow hedge reserve			648.28

The movement of cash flow hedges in other comprehensive income is as follows:

(₹ in Lakhs)

Particulars	Year ended 31 March 2020	Year ended 31 March 2019
Balance at the beginning of the year (net of tax)	648.28	(131.72)
Change in the fair value of effective portion of cash flow hedges in Other comprehensive income (net of tax)	(1,302.22)	780.00
Balance at the end of the year (net of tax)	**(653.94)**	**648.28**

Commodity Risk

Principal raw material for Company's products are metal scrap and ferro chrome. Company sources its raw material requirement from domestic and international markets. Domestic market price generally remains in line with international market prices. Volatility in metal prices, currency fluctuation of rupee viz a viz other prominent currencies coupled with demand-supply scenario in the world market affect the effective price of scrap and ferrous metal. Company effectively manages availability of material as well as price volatility through:

(i) widening its sourcing base;

(ii) appropriate contracts with vendors and customers and commitments;

(iii) well planned procurement and inventory strategy.

Risk committee of the Company has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

Consumption details of Metal scrap and Ferro chrome:

(₹ in Lakhs)

	(Qty. in MT)	
Particulars	**2019-20**	**2018-19**
Metal scrap	1,94,755	1,97,612
Ferro chrome	59,956	59,708

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 49 FINANCIAL RISK MANAGEMENT (Contd.)

Commodity price sensitivity:

Increase / (decrease) in prices of metal scrap / ferro chrome by Re. 1 per kg would have following impact on profit before tax:

(₹ in Lakhs)

Particulars	2019-20	2018-19
Re. 1 increase in commodity price	(2,547.11)	(2,573.20)
Re. 1 decrease in commodity price	2,547.11	2,573.20

(B) Capital Management

A. The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern so that they can continue to provide return for shareholders and benefits for other stakeholders.
- maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the following debt equity ratio:

(₹ in Lakhs)

Particulars	2019-20	2018-19
Debt *	10,794.66	12,691.18
Total equity	3,61,225.16	3,17,604.61
Debt to total equity	0.03	0.04

* Debt includes borrowings and current maturities of long term debt in other financial liabilities.

Company believes in conservative leverage policy. Company's capital expenditure plan over the medium term shall be largely funded through internal accruals.

B. The Company follows the policy of Dividend for every financial year as may be decided by the Board considering financial performance of the Company and other internal and external factors enumerated in the Company's dividend policy such as reinvestment of capital in business. Company's Dividend policy is to distribute 10-25% of its consolidated net profit as dividend (including dividend distribution tax).

NOTE - 50 FAIR VALUE MEASUREMENTS

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable input).

A. Financial assets :

(₹ in Lakhs)

Particulars	Note	Instruments carried at			Total carrying value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
As at 31 March 2020						
Non-current investments #	8	85.82	-	-	85.82	85.82
Current investments	14	1,31,763.55	-	10,000.00	1,41,763.55	1,31,763.55
Trade receivables	9,15	-	-	97,095.99	97,095.99	-
Loans	10,17	-	-	817.39	817.39	-

NOTE - 50 FAIR VALUE MEASUREMENTS (Contd.)

(₹ in Lakhs)

Particulars	Note	Instruments carried at			Total carrying value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
Cash and cash equivalents	16	-	-	3,881.10	3,881.10	-
Bank balances other than above	16	-	-	578.63	578.63	-
Other financial assets	18	-	-	3,861.47	3,861.47	-
Total		**1,31,849.37**	**-**	**1,16,234.58**	**2,48,083.95**	**1,31,849.37**
As at 31 March 2019						
Non-current investments #	8	85.58	-	-	85.58	85.58
Current investments	14	1,05,346.24	-	2,500.00	1,07,846.24	1,05,346.24
Trade receivables	9,15	-	-	90,464.43	90,464.43	-
Loans	10,17	-	-	773.96	773.96	-
Cash and cash equivalents	16	-	-	2,066.47	2,066.47	-
Bank balances other than above	16	-	-	633.82	633.82	-
Derivatives		996.49	-	-	996.49	996.49
Other financial assets	18	-	-	6,468.23	6,468.23	-
Total		**1,06,428.31**	**-**	**1,02,906.91**	**2,09,335.22**	**1,06,428.31**

Investments in subsidiaries classified as equity investments and investment in government securities have been accounted at historical cost. Since these are scope out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the above table. Investments in unquoted equity shares of entities other than subsidiaries have been designated as FVTPL and such investment upon sale is only going to fetch the principle amount invested and hence the management considers cost and fair value to be the same.

B. Financial liabilities :

(₹ in Lakhs)

Particulars	Note	Instruments carried at			Total carrying value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
As at 31 March 2020						
Borrowings	22, 25	-	-	9,294.66	9,294.66	-
Trade payables	27	-	-	11,517.70	11,517.70	-
Derivatives		873.88	-	-	873.88	873.88
Other financial liabilities	28	-	-	2,557.23	2,557.23	-
Total		**873.88**	**-**	**23,369.59**	**24,243.47**	**873.88**
As at 31 March 2019						
Borrowings	22, 25	-	-	12,669.31	12,669.31	-
Trade payables	27	-	-	15,165.87	15,165.87	-
Other financial liabilities	28	-	-	1,499.78	1,499.78	-
Total		**-**	**-**	**29,334.96**	**29,334.96**	**-**

The following table provides the fair value measurement hierarchy of the compnay's financial assets and financial liabilities:

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 50 FAIR VALUE MEASUREMENTS (Contd.)

(₹ in Lakhs)

Particulars	Note	Fair value	Level 1	Level 2	Level 3
As at 31 March 2020					
Financial assets					
Current investments	14				
Investments in mutual funds (quoted)		1,11,172.42	1,11,172.42	-	-
Investments in bonds (quoted)		20,591.13	20,591.13		-
Financial liabilities					
Derivatives		873.88	-	873.88	-
As at 31 March 2019					
Financial assets					
Current investments	14				
Investments in mutual funds (quoted)		90,550.14	90,550.14	-	-
Investments in bonds (quoted)		14,796.10	14,796.10		-
Derivatives		996.49	-	996.49	-
Financial liabilities		-		-	

Note: During the year, there has not been any transfer of any financial assets or financial liabilities between level 1 and level 2.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 51 CORPORATE SOCIAL RESPONSIBILITY ('CSR') EXPENSES

Based on the guidance note on Accounting for Expenditure on Corporate Social Responsibility Activities (CSR) issued by the Institute of Chartered Accountants of India and Section 135 of the Companies Act, 2013, read with rules made thereunder, the Company has incurred the following expenditure on CSR activities for the year ended 31 March:

(₹ in Lakhs)

Sr. no.	Particulars	31 March 2020	31 March 2019
1	Gross amount required to be spent by the Company during the year	1,121.83	1,063.59
2	Details of amount spent during the year:		
	Eradicating hunger, poverty and malnutrition	9.00	21.00
	Promoting healthcare including preventing health care	49.57	242.00
	Promoting education	239.00	231.00
	Ensuring environmental sustainability	-	527.75
	Protection of National Heritage, art and culture	380.25	28.51
	Contribution to AIA CSR Foundation as per Schedule 7 of the Companies Act, 2013 (refer 3 below)	300.00	328.25
	Total amount spent during the year	**977.82**	1,378.51
3	Related party transactions in relation to CSR expenses: Contribution to AIA CSR Foundation	300.00	328.25
4	Amount unspent, if any.	444.01	13.33
5	Provision movement during the year:		
	Opening provision	-	-
	Additions during the year	977.82	1,378.51
	Utilised during the year *	(977.82)	(1,378.51)
	Closing provision	-	-

* Represents actual outflow during the year.

NOTE - 52 Previous year's figures have been regrouped / reclassified wherever necessary to confirm to current year presentation.

As per our report of even date attached.

For and on behalf of the Board of Directors
AIA Engineering Limited
CIN: L29259GJ1991PLC015182

For **B S R & CO. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

NIRAV PATEL
Partner
Membership No: 113327

Place : Mumbai
Date : 22 June 2020

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

VIREN K. THAKKAR
Chief Financial Officer

Place : Ahmedabad
Date : 22 June 2020

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

S. N. JETHELIYA
Company Secretary
(ACS: 5343)

Place : Ahmedabad
Date : 22 June 2020

INDEPENDENT AUDITORS' REPORT

To the Members of AIA Engineering Limited

REPORT ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of AIA Engineering Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2020, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2020, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter : Revenue Recognition

Refer Note 3(j) and Note 32 to the consolidated financial statements

Description of key audit matter	**Our response and results**
Revenue of the Group mainly comprises of sale of high chrome mill internals to its customers. Revenue from sale of goods is recognised when control is transferred to the customers and when there are no other unfulfilled obligations. This requires detailed analysis of each contract / customer purchase order regarding timing of revenue recognition. Inappropriate assessment could lead to a risk of revenue being recognised on sale of goods before the control in the goods is transferred to the customer. Accordingly, timing of recognition of revenue is a key audit matter.	In view of the significance of the matter we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Assessing the Group's accounting policies for revenue recognition by comparing with the applicable accounting standards; • Testing the design, implementation and operating effectiveness of key internal controls over timing of recognition of revenue from sale of goods; • Performing testing on selected statistical samples of customer contracts. Checked terms and condition related to acceptance of goods, acknowledged delivery receipts and tested the transit time to deliver the goods and its revenue recognition. Our tests of details focused on cut-off samples to verify only revenue pertaining to current year is recognised based on terms and conditions set out in sales contracts and delivery documents.

Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done/ audit report of other auditors, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company; and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

INDEPENDENT AUDITORS' REPORT (Contd.)

appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

a) We did not audit the financial statements of 10 subsidiaries, whose financial statements reflect total assets of ₹ 105,862.20 lakhs as at 31 March 2020, total revenues of ₹ 238,993.74 lakhs and net cash outflows amounting to ₹ 7,767.09 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

   Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

(b) The financial information of 1 subsidiary whose financial information reflect total assets of ₹ 1,874.86 lakhs as at 31 March 2020, total revenues of ₹ 1,241.81 lakhs and net cash outflows amounting to ₹ 29.15 lakhs for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial information have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information is not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the 'Other Matters' paragraph:

   i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2020 on the consolidated financial position of the Group. Refer Note 43 and Note 44 to the consolidated financial statements.

   ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2020.

   iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2020.

   iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2020.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

   In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company, its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

NIRAV PATEL
Partner
Membership No.: 113327
ICAI UDIN:20113327AAAAAV2587

Place : Mumbai
Date : 22 June 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AIA ENGINEERING LIMITED FOR THE YEAR ENDED 31 MARCH 2020

(Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE AFORESAID CONSOLIDATED FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013

Opinion

In conjunction with our audit of the consolidated financial statements of the Holding Company as of and for the year ended 31 March 2020, we have audited the internal financial controls with reference to financial statements of AIA Engineering Limited (hereinafter referred to as the 'Holding Company') and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as the 'Act').

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies, which are the companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with reference to financial statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AIA ENGINEERING LIMITED FOR THE YEAR ENDED 31 MARCH 2020 (CONTD.)

(Referred to in paragraph (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent limitations of Internal Financial controls with reference to financial statements

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

Other Matter

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference financial statements insofar as it relates to two subsidiary companies, which are incorporated in India, is based on the corresponding report of the other auditors of such companies incorporated in India.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/W-100022

NIRAV PATEL
Partner
Membership No.: 113327
ICAI UDIN:20113327AAAAAV2587

Place : Mumbai
Date : 22 June 2020

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2020

(₹ in Lakhs)

Particulars	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	82,383.85	82,236.25
(b) Right of use assets	5	4,236.89	-
(c) Capital work-in-progress	6	3,234.93	5,980.85
(d) Goodwill	7	460.69	460.69
(e) Goodwill on consolidation	7	1,535.88	1,516.03
(f) Other intangible assets	7	348.34	252.07
(g) Financial assets			
(i) Investments	8	85.88	85.64
(ii) Trade receivables	9	264.77	389.28
(iii) Loans	10	1,018.52	1,021.72
(h) Deferred tax asset	40 (b)	68.61	90.43
(i) Other tax assets (net)	11	2,849.33	2,487.07
(j) Other non-current assets	12	5,313.81	3,164.82
Total non-current assets		**1,01,801.50**	**97,684.85**
Current assets			
(a) Inventories	13	77,812.22	78,591.94
(b) Financial assets			
(i) Investments	14	1,41,763.55	1,14,372.03
(ii) Trade receivables	15	64,818.58	70,637.76
(iii) Cash and cash equivalents	16	14,849.19	20,830.85
(iv) Bank balances other than (iii) above	16	632.98	800.72
(v) Loans	17	433.43	367.63
(vi) Derivatives		-	996.49
(vii) Other financial assets	18	3,889.41	6,576.55
(c) Other current assets	19	10,217.92	12,504.32
Total current assets		**3,14,417.28**	**3,05,678.29**
Total assets		**4,16,218.78**	**4,03,363.14**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	20	1,886.41	1,886.41
(b) Other equity	21	3,68,242.23	3,49,484.40
Equity attributable to owners of the Company		**3,70,128.64**	**3,51,370.81**
(c) Non-controlling interest		925.23	929.63
Total equity		**3,71,053.87**	**3,52,300.44**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	-	1,500.00
(ii) Lease liabilities	23	1,057.25	-
(b) Provisions	24	1,104.12	917.85
(c) Deferred tax liabilities (net)	40(b)	6,738.80	8,789.10
Total non-current liabilities		**8,900.17**	**11,206.95**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	25	9,694.66	11,289.31
(ii) Lease liabilities	26	419.23	-
(iii) Trade payables	27		
Total outstanding dues of micro and small enterprises		1,360.72	1,703.88
Total outstanding dues of creditors other than micro and small enterprises		11,854.70	15,656.73
(iv) Other financial liabilities	28	2,561.31	1,504.37
(v) Derivatives		873.88	-
(b) Other current liabilities	29	6,669.16	7,821.57
(c) Provisions	30	2,424.68	1,868.22
(d) Current tax liabilities (net)	31	406.40	11.67
Total current liabilities		**36,264.74**	**39,855.75**
Total liabilities		**45,164.91**	**51,062.70**
Total equity and liabilities		**4,16,218.78**	**4,03,363.14**
The accompanying notes are integral part of these consolidated financial statements	2 - 51		

As per our report of even date attached.

For and on behalf of the Board of Directors
AIA Engineering Limited
CIN: L29259GJ1991PLC015182

For **B S R & CO. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

NIRAV PATEL
Partner
Membership No: 113327

Place : Mumbai
Date : 22 June 2020

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

VIREN K. THAKKAR
Chief Financial Officer

Place : Ahmedabad
Date : 22 June 2020

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

S. N. JETHELIYA
Company Secretary
(ACS: 5343)

Place : Ahmedabad
Date : 22 June 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH 2020

(₹ in Lakhs)

Particulars	Note	For the Year ended 31 March 2020	For the Year ended 31 March 2019
INCOME			
Revenue from operations	32	2,98,087.75	3,06,949.99
Other income	33	14,191.00	12,092.44
Total income		**3,12,278.75**	**3,19,042.43**
EXPENSES			
Cost of materials consumed	34	1,11,589.77	1,41,790.52
Changes in inventories of finished goods and work-in-progress	35	5,757.10	(19,265.08)
Employee benefits expense	36	13,438.76	12,639.13
Finance costs	37	558.75	754.71
Depreciation and amortisation expense	38	9,787.92	7,884.57
Other expenses	39	99,274.02	1,05,798.57
Total expenses		**2,40,406.32**	**2,49,602.42**
Profit before tax		71,872.43	69,440.01
Tax expense	40 (a)		
Current tax		14,294.75	17,116.40
Deferred tax		(1,454.33)	1,179.84
Total Tax expenses		**12,840.42**	**18,296.24**
Profit for the year		**59,032.01**	**51,143.77**
Other Comprehensive Income / (Loss)			
A (i) Items that will not be reclassified to consolidated statement of profit and loss	42 (iv)	(306.37)	(8.02)
(ii) (ii) Income tax relating to items that will not be reclassified to consolidated statement of profit and loss		4.68	(1.39)
B (i) Items that will be reclassified to consolidated statement of profit and loss	21	5.27	(585.82)
(ii) Income tax relating to items that will be reclassified to consolidated statement of profit and loss	21	(97.28)	(58.07)
Other comprehensive income / (Loss) for the year (net of taxes)		**(393.70)**	**(653.30)**
Total comprehensive income for the year (comprising profit and other comprehensive income for the year)		**58,638.31**	**50,490.47**
Profit for the year attributable to :			
- Owners of the Company		59,035.80	51,083.05
- Non-controlling interests		(3.79)	60.72
Other comprehensive income for the year attributable to :			
- Owners of the Company		(390.20)	(654.21)
- Non-controlling interests		(3.50)	0.91
Total comprehensive income for the year attributable to :			
- Owners of the Company		58,645.60	50,428.84
- Non-controlling interests		(7.29)	61.63
Earnings per equity share of par value of ₹ 2 each:			
Basic and diluted	41	62.59	54.16
The accompanying notes are integral part of these consolidated financial statements	2 - 51		

As per our report of even date attached.

For and on behalf of the Board of Directors
AIA Engineering Limited
CIN: L29259GJ1991PLC015182

For **B S R & CO. LLP**
Chartered Accountants
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YASHWANT M. PATEL
Whole-time Director
(DIN : 02103312)

S. N. JETHELIYA
Company Secretary
(ACS: 5343)

Place : Ahmedabad
Date : 22 June 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	1,886.41	1,886.41
Changes in equity share capital during the year	-	-
Balance at the end of the year	1,886.41	1,886.41

B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Reserves and Surplus					Other Comprehensive Income				Attribu-table to Non-controlling interests	Total
	Securities premium reserve	Capital redemption reserve	General reserve	Statutory reserve	Retained earnings	Cash flow hedge reserve	Exchange differences on translation of foreign operations	Remeasurement of defined benefit plan	Total attribu-table to owners of the Company		
Balance as at 1 April 2018	26,820.42	1,925.74	16,467.61	7.97	2,54,603.47	329.21	(1,110.19)	-	2,99,044.23	891.32	2,99,935.55
Changes during the year:											
Adjustment on account of translating the financial statements of foreign operations	11.33	-	-	-	-	-	-	-	11.33	-	11.33
Profit for the year	-	-	-	-	51,083.05	-	-	-	51,083.05	60.72	51,143.77
Transfer to statutory reserve	-	-	-	0.49	(0.49)	-	-	-	-	-	-
Dividends paid on equity shares	-	-	-	-	-	-	-	-	-	(17.75)	(17.75)
Tax on dividends	-	-	-	-	-	-	-	-	-	(0.65)	(0.65)
Remeasurement of defined benefit plan	-	-	-	-		-	-	(10.32)	(10.32)	0.91	(9.41)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(752.07)	-	(752.07)	(4.92)	(756.99)
Movement in cash flow hedge reserve (net of tax)	-	-	-	-	-	108.18	-	-	108.18	-	108.18
OCI balance transferred to retained earnings	-	-	-	-	(10.32)	-	-	10.32	-	-	-
Balance as at 31 March 2019	**26,831.75**	**1,925.74**	**16,467.61**	**8.46**	**3,05,675.71**	**437.39**	**(1,862.26)**	**-**	**3,49,484.40**	**929.63**	**3,50,414.03**
Balance as at 1 April 2019	26,831.75	1,925.74	16,467.61	8.46	3,05,675.71	437.39	(1,862.26)	-	3,49,484.40	929.63	3,50,414.03
Additions during the year:											
Adjustment on account of translating the financial statements of foreign operations	20.89	-	-	0.76	-	-	-	-	21.65	-	21.65
Profit for the year	-	-	-	-	59,035.80	-	-	-	59,035.80	(3.79)	59,032.01
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-
Dividends paid on equity shares	-	-	-	-	(33,971.28)	-	-	-	(33,971.28)	(4.01)	(33,975.29)
Tax on dividends	-	-	-	-	(5,938.14)	-	-	-	(5,938.14)	(0.82)	(5,938.96)
Remeasurement of defined benefit plan	-	-	-	-	-	-	-	(298.19)	(298.19)	(3.50)	(301.69)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31MARCH 2020 (Contd.)

B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Reserves and Surplus					Other Comprehensive Income			Total attributable to owners of the Company	Attributable to Non-controlling interests	Total
	Securities premium reserve	Capital redemption reserve	General reserve	Statutory reserve	Retained earnings	Cash flow hedge reserve	Exchange differences on translation of foreign operations	Remeasurement of defined benefit plan			
Exchange differences on translation of foreign operations	-	-	-	-	-		(642.38)	-	(642.38)	7.72	(634.66)
Net movement in cash flow hedge reserve (net of tax)	-	-	-	-	-	550.37	-	-	550.37	-	550.37
OCI balance transferred to retained earnings	-	-	-	-	(298.19)	-	-	298.19	-	-	-
Balance as at 31 March 2020	**26,852.64**	**1,925.74**	**16,467.61**	**9.22**	**3,24,503.90**	**987.76**	**(2,504.64)**	**-**	**3,68,242.23**	**925.23**	**3,69,167.46**

Nature and purpose of reserves:

(a) Securities premium reserve: The amount received in excess of face value of the equity shares is recognised in Securities premium reserve.

(b) Capital redemption reserve: The Group has recognised Capital Redemption Reserve on redemption of Cumulative Redeemable Preference Shares.

(c) Statutory reserve: This reserve represents appropriation of certain percentage of profit as per the local statutory requirement of an overseas subsidiary.

(d) General reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.

(e) Retained earnings: Retained earnings are the profits that the Group has earned till date, less any transfer to general reserve, dividends or other distributions to shareholders.

(f) Cash flow hedge reserve: This represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of effective portion of cash flow hedges will be reclassified to consolidated statement of profit and loss only when the hedged items affect the profit and loss or upon discontinuation of hedge relationship.

(g) Exchange differences on translation of foreign operations: This reserve represents exchange differences arising on account of conversion of foreign operations to Group's functional currency.

The accompanying notes are integral part of these consolidated financial statements

As per our report of even date attached.

For and on behalf of the Board of Directors
AIA Engineering Limited
CIN: L29259GJ1991PLC015182

For **B S R & CO. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

NIRAV PATEL
Partner
Membership No: 113327

Place : Mumbai
Date : 22 June 2020

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

VIREN K. THAKKAR
Chief Financial Officer

Place : Ahmedabad
Date : 22 June 2020

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

S. N. JETHELIYA
Company Secretary
(ACS: 5343)

Place : Ahmedabad
Date : 22 June 2020

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020

(₹ in Lakhs)

	Particulars	For the Year ended 31 March 2020	For the Year ended 31 March 2019
A.	**Cash flow from operating activities:**		
	Profit before tax	71,872.43	69,440.01
	Add / (less): adjustments		
	Interest income	(2,132.32)	(1,624.40)
	Profit on sale of current investments	(3,388.23)	(4,294.60)
	Fair value of current investments	(3,823.28)	(2,824.85)
	Unrealised gain on foreign exchange fluctuation (net)	(1,740.44)	(1,227.86)
	(Profit) / loss on sale of assets (net)	(57.25)	32.20
	Sundry balances (written back) / written off (net)	(268.13)	(14.17)
	Bad debts	11.06	164.80
	Depreciation and amortisation	9,787.92	7,884.57
	Finance costs	558.75	754.71
	Provision for product warranties	242.06	231.72
	Loss / (gain) on fair valuation of forward contracts	-	(26.87)
	Provision for doubtful trade receivables	127.09	112.09
	Foreign currency fluctuation on translation of foreign operations	(613.49)	(775.21)
		70,576.17	**67,832.14**
	Changes in working capital:		
	Decrease / (Increase) in trade receivables	10,451.19	(11,363.81)
	(Increase) / Decrease in loans	(62.60)	150.57
	Decrease in other non-current assets	883.12	1,270.03
	Decrease / (Increase) in inventories	779.72	(23,252.97)
	Decrease / (Increase) in other financial assets	2,786.02	(1,939.24)
	Decrease in other current assets	2,286.40	1,173.14
	Increase in provisions	194.30	44.30
	(Decrease) / Increase in trade payables	(3,879.96)	1,591.67
	(Decrease) / Increase in other current liabilities	(1,152.41)	1,517.23
	Cash generated from operations	**82,861.95**	**37,023.06**
	Income taxes paid (net of refunds)	(14,929.03)	(18,052.67)
	Net cash from operating activities (A)	**67,932.92**	**18,970.39**
B.	**Cash flow from investing activities:**		
	Acquisition of property, plant and equipment, capital work-in-progress and other intangibles	(13,200.62)	(19,895.02)
	Proceeds from sale of property, plant and equipment	98.87	20.42
	(Purchase of) / proceeds from sale of current investments	(20,448.91)	2,196.41
	Interest income	2,304.05	1,260.94
	Investment in fixed deposits with bank (net)	171.53	33.34
	Net cash (used in) investing activities (B)	**(31,075.08)**	**(16,383.91)**
C.	**Cash flow from financing activities:**		
	Repayment of current borrowings (net)	(2,011.51)	(765.04)
	Repayment of non-current borrowings	(21.87)	(13.73)
	Proceeds of non-current borrowings	-	1,500.00
	Dividends paid (including dividend tax)	(39,909.43)	(1.46)
	Finance costs paid	(424.33)	(732.33)
	Repayment of Lease Liabilities	(512.28)	-
	Net cash (used in) financing activities	**(42,879.42)**	**(12.56)**
D.	**Net (decrease) / increase in cash and cash equivalents (A+B+C)**	**(6,021.58)**	**2,573.92**
E.	**Add : Cash and cash equivalents at the beginning of the year**	**20,830.85**	**18,115.60**
F.	**Less: Foreign exchange (loss) / gain on restatement of cash and cash equivalents**	**39.92**	**141.33**
G.	**Cash and cash equivalents at the end of the year (refer note 1 below)**	**14,849.19**	**20,830.85**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

Notes:

(₹ in Lakhs)

	Particulars	As At 31 March 2020	As At 31 March 2019
1	Cash and cash equivalents include:		
	Balances with banks	14,735.44	20,559.87
	Cash on hand	13.75	10.98
	Balances with banks in fixed deposit accounts (with original maturity upto 3 months)	100.00	260.00
	Total	**14,849.19**	**20,830.85**

2 Movement in financial liabilities and financial assets arising from financing activities

(₹ in Lakhs)

Particulars	Non-current borrowings (including current maturity of long term debt) (Note 22 and 28)	Current borrowings (Note 25)	Lease liabilities (Note 23 and 26)	Dividends paid (including taxes) (Note 21)	Finance costs (Note 37)
Balance as at 1 April 2018	35.60	12,294.31	-	-	12.99
Proceeds from borrowings	1,500.00	65,941.98	-	-	-
Repayment of borrowings	(13.73)	(66,706.99)	-	-	-
Dividends paid (including taxes)	-	-	-	-	-
Interest paid	-	-	-	-	(732.33)
Net cash outflows	1,486.27	(765.01)	-	-	(732.33)
Charge to consolidated statement of profit and loss	-	-	-	-	754.71
Impact of foreign exchange fluctuations	-	(239.98)	-	-	-
Balance as at 31 March 2019	**1,521.87**	**11,289.32**	**-**	**-**	**35.37**
Recognised on adoption of Ind AS 116	-	-	1,441.79	-	-
Proceeds from borrowings	-	24,457.03	-	-	-
Repayment of borrowings	(21.87)	(26,468.54)	-	-	-
Dividends paid (including taxes)	-	-	-	(39,909.42)	-
Interest paid	-	-	-	-	(424.33)
Amount paid during the year (Rent Reversal)	-	-	(512.28)	-	-
Net cash outflows during the year	(21.87)	(2,011.51)	(512.28)	(39,909.42)	(424.33)
Interest accrued during the year	-	-	144.03	-	-
Remeasurement of lease liability (Addition)	-	-	393.34	-	-
Foreign exchange difference	-	-	9.60	-	-
Charge to consolidated statement of profit and loss	-	-	-	-	558.75
Impact of foreign exchange fluctuations	-	416.86	-	-	-
Balance as at 31 March 2020	**1,500.00**	**9,694.67**	**1,476.48**	**-**	**169.79**

3 The cash flow statement has been prepared in accordance with the 'Indirect Method' as set out in the Accounting Standard (Ind AS) - 7 on 'Cash Flow Statement'.

The accompanying notes are integral part of these consolidated financial statements. 2-51

As per our report of even date attached.

For and on behalf of the Board of Directors
AIA Engineering Limited
CIN: L29259GJ1991PLC015182

For **B S R & CO. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

NIRAV PATEL
Partner
Membership No: 113327

Place : Mumbai
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YASHWANT M. PATEL
Whole-time Director
(DIN : 02103312)

S. N. JETHELIYA
Company Secretary
(ACS: 5343)

Place : Ahmedabad
Date : 22 June 2020

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1. BACKGROUND

AIA Engineering Limited (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its equity shares are listed on the Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE') in India. The registered office of the Company is located at 115, G.V.M.M. Estate, Odhav road, Odhav, Ahmedabad - 382410, Gujarat, India. These Consolidated financial statements comprise financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2020. The Group is primarily involved in the manufacturing of High Chrome Mill Internals.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements of the Group are prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015.

The consolidated Ind AS financial statements of the Group comprises, the consolidated balance sheet as at 31 March 2020, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (herein referred to as "consolidated financial statements").

The consolidated financial statements are approved for issue by the Audit Committee and Board of Directors at their meetings held on 22 June 2020.

Details of the Group's accounting policies are included in Note 3 of the consolidated financial statements.

2.2 Basis of measurement

The Group financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value
Employee defined benefit plan	Plan assets measured at fair value less present value of defined benefit obligation

2.3 Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses based on historical experiences and other factors, including expectation of future events that may have an impact on the Group and that are reasonable under the circumstances As more fully explained in Note 45, the ongoing pandemic relating to COVID-19 may have an impact on the use of assumption and judgements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 48 – determining the amount of expected credit loss on financial assets (including trade receivables) and
- Note 48 – lease classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2020 is included in the following notes:

- Note 4, 5 and 7 – estimate of useful life used for the purposes of depreciation and amortisation on property plant and equipment and intangible assets, impairment of goodwill;
- Note 40 (b) and (c) – recognition of deferred tax liabilities:
- Note 42 – measurement of defined benefit obligations: key actuarial assumptions;
- Notes 24, 30, 43 and 44– recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 49 – impairment of financial assets.

2.4 Measurement of fair values

Some of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a financial reporting team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the

Chief Financial Officer.

The financial reporting team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as pricing services, is used to measure fair values, then the financial reporting team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the company has:

- Power over the investee
- Is exposed or has rights to variable returns from its involvement with the investee, and
- Has the ability to use its power over the investee to affect its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on 31 March. When the end of the reporting period of the Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Company to enable the Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the Company's investment in each subsidiary and the Company's portion of equity of each subsidiary.

(c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

(d) Profit or loss and each component of other comprehensive income (OCI) are attributed to the

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equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The list of entities included in these consolidated financial statements along with its shareholding is summarised hereunder:

Name of entity	Country of Incorpo-ration	Ownership interest held by the Group		Proportion of ownership interests and voting rights held by non-controlling interests	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019
Direct subsidiaries					
Welcast Steels Limited	India	74.85%	74.85%	25.15%	25.15%
AIA CSR Foundation	India	100%	100%	-	-
Vega Industries (Middle East) F.Z.C	U.A.E.	100%	100%	-	-
Indirect subsidiaries					
Vega Industries Limited (1)	U.K.	100%	100%	-	-
Vega Industries Limited (2)	U.S.A.	100%	100%	-	-
Vega Steel Industries (RSA) Proprietary Limited (3)	South Africa	74.63%	74.63%	25.37%	25.37%
Wuxi Vega Trade Co., Limited (1)	China	100%	100%	-	-
PT. Vega Industries Indonesia (4)	Indonesia	100%	100%	-	-
AIA Industries Chile SPA (1)	Chile	100%	100%	-	-
AIA Ghana Limited (1)	Ghana	100%	100%	-	-
Vega Industries Australia Pty Ltd (1)	Australia	100%	100%	-	-

(1) Wholly owned subsidiaries of Vega Industries (Middle East) F.Z.C., U.A.E.

(2) Wholly owned subsidiary of Vega Industries Limited, U.K.

(3) Subsidiary of Vega Industries (Middle East) F.Z.C., U.A.E.

(4) 99% of shares are held by Vega Industries (Middle East) F.Z.C., U.A.E. and balance 1% is held by AIA Engineering Limited.

2.6 Functional and presentation currency

The functional currency and the presentation currency of the Company is Indian rupees.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in consolidated statement of profit and loss.

b) Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue.

Financial assets - classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTOCI – debt investment;
- FVTOCI – equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At present the Group does not have investment in any debt securities classified as FVTOCI on initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment by investment basis. At present there are no such investments.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. This includes derivative financial assets and investments. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

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- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses for financial assets held by the Group

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in consolidated statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in consolidated statement of profit and loss. Any gain or loss on derecognition is recognised in consolidated statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in consolidated statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in consolidated statement of profit and loss. Any gain or loss on derecognition is also recognised in consolidated statement of profit and loss. Presently, all the financial liabilities are measured at amortised cost except derivative instruments which are measured at FVTPL.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c) Derivative financial instruments and hedge accounting

The Group enters into derivative financial contracts in the nature of forward currency contracts with external parties to hedge its foreign currency risks relating to foreign currency denominated financial assets measured at amortised cost.

The Group formally establishes a hedge relationship between such forward currency contracts ('hedging instrument') and recognized financial assets ('hedged item') through a formal documentation at the inception of the hedge relationship in line with the Group's Risk Management objective and strategy.

The hedge relationship so designated is accounted for in accordance with the accounting principles prescribed for a cash flow hedge under Ind AS 109, 'Financial Instruments'.

Recognition and measurement of cash flow hedge:

The Group strictly uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. As per Ind AS 109 - Financial Instruments, foreign currency forward contracts are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in hedge reserve (under reserves and surplus) through other comprehensive income and the ineffective portion is recognised immediately in the consolidated statement of profit and loss.

The accumulated gains / losses on the derivatives accounted in hedge reserve are transferred to the consolidated statement of profit and loss in the same period in which gains / losses on the underlying item hedged are recognised in the consolidated statement of profit and loss.

Derecognition:

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. When hedge accounting is discontinued for a cash flow hedge, the net gain or loss will remain in hedge reserve and be reclassified to the consolidated statement of profit and loss in the same period or periods during which the formerly hedged transaction is reported in the consolidated statement of profit and loss. If a hedged transaction is no longer expected to occur, the net cumulative gains / losses recognised in hedge reserve is transferred to the consolidated statement of profit and loss.

d) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in consolidated statement of profit and loss.

Subsequent measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Freehold land is not depreciated.

Estimated useful life adopted by the Group:

Block of assets	Useful lives (years)
Buildings	30 - 60
Plant and equipments	5 - 15
Furniture and fixtures	4 - 10
Vehicles	4 - 10
Office equipments	4 - 5
Others - laboratory equipments	10
Others - computer hardware	3 - 6

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Depreciation method followed by respective companies is as under:

Name of entity	Method of depreciation
AIA Engineering Limited, India	Depreciation on fixed assets is charged on Straight line method over the useful life of assets as prescribed by Schedule II of Companies Act, 2013.
Welcast Steels Limited, India	Depreciation on fixed assets is charged on written down value method over the useful life of assets as prescribed by Schedule II of Companies Act, 2013, except for plant and equipments for which useful life determined as per technical estimate.
Vega Industries (Middle East) F.Z.C, U.A.E.	Straight-line method over estimated useful lives of the assets.
Vega Industries Limited, U.S.A.	Straight-line method over estimated useful lives of the assets.
Vega Industries Limited, U.K.	Written Down Value Method over estimated useful lives of the assets.
Wuxi Vega Trade Co. Ltd., China	Straight-line method over estimated useful lives of the assets.
Vega Steel Industries (RSA) Proprietary Limited, South Africa	Straight-line method over estimated useful lives of the assets.
PT. Vega Industries Indonesia	Straight-line method over estimated useful lives of the assets.
AIA Ghana Limited, Ghana	Straight-line method over estimated useful lives of the assets.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

The management believes that these estimated useful lives reflect fair approximation of the period over which the assets are likely to be used.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Cost of assets not ready for intended use, as on the Balance Sheet date, is shown as capital work in progress.

Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as other non-current assets.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (up to) the date on which asset is ready for use (disposed of).

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The consequential gain or loss is measured as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the consolidated statement of profit and loss.

e) Goodwill and Other intangible assets

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Goodwill represents the excess of the consideration paid to acquire a business over underlying fair value of the identified assets acquired. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is deemed to have an indefinite useful life and is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

Subsequent measurement

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation

Goodwill is not amortised and is tested for impairment annually.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in consolidated statement of profit and loss.

The estimated useful lives of intangibles is as per below:

Software - 6 years

Patent - 20 years

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate.

f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials and stores and spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Weighted Average Cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

The comparison of cost and net realisable value is made on an item-by-item basis.

g) Impairment

Impairment of financial assets

The Group recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Group assesses whether financial assets carried at amortised cost is credit-impaired. A financial asset is 'credit -impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being significantly past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

The Group measures loss allowances at an amount equal to lifetime expected credit losses, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12 month expected credit losses.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. Under the simplified approach, the Group is not required to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit loss together with appropriate management estimates for credit loss at each reporting date, right from its initial recognition.

The Group uses a provision matrix to determine impairment loss allowance on the Group of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Measurement of expected credit losses

Expected credit losses are a probability- weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

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Impairment of non-financial assets

The Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the consolidated statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

Assets (other than goodwill) for which impairment loss has been recognised in prior periods, the Group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Employee benefits

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in consolidated statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in consolidated statement of profit and loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in consolidated statement of profit and loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Remeasurement gains or losses are recognised in Consolidated statement of profit and loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

i) Provisions (other than employee benefits), contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Warranties

Provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities. A liability is recognised at the time the product is sold. The Group does not provide any extended warranties to its customers.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

Contingent assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognised and disclosed only when an inflow of economic benefits is probable.

j) Revenue

Sale of goods

Revenue is recognised upon transfer of control of promised goods to customers in an amount that reflects the consideration which the Group expects to receive in exchange for those goods.

Revenue from the sale of goods is recognised at the point in time when control is transferred to the customer, which generally coincides with the delivery of goods to customers, based on contracts with the customers.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and returns, if any, as specified in the contracts with the customers. Revenue excludes taxes collected from customers on behalf of the government.

Other operating revenue – export incentives

Export incentives are recognised as income when right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

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k) Other income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of dividend can be measured reliably.

l) Leases

The Group has adopted Ind AS 116-Leases effective 01 April 2019, using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognised on the date of initial application (01 April 2019). Accordingly, previous period information has not been restated.

The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1. The contract involves the use of an identified asset.
2. The Group has substantially all of the economic benefits from use of the asset through the period of the lease and,
3. The Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and leases of low value assets. For these short-term and leases of low value assets, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The ROU are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The estimated useful life of ROU assets are determined on the same basis as those of property, plant and equipment.

The Lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the leased assets.

Lease liability and ROU asset have been separately presented in the Consolidated Balance Sheet and lease payments have been classified as cash flows from financing activities.

Leases (under Ind AS 17 – Leases)

Asset held under lease

In the previous year, leases of property, plant and equipment that transfer substantially all the risks and rewards of ownership are classified as finance leases. All the other leases are classified as operating leases. For finance leases, the leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under operating leases are neither recognised in (in case the Group is lessee) nor derecognised (in case the Group is lessor) from the Consolidated balance sheet.

Lease payments

Payments made under operating leases are generally recognised in consolidated statement of profit and loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

m) Income taxes

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Tax on income of foreign subsidiaries

Foreign companies recognise tax liabilities and assets in accordance with the local laws.

n) Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

o) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group. For the disclosure on reportable segments see Note 47.

p) Cash and cash equivalents

Cash and cash equivalents for the purpose of Consolidated Cash Flow Statement comprise cash and bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments not held for investment purposes.

q) Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the year. The Group did not have any potentially dilutive securities in any of the years presented.

r) Events after reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

s) Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 01 April 2020.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 4 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Others*	Total
Gross block:									
Balance as at 31 March 2018	2,993.78	2,998.62	32,443.66	46,348.36	1,457.72	369.72	510.91	1,113.57	88,236.34
Exchange differences on translation of foreign operations	-	-	-	-	2.05	6.77	7.00	3.26	19.08
Additions during the year	219.77	-	2,626.59	22,005.84	70.76	12.19	52.56	213.94	25,201.65
Disposal / adjustments during the year	-	-	-	(580.40)	(9.48)	(48.87)	(38.53)	(46.19)	(723.47)
Balance as at 31 March 2019	3,213.55	2,998.62	35,070.25	67,773.80	1,521.05	339.81	531.94	1,284.58	1,12,733.60
Transfer on adoption of Ind AS 116	-	(2,998.62)	-	-	-	-	-	-	(2,998.62)
Exchange differences on translation of foreign operations	-	-	-	-	3.36	10.26	10.11	6.78	30.51
Additions during the year	525.88	-	1,226.04	10,209.08	61.91	65.41	66.39	150.01	12,304.72
Disposal / adjustments during the year	-	-	(1.13)	(566.25)	-	(31.95)	-	-	(599.33)
As at 31 March 2020	**3,739.43**	**-**	**36,295.16**	**77,416.63**	**1,586.32**	**383.53**	**608.44**	**1,441.37**	**1,21,470.88**
Accumulated depreciation / amortisation:									
Balance as at 31 March 2018	-	109.98	3,632.39	17,913.37	597.73	164.93	360.39	556.12	23,334.91
Exchange differences on translation of foreign operations	-	-	-	-	3.69	6.24	8.85	6.08	24.86
Charge for the year	-	-	1,290.64	6,100.26	165.59	41.04	56.70	155.06	7,809.29
Disposal / Adjustments	-	-	(0.01)	(537.21)	(6.46)	(36.60)	(42.94)	(48.50)	(671.72)
Balance as at 31 March 2019	-	109.98	4,923.02	23,476.43	760.55	175.61	383.00	668.76	30,497.34
Transfer on adoption of Ind AS 116	-	(109.98)	-	-	-	-	-	-	(109.98)
Exchange differences on translation of foreign operations	-	-	-	-	5.52	9.13	11.62	6.69	32.96
Charge for the year	-	-	1,368.80	7,436.94	141.10	39.88	57.52	180.17	9,224.41
Disposal / Adjustments	-	-	-	(525.52)	(1.44)	(27.42)	(2.26)	(1.07)	(557.71)
Balance as at 31 March 2020	**-**	**-**	**6,291.82**	**30,387.85**	**905.73**	**197.20**	**449.88**	**854.55**	**39,087.02**
Net block:									
as at 31 March 2019	3,213.55	2,888.64	30,147.23	44,297.37	760.50	164.20	148.94	615.82	82,236.25
As at 31 March 2020	**3,739.43**	**-**	**30,003.34**	**47,028.78**	**680.59**	**186.33**	**158.56**	**586.82**	**82,383.85**

* Others include laboratory equipments and computer hardware.

Notes:

1. Out of total assets, identified assets comprising factory land, buildings and plant and machineries of the Holding Company are mortgaged / hypothecated to Banks for availing various working capital facilities to the tune of ₹ 9,500.00 lakhs.
2. Refer Note 43 (b) for contractual commitments with respect to property, plant and equipment.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 5 RIGHT OF USE ASSETS

(₹ in Lakhs)

Particulars	Leasehold Land	Buildings	Total
Gross block:			
As at 01 April 2019 (on adoption of Ind AS 116)	2,998.62	1,441.79	4,440.41
Exchange differences on translation of foreign operations	-	5.25	5.25
Additions duing the year	-	393.34	393.34
Deductions / adjustments during the year	-	-	-
As at 31 March 2020	**2,998.62**	**1,840.38**	**4,839.00**
Accumulated depreciation:			
As at 01 April 2019 (on adoption of Ind AS 116)	109.98	-	109.98
Exchange differences on translation of foreign operations	-	-	-
Depreciation for the year	16.86	475.27	492.13
As at 31 March 2020	**126.84**	**475.27**	**602.11**
Net block:			
As at 31 March 2019	-	-	-
As at 31 March 2020	**2,871.78**	**1,365.11**	**4,236.89**

1. Lease contracts entered by the group majority pertains for land and buildings taken on lease to conduct business activity in ordinary course of business with tenure of leases upto 99 years.
2. Lease expense of ₹ 75.38 Lakhs is recognised in consolidated statement of profit and loss for the year ended 31 Mar 2020 towards short term lease, lease of low value assets (Refer Note 39).
3. Extension and termination options are included in some lease contracts. These are used to maximise operational flexibility in terms of managing assets and operations.
4. Lease Obigation, interest expense on lease maturity profile of lease obligation and payment of lease obligation are disclosed respectively in lease liabilities (refer note 23 & 26), Finance Costs (refer note 37), Liquidity risk (refer note 48) and Consolidated Statement Cash Flows.
5. The operating lease arrangements are cancellable subject to the stipulated notice period which generally does not exceed 3 months. Thus, management is of the view that there is no obligation to pay the agreed lease rentals in case of termination.

NOTE - 6 CAPITAL WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	**5,980.85**	9,675.16
Additions during the year	**3,134.97**	6,209.13
Capitalisation during the year	**(5,880.89)**	(9,903.44)
Balance at the end of the year	**3,234.93**	5,980.85

Note:

1. The year end balance of capital work-in-progress primarily consist of mining liner capacity expansion at Kerala GIDC, Ahmedabad.
2. Refer Note 43 (b) for contractual commitments with respect to property, plant and equipment.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 7 GOODWILL AND OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Other intangibles			Goodwill (refer note (a)	Goodwill on consolidation
	Software	Patents and Copyrights	Total		
Gross block:					
Balance as at 31 March 2018	699.50	39.11	738.61	460.69	1,502.95
Exchange differences on translation of foreign operations	-	-	-	-	13.08
Additions during the year	55.44	24.66	80.10	-	-
Disposal / adjustments during the year	(1.53)	-	(1.53)	-	-
Balance as at 31 March 2019	756.47	63.77	820.24	460.69	1,516.03
Exchange differences on translation of foreign operations	-	-	-	-	19.85
Additions during the year	158.55	9.10	167.65	-	-
Disposal / adjustments during the year	-	-	-	-	-
Balance as at 31 March 2020	**915.02**	**72.87**	**987.89**	**460.69**	**1,535.88**
Amortisation:					
Balance as at 31 March 2018	498.05	11.02	509.07	-	-
Charge for the year	55.27	3.15	58.42	-	-
Disposal / adjustments during the year	(0.68)	-	(0.68)	-	-
Balance as at 31 March 2019	554.00	14.17	568.17	-	-
Charge for the year	67.77	3.61	71.38	-	-
Disposal / adjustments during the year	-	-	-	-	-
Balance as at 31 March 2020	**621.77**	**17.78**	**639.55**	**-**	**-**
Net Block					
As at 31 March 2019	202.47	49.60	252.07	460.69	1,516.03
As at 31 March 2020	**293.25**	**55.09**	**348.34**	**460.69**	**1,535.88**

Note (a):

The Group tests goodwill for impairment annually and provides for impairment if the carrying amount of goodwill exceeds its recoverable amount. The recoverable amount is determined based on "value in use" calculations which is calculated as the net present value of forecasted cash flows of cash generating unit (CGU) to which the goodwill is related.

The Group believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash generating unit.

NOTE - 8 INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current investments (unquoted)		
A. Investment in equity instruments		
Others companies (measured at FVTPL) #		
(a) 25 (Previous year: 25) equity shares of Koramangala Properties Limited of face value ₹ 100/- each, fully paid up	**0.03**	0.03
(b) 8,57,919 (Previous year: 8,55,501) equity shares of Arkay Energy (Rameswarm) Limited of face value ₹ 10/- each, fully paid up	**85.79**	85.55
B. Investment in Government Securities (measured at cost)		
National Savings Certificate	**0.06**	0.06
Total	**85.88**	**85.64**
Aggregate amount of unquoted investments - at cost	**85.88**	85.64

The Group's investment upon sale is only going to fetch the principle amount invested and hence the Group considers cost and fair value to be the same.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 9 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current trade receivables		
Considered good *	**264.77**	389.28
Significant increase in credit risk	**-**	-
Credit impaired	**-**	-
Total	**264.77**	**389.28**

* Trade receivables are hypothecated to secure working capital facilities from Banks (refer Note 25).

NOTE - 10 LOANS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current loans		
Security deposits (unsecured, considered good)	**898.89**	866.54
Loans to staff		
Secured, considered good	**31.49**	56.87
Unsecured, considered good	**88.14**	98.31
Total	**1,018.52**	**1,021.72**

NOTE - 11 OTHER TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Advance income tax / tax deducted at source (net of provision for tax)	**2,849.33**	2,487.07
Total	**2,849.33**	**2,487.07**

NOTE - 12 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Capital advances	**4,930.91**	1,898.80
Others		
Balance with government authorities	**56.41**	939.23
Advance paid under protest	**326.49**	326.79
Total	**5,313.81**	**3,164.82**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 13 INVENTORIES *
(VALUED AT LOWER OF COST OR NET REALISABLE VALUE)

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Raw materials	**7,211.71**	6,396.84
Raw materials in transit	**2,348.92**	1,797.84
Work-in-progress	**16,137.35**	19,453.89
Finished goods	**41,044.34**	40,216.66
Stores and spares	**11,064.78**	10,455.66
Stores and spares in transit	**5.12**	271.05
Total	**77,812.22**	**78,591.94**

* Inventories are hypothecated to secure working capital facilities from Banks (refer Note 25).

NOTE - 14 INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current investments		
Measured at FVTPL		
Investment in mutual funds (quoted)	**1,11,172.42**	90,550.14
Investment in bonds (quoted)	**20,591.13**	21,321.89
Measured at amortised cost		
Investment in non-convertible debentures (unquoted)		
500 (previous year: 250) 6.60% (previous year: 7.85%) Debentures of ₹ 1,000,000 each	**5,000.00**	2,500.00
500 (previous year: Nil) 6.20% (previous year: Nil%) Debentures of ₹ 1,000,000 each	**5,000.00**	-
Total	**1,41,763.55**	**1,14,372.03**
Aggregate amount of quoted investments - at cost	**1,07,736.70**	1,08,157.96
Aggregate amount of quoted investments - at market value	**1,31,763.55**	1,11,872.03
Aggregate amount of unquoted investments - at cost	**10,000.00**	2,500.00
Aggregate amount of unquoted investments - at market value	**10,000.00**	2,500.00

NOTE - 15 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current trade receivables (unsecured)		
Considered good *	**64,818.58**	70,637.76
Significant increase in credit risk	**273.05**	356.63
Credit impaired	**-**	-
Sub Total	**65,091.63**	**70,994.39**
Less: Provision for doubtful receivables	**(273.05)**	(356.63)
Total	**64,818.58**	**70,637.76**

* Trade receivables are hypothecated to secure working capital facilities from Banks (refer Note 25).

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 16 CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Cash and cash equivalents		
Balances with banks	**14,735.44**	20,559.87
Cash on hand	**13.75**	10.98
Balances with banks in fixed deposit accounts (with original maturity upto 3 months)	**100.00**	260.00
Sub Total (a)	**14,849.19**	**20,830.85**
Other bank balances		
Balances with banks in fixed deposit accounts (maturity within 3-12 months from reporting date)	**616.54**	788.07
Earmarked balances with banks (unpaid dividend)*	**16.44**	12.65
Sub Total (b)	**632.98**	**800.72**
Total (a+b)	**15,482.17**	**21,631.57**

* The Group can utilise these balances only towards payment of dividend.

NOTE - 17 LOANS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current loans		
Security deposits (unsecured, considered good)	**204.45**	133.45
Loan to a minority shareholder (unsecured, considered good)	**93.02**	114.60
Loans to staff		
Secured, considered good	**27.56**	33.98
Unsecured, considered good	**108.40**	85.60
Total	**433.43**	**367.63**

NOTE - 18 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Export incentives receivable	**3,640.32**	6,426.34
Interest accrued on fixed deposit and debentures	**249.09**	150.21
Total	**3,889.41**	6,576.55

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 19 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Advances other than capital advances		
Advance to a related party	**10.75**	5.78
Other Advances		
Advances to suppliers	**3,436.18**	3,193.51
Advances to staff	**264.21**	202.43
Other advances	**-**	0.17
Others		
Balance with government authorities	**6,232.07**	8,663.24
Prepaid expenses	**274.71**	439.19
Total	**10,217.92**	**12,504.32**

NOTE - 20 EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised share capital		
230,000,000 (previous year: 230,000,000) equity shares of face value ₹ 2/- each	**4,600.00**	4,600.00
Total		
Issued , subscribed & fully paid up share capital	**4,600.00**	**4,600.00**
94,320,370 equity shares (previous year: 94,320,370) of face value ₹ 2/- each, fully paid up	**1,886.41**	1,886.41
Total	**1,886.41**	**1,886.41**

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:

(₹ in Lakhs)

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	**9,43,20,370**	**1,886.41**	9,43,20,370	1,886.41
Add: Changes during the year	**-**	**-**	-	-
Shares outstanding at the end of the year	**9,43,20,370**	**1,886.41**	9,43,20,370	1,886.41

(b) Rights, preferences and restrictions attached to equity shares:

The Group has only one class of equity share having a par value of ₹ 2 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, which is approved by Board of Directors of the Group. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Group after distribution of all preferential amounts, in proportion to their shareholding.

(c) The details of shareholders holding more than 5% shares are set out below :

(₹ in Lakhs)

Name of the shareholders	As at 31 March 2020		As at 31 March 2019	
	No. of shares	% of holding	No. of shares	% of holding
Bhadresh K.Shah	**5,51,28,901**	**58.45%**	5,51,28,901	58.45%
Nalanda India Equity Fund Limited	**91,27,809**	**9.68%**	91,27,809	9.68%

NOTE - 21 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Reserves and surplus		
(a) Securities premium reserve		
Balance at the beginning of the year	**26,831.75**	26,820.42
Additions during the year	**-**	-
Adjustment on account of translating the financial statements of foreign operations	**20.89**	11.33
Balance at the end of the year	**26,852.64**	26,831.75
(b) Capital redemption reserve		
Balance at the beginning and at the end of the year	**1,925.74**	1,925.74
(c) Statutory reserve		
Balance at the beginning of the year	**8.46**	7.97
Adjustment on account of translating the financial statements of foreign operations	**0.76**	-
Additions during the year	**-**	0.49
Balance at the end of the year	**9.22**	8.46
(d) General reserve		
Balance at the beginning and at the end of the year	**16,467.61**	16,467.61
(e) Retained earnings		
Balance at the beginning of the year	**3,05,675.71**	2,54,603.47
Add: Profit for the year	**59,035.80**	51,083.05
Less: Remeasurement of defined benefit obligations transferred from OCI	**(298.19)**	(10.32)
Less: Transfer to statutory reserve	**-**	(0.49)
Less: Dividend on equity shares #	**(33,971.28)**	-
Less: Tax on dividend #	**(5,938.14)**	-
Balance at the end of the year	**3,24,503.90**	3,05,675.71
Total reserves and surplus (A)	**3,69,759.11**	**3,50,909.27**
Other comprehensive income ('OCI')		
(a) Cash flow hedge reserve:		
Balance at the beginning of the year	**437.39**	329.21
Recognised in consolidated statement of profit and loss		
Mark to market of hedging designated instruments and effective as hedges of future cash flow	**(1,870.37)**	1,198.96
Restatements of trade receivables to the extent of hedging	**2,518.02**	(1,032.71)
	647.65	**166.25**
Effect of tax on above		
Tax on Mark to market of hedging designated instruments and effective as hedges of future cash flow [refer note 40(c)]	**568.18**	(171.41)
Tax on Restatements of trade receivables to the extent of hedging	**(665.46)**	360.90
Tax of earlier years transferred to Hedge Reserve	**-**	(247.56)
Net tax in OCI	**(97.28)**	(58.07)
Balance at the end of the year	**987.76**	437.39
(b). (b) Gain and losses on account of translating the financial statements of foreign operations		
Balance at the beginning of the year	**(1,862.26)**	(1,110.19)
Recognised in consolidated statement of profit and loss	**(642.38)**	(752.07)
Balance at the end of the year	**(2,504.64)**	(1,862.26)

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 21 OTHER EQUITY (Contd.)

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
(c) Remeasurement of defined benefit plan		
Balance at the beginning of the year	-	-
Recognised in consolidated statement of profit and loss (net of tax)	**(306.37)**	(8.02)
Tax impact on above [refer note 40 (C)]	**4.68**	(1.39)
Less: Transfer to minority interest	**3.50**	(0.91)
Less: Transfer to retained earnings	**298.19**	10.32
Balance at the end of the year	-	-
Total other comprehensive income (B)	**(1,516.88)**	**(1,424.87)**
Total other equity (A + B)	**3,68,242.23**	**3,49,484.40**

Refer consolidated statement of changes in equity for nature and purpose of reserves.

Dividend on equity shares paid during the year:

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Final dividend for the financial year 2018-19 [₹ 9 (previous year: nil) per equity share of ₹ 2 each]	**8,488.83**	-
Dividend distribution tax on final dividend	**1,495.26**	-
Interim dividend for the financial year 2019-20 [₹ 27 (previous year: nil) per equity share of ₹ 2 each]	**25,466.50**	-
Dividend distribution tax on interim dividend	**4,444.45**	-

Note:

Board of Directors had proposed final dividend of ₹ 9/- per equity share for the financial year 2018-19 and the said dividend was approved at the last Annual General Meeting and paid accordingly during the financial year 2019-20. Interim dividend of ₹ 27/- per equity share was declared by the Board of Directors and paid during the financial year 2019-20.

NOTE - 22 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current borrowings (unsecured)		
Borrowings from bank #	-	1,500.00
Total	**-**	**1,500.00**

Unsecured term loan from Citi Bank N.A. carrying interest rate of 8.50% is repayable in single bullet payment at the end of two years from disbursement, i.e. in financial year 2020 - 21.

NOTE - 23 LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Lease liabilities (Non-current)	**1,057.25**	-
Total	**1,057.25**	**-**

NOTE - 24 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current provisions		
Provision for warranties	**725.13**	578.77
Provision for employee benefits (refer note 42)		
Gratuity	**320.62**	281.12
Leave encashment	**58.37**	57.96
Total	**1,104.12**	**917.85**

Movement in provision for warranties

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year	**2,138.85**	1,847.42
Utilisation during the year	**(7.41)**	(5.64)
Provision for the year (net of provision written back) #	**242.06**	231.72
Exchange differences on translation of foreign operations	**136.38**	65.35
Written back during the period		
Balance at the end of the year	**2,509.88**	**2,138.85**
Non-current	**725.13**	578.77
Current (refer note 30)	**1,784.75**	1,560.08
Total	**2,509.88**	**2,138.85**

The group provides standard warranty to all its customers for any manufacturing defects in the products sold by the group. Generally, the time period of warranty is linked to the hours which has been assured by the group towards performance of the product under normal mill operation. Based on evaluation made by group's technical team and the historic experience of claims, the group provides for warranty at rate ranging from 0.05% to 0.20% of sales and is carried in the books for a period upto 5 years.

NOTE - 25 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current borrowings		
Loans repayable on demand		
Secured loans from banks *	**9,694.66**	11,289.31
Total	**9,694.66**	**11,289.31**

*** Nature of security**

1. Packing Credit in Foreign Currency ('PCFC') carrying interest rate ranging from 2.13% - 3.89% (previous year: 5.25% - 5.50%) and Export Packing Credit ('EPC') facilities carrying interest rate of 3.5% (previous year : 4.60% - 5.05%), both facilities from Citi Bank N.A., are secured by:
   - Pari passu charge over inventories and book debts of the Holding company to the extent of ₹ 15,000 lakhs, and
   - Demand Promissory Note and Letter of Continuity for ₹ 15,000 lakhs.
2. Export Packing Credit ('EPC') facility from State Bank of India in previous year carrying interest rate of 5.25% is hypothecated against entire chargeable current assets of the Holding company including inventories and receivables on pari passu basis.
3. EPC facility from Canara Bank carrying interest rate ranging from 9.20% (previous year: 9.20% to 9.40%) is secured by hypothecation of identified plant and equipments, acessories, book debts and inventories of subsidiary Holding company and further secured by mortgage of land and buildings acquired out of subsidiary company's own funds.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 26 LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Lease liabilities (Current)	419.23	-
Total	**419.23**	**-**

NOTE - 27 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro enterprises and small enterprises #	1,360.72	1,703.88
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Due to related parties [refer note 46 (d)]	155.05	180.86
Due to others	11,699.65	15,475.87
Total	**13,215.42**	**17,360.61**

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 as at 31 March is provided as under to the extent the Holding Company and substitutory has received intimation from the "Suppliers" regarding their status under the Act.

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act):		
Principal amount due to micro and small enterprise	1,348.27	1,684.09
Interest due on above	12.45	19.79
Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	12.45	19.79
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

Note:

The Group had sought confirmation from its vendors on their status under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from 2 October 2006. Dues to micro and small enterprises have been determined to the extent confirmations received by the Group from its vendors. This has been relied upon by the auditors.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2020 (Contd.)

NOTE - 28 OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturities of long term debt (refer note 22)	1,500.00	-
Deferred payment liabilities	-	21.87
Unpaid dividends *	16.44	12.66
Interest accrued on borrowings	13.31	15.57
Capital creditors	945.77	1,370.43
Other payables	85.79	83.84
Total	**2,561.31**	**1,504.37**

* There is no amount due to be transferred to Investor Education and Protection Fund.

NOTE - 29 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Contract Liabilities		
Customer advances	3,710.45	3,946.16
Others		
Fund held in corpus donation	624.64	1,055.25
Security deposits	5.50	17.14
Salary, wages and bonus payable	1,378.58	1,252.37
Statutory dues and other payables	949.99	1,550.65
Total	**6,669.16**	**7,821.57**

NOTE - 30 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Current provisions		
Provision for employee benefits (refer note 42)		
Gratuity	502.53	202.71
Leave encashment	137.40	105.43
Provision for warranties (refer note 24)	1,784.75	1,560.08
Total	**2,424.68**	**1,868.22**

NOTE - 31 CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for income tax (net of advance tax and tax deducted at source)	406.40	11.67
Total	**406.40**	**11.67**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 32 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of products		
Export sales	2,28,744.26	2,28,070.54
Domestic sales	60,387.49	68,837.66
Sub Total (a)	**2,89,131.75**	**2,96,908.20**
Other operating revenue		
Export incentives	8,956.00	10,041.79
Sub Total (b)	**8,956.00**	**10,041.79**
Total (a +b)	**2,98,087.75**	**3,06,949.99**

Disclosures pursuant to Indian Accounting Standard (Ind AS) 115 - Revenue from Contract with Customers

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Reconciliation of revenue from operations with the contracted price:		
Contracted price	2,89,478.63	2,97,424.71
Adjustments :		
- Discounts	(268.33)	(363.82)
- Sales return	(78.55)	(152.69)
Sale of products	2,89,131.75	2,96,908.20
Other operating revenue - export incentives	8,956.00	10,041.79
Revenue from operations	2,98,087.75	3,06,949.99
Revenue disaggregation by geography:		
India	69,343.49	78,879.45
Outside India	2,28,744.26	2,28,070.54
Total	**2,98,087.75**	**3,06,949.99**

Contract balances:

The following table provides information about receivables, contract assets and contract liabilities from the contracts with customers.

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Trade receivables	65,083.35	71,027.04
Contract assets	-	-
Contract liabilities		
Advance from customers	3,710.45	3,946.16

NOTE - 33 OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income from financial assets	2,132.32	1,624.40
Other non-operating income		
Profit on sale of mutual fund units	3,388.23	4,294.60
Gain on foreign exchange fluctuation (net)	3,699.38	2,968.28
Fair value of current investments	3,823.28	2,824.85
Profit on sale of assets (net)	57.25	-
Miscellaneous receipts	1,090.54	380.31
Total	**14,191.00**	**12,092.44**

NOTE - 34 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Opening stock at the beginning of the year	8,194.68	7,367.35
Add: Purchases during the year	1,12,955.72	1,42,617.85
Less: Closing stock at the end of the year	(9,560.63)	(8,194.68)
Total	**1,11,589.77**	**1,41,790.52**

NOTE - 35 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars		For the year ended 31 March 2020	For the year ended 31 March 2019
Opening stock:			
Work-in-progress		19,453.72	11,928.30
Finished goods		40,216.83	27,058.91
	Sub Total (a)	**59,670.55**	**38,987.21**
Closing stock:			
Work-in-progress		16,137.35	19,453.72
Finished goods		41,044.34	40,216.83
	Sub Total (b)	**57,181.69**	**59,670.55**
Exchange differences on translation of foreign operations	**Sub Total (c)**	**(3,268.24)**	**(1,418.26)**
	Total (a-b-c)	**5,757.10**	**(19,265.08)**

NOTE - 36 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	12,247.52	11,466.86
Contribution to provident and other funds	652.20	568.28
Expenses related to post employment defined benefit plans [refer note 42 (iv)]	252.91	229.01
Staff welfare expenses	286.13	374.98
Total	**13,438.76**	**12,639.13**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 37 FINANCE COSTS

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest on:		
Bank borrowings	377.94	589.45
Lease liabilities	144.03	-
Others	6.95	52.52
Foreign exchange adjustments to borrowing costs	29.83	112.74
Total	**558.75**	**754.71**

NOTE - 38 DEPRECIATION AND AMORTISATION

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant and equipment (refer note 4)	9,224.41	7,826.15
Amortisation of intangible assets (refer note 7)	71.38	58.42
Depreciation of Right of Use asset (refer note 5)	492.13	-
Total	**9,787.92**	**7,884.57**

NOTE - 39 OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Consumption of stores	26,824.23	31,167.45
Power and fuel	30,094.86	33,803.86
Contract labour charges	7,654.18	8,058.16
Repairs and maintenance		
- Buildings	236.67	207.28
- Plant and machineries	845.70	775.62
- Others	656.19	648.74
Lease Rent	75.38	406.37
Insurance	747.51	691.59
Rates and taxes	219.31	115.90
Excise expense (Refer Note : 43(iii))	1,090.38	-
Security expenses	488.32	444.00
Printing, stationery and communication expenses	329.41	384.23
Travelling and conveyance	2,150.55	2,259.40
Advertisement and sales promotion	131.95	240.79
Bad debts	11.06	164.80
Clearing, forwarding and freight outward expenses	18,753.73	17,617.35
Royalty expenses	291.52	-
Commission expenses	2,892.88	2,595.22
Warranty expenses	242.06	231.72
Directors' sitting fees	10.35	7.55

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 39 OTHER EXPENSES (Contd.)

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Payments to auditors		
- Statutory audit fees	88.39	79.72
- Others services	25.67	16.20
- Reimbursement of expenses	0.67	0.98
Legal and professional consultancy fees	3,295.05	3,416.33
Bank commission charges	448.08	358.06
Donation	12.36	4.84
Corporate social responsibility expenses	977.82	1,378.51
Loss on sale of assets (net)	-	32.20
Sundry balances written off	-	3.14
Provision for doubtful trade receivables (net)	127.09	112.09
Other miscellaneous expenses	552.65	576.47
Total	**99,274.02**	**1,05,798.57**

NOTE - 40 TAX EXPENSES

(₹ in Lakhs)

	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
(a)	**Income tax expense**		
	Current tax		
	Provision for current tax	14,300.02	17,368.94
	Excess provision for current tax of earlier years written back	(5.27)	(252.54)
		14,294.75	**17,116.40**
	Net deferred tax [refer note 40(c)]	**(1,454.33)**	**1,179.84**
	Income tax expense for the year	**12,840.42**	**18,296.24**
(b)	**Deferred tax**		
	Deferred tax liabilities		
	Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	5,108.20	6,684.43
	Fair valuation of current investments	2,885.84	3,074.73
	Hedge reserve balance	-	348.24
	Others	-	0.10
	Sub Total (a)	**7,994.04**	**10,107.50**
	Deferred tax assets		
	Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	7.00	25.31
	Hedge reserve balance	219.94	-
	Unrealised profit on intra group stock	1,035.30	1,317.62
	Others	61.61	65.90
	Sub Total (b)	**1,323.85**	**1,408.83**
	Deferred tax liabilities (net) [refer Note 40(c)] (a) - (b)	**6,670.19**	**8,698.67**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 40 TAX EXPENSES (Contd.)

(c) Movement in deferred tax

(₹ in Lakhs)

Particulars		Opening balance as at 1 April	Consolidated statement of profit and loss	Other comprehensive income	Closing balance as at 31 March
2019-20					
Deferred tax liabilities					
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961		6,684.43	(1,576.23)		5,108.20
Fair valuation of current investments		3,074.73	(188.89)	-	2,885.84
Hedge reserve balance		348.24	-	(348.24)	-
Others		0.10	0.10	-	-
	Sub Total (a)	**10,107.50**	**(1,765.22)**	**(348.24)**	**7,994.04**
Deferred tax assets					
Difference between written down value of fixed assets as per books of account and Income-tax, Act 1961		25.31	(18.31)	-	7.00
Unrealised profit on intra group inventory		1,317.62	(282.32)	-	1,035.30
Hedge reserve balance		-	-	219.94	219.94
Others		65.90	(10.26)	4.68	61.61
	Sub Total (b)	**1,408.83**	**(310.89)**	**224.62**	**1,323.85**
Deferred tax liabilities (net)	**(a -b)**	**8,698.67**	**(1,454.33)**	**(572.86)**	**6,670.19**
2018-19					
Deferred tax liabilities					
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961		4,696.07	1,988.36	-	6,684.43
Fair valuation of current investments		3,317.62	(242.89)	-	3,074.73
Hedge reserve balance		176.83	-	171.41	348.24
Others		-	-	0.10	0.10
	Sub Total (a)	**8,190.52**	**1,745.47**	**171.51**	**10,107.50**
Deferred tax assets					
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961		54.46	(29.15)	-	25.31
Unrealised profit on intra-group inventory		716.09	601.53	-	1,317.62
Others		72.65	(6.75)		65.90
	Sub Total (b)	**843.20**	**565.63**	**-**	**1,408.83**
Deferred tax liabilities (net)	**(a -b)**	**7,347.32**	**1,179.84**	**171.51**	**8,698.67**

NOTE - 40 TAX EXPENSES (Contd.)

(d) Effective tax reconciliation

Reconciliation of the tax expense (i.e., current tax and deferred tax) amount considering the enacted Income tax rate and effective Income tax rate of the Group is as follows:

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit before tax for the year	71,872.43	69,440.01
Tax at statutory income tax rate of 25.168% (previous year: 34.944%) in India	18,088.85	24,265.12
Adjustments:		
Income from long term investment taxed at lower rate	(1,140.02)	(2,274.46)
Non-deductible expenses for tax purposes	197.85	210.21
Benefit from change in tax rate	(2,057.55)	-
Difference in tax rate of subsidiary companies	(2,494.89)	(3,059.78)
Tax impact on intra-group stock reserve	282.32	(601.91)
Tax of earlier years written back	(5.27)	(252.54)
Others	(30.87)	9.60
Income tax expense reported in the consolidated statement of profit and loss	**12,840.42**	**18,296.24**

The Group has ongoing dispute with Income tax authorities relating to tax treatement of certain items. These amounts have been disclosed as contingent liabilities (refer note 43).

NOTE - 41 EARNINGS PER SHARE

(₹ in Lakhs)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Net profit attributable to the equity shareholders (₹ in lakhs)	59,035.80	51,083.05
Weighted average number of equity shares outstanding during the period (nos.)	9,43,20,370	9,43,20,370
Nominal value of equity share (₹)	2.00	2.00
Basic and diluted earnings per share (₹)	62.59	54.16

NOTE - 42 EMPLOYEE BENEFITS

The group has the following post-employment benefit plans:

A. Defined contribution plan

Contribution to defined contribution plan, recognised as expense for the year is as under:

(₹ in Lakhs)

Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
Employer's contribution to provident fund	594.67	530.29

B. Defined benefit plans

Gratuity: The employees' gratuity fund scheme of the Holding Company is funded with Life Insurance Corporation of India and managed by a Trust,funded with Life Insurance Corporation of India in case of one subsidiary incorporated in India and unfunded in case of one wholly owned overseas subsidiary. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 42 EMPLOYEE BENEFITS (Contd.)

Gratuity

The benefits in India are governed by the Payment of Gratuity Act, 1972. The key features are as under :

Benefits offered	15 / 26 x salary X duration of service
Salary definition	Basic salary including Dearness Allowance (If any)
Benefit ceiling	Benefit ceiling of ₹ 20 lakhs is not applied
Vesting conditions	5 years of continuous service (not applicable in case of death / disability)
Benefit eligibility	Upon death or resignation or withdrawal or retirement
Retirement age	58, 60, 62, 65 or 70 years

(i) Risks associated to the defined benefit plans:

a. Actuarial risk: Risks due to adverse salary growth / Variability in mortality and withdrawal rates.

b. Investment risk: Risks due to significant changes in discounting rate during the inter-valuation period.

c. Liquidity risk: Risks on account of Employees resign/retire from the Group and as result strain on the cash flow arises.

d. Market risk: Risks related to changes and fluctuation of the financial markets and assumption depends on the yields on government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

e. Legislative risk: Risks of increase in the plan liabilities or reduction in plan assets due to change in legislation.

(ii) Reconciliation of opening and closing balances of defined benefit obligation:

(₹ in Lakhs)

Particulars	Gratuity (funded)		Gratuity (unfunded) #	
	2019-20	2018-19	2019-20	2018-19
Defined benefit obligation at the beginning of the year	2,854.99	2,540.04	154.37	124.27
Recognised in consolidated statement of profit and loss:				
Current service cost	205.61	186.12	30.69	30.10
Interest cost	198.62	176.34	-	-
Actuarial (gain) / loss recognised in other comprehensive income:				
Due to change in financial assumptions	291.07	1.91	-	-
Due to change in demographic assumptions	0.09	-	-	-
Due to experience adjustments	8.79	33.25	-	-
Benefits paid	(146.98)	(82.67)	-	-
Defined benefit obligation at the end of the year	3,412.19	2,854.99	185.06	154.37

(iii) Reconciliation of opening and closing balances of fair value of plan assets:

(₹ in Lakhs)

Particulars	Gratuity (funded)		Gratuity (unfunded) #	
	2019-20	2018-19	2019-20	2018-19
Fair value of plan assets at the beginning of the year	2,525.56	2,273.21	-	-
Interest income	182.01	163.55	-	-
Return on plan assets excluding amounts included in interest income	(6.42)	27.14	-	-
Contributions by the employer	198.11	133.74	-	-
Benefits paid	(125.17)	(72.08)	-	-
Fair value of plan assets at the end of the year	2,774.09	2,525.56	-	-
Actual return on plan assets	175.59	190.69	-	-

NOTE - 42 EMPLOYEE BENEFITS (Contd.)

(iv) Expense recognised during the year:

(₹ in Lakhs)

Particulars	Gratuity (funded)		Gratuity (unfunded)#	
	2019-20	2018-19	2019-20	2018-19
Current service cost	205.61	186.12	30.69	30.10
Net interest cost	16.61	12.79	-	-
Net value of remeasurements on the obligation and plan assets	-	-	-	-
Net cost recognised in consolidated statement of profit and loss	**222.22**	**198.91**	**30.69**	**30.10**
Components of actuarial gains / (losses):				
Due to change in financial assumptions	291.07	1.91	-	-
Due to change in demographic assumptions	0.09	-	-	-
Due to experience adjustments	8.79	33.25	-	-
Return on plan assets excluding amounts included in interest income	6.42	(27.14)	-	-
Net cost recognised in other comprehensive income	**306.37**	**8.02**	**-**	**-**

(v) Reconciliation of fair value of assets and obligations:

(₹ in Lakhs)

Particulars	Gratuity (funded)		Gratuity (unfunded) #	
	2019-20	2018-19	2019-20	2018-19
Present value of obligation	3,412.19	2,854.99	185.06	154.37
Fair value of plan assets	2,774.09	2,525.56	-	-
Net defined benefit liability at end of the year	638.10	329.43	185.06	154.37

(vi) Composition of plan assets:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2019-20	2018-19
Debt instruments		
Government of India securities	-	-
High quality corporate bonds	0%	0%
State Government securities	-	0%
Cash and cash equivalents		
Bank balances	0% - 2%	0% - 2%
Special deposit scheme	0%	0% - 1%
Investment funds		
Insurance policies	98% - 100%	96% - 100%
Others	0%	0% - 1%

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 42 EMPLOYEE BENEFITS (Contd.)

(vii) Key actuarial assumptions:

(₹ in Lakhs)

Particulars	Gratuity (funded)	Gratuity (funded)
	2019-20	2018-19
Financial assumptions		
Discount rate	6.45% - 6.55%	7.15% - 7.60%
Expected rate of return on plan assets	6.45% - 6.55%	7.15% - 7.60%
Salary growth rate	7.00% - 8.50%	7.00% - 8.50%
Demographic assumptions		
Withdrawal rate	5% - 10% at younger ages reducing to 1% at older ages	5% - 10% at younger ages reducing to 1% at older ages
Mortality table	Indian assured lives mortality (2012-14)	Indian assured lives mortality (2006-08)

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and respective Group's policy for plan assets management.

(viii) Sensitivity analysis:

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Impact on defined benefit obligations - Gratuity:

(₹ in Lakhs)

Particulars	Increase in assumption		Decrease in assumption	
	2019-20	2018-19	2019-20	2018-19
Discount rate				
Change in assumption by 0.50%	-4.34%	-3.96%	4.72%	4.36%
Salary growth rate				
Change in assumption by 0.50%	4.58%	4.27%	-4.27%	-3.93%
Withdrawal rate				
Change in assumption by 0.10%	-0.28%	-0.08%	0.29%	0.13%

The Methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior period.

Gratuity (unfunded) represents defined benefit plan in a wholly owned overseas subsidiary.

NOTE - 42 EMPLOYEE BENEFITS (Contd.)

(ix) Maturity profile of the defined benefit obligation:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2019-20	**2018-19**
Age wise distribution of defined benefit obligation		
Age in years		
Less than 25	6.81	4.82
25 to 35	352.45	299.04
35 to 45	871.18	593.43
45 to 55	1,223.80	1,067.48
above 55	943.48	866.81
Accrued gratuity for left employees	14.47	23.40
	3,412.19	**2,854.98**
Past service wise distribution of defined benefit obligation		
Service period in years		
0 to 4	53.98	40.84
4 to 10	415.15	334.47
10 to 15	934.80	696.87
15 and above	1,993.79	1,759.40
Accrued gratuity for left employees	14.47	23.40
	3,412.19	**2,854.98**

C. Other long-term employee benefits

Leave encashment: The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The benefits are governed by the Group's leave policy. The key features are as under :

Salary for encashment	Basic salary
Salary for availment	Cost to Group
Benefit event	Death or resignation or retirement or availment
Maximum accumulation	90
Benefit formula	(Leave days) x (Basic salary) / (Leave denominator)
Leave denominator	30
Leave credited annually	30
Retirement age	58, 60, 62 or 65 years

Key actuarial assumptions:

(₹ in Lakhs)

	Leave encashment (funded)	
Particulars	**2019-20**	**2018-19**
Financial assumptions		
Discount rate	6.45% - 6.55%	7.15% - 7.60%
Expected rate of return on plan assets	6.45% - 6.55%	7.15% - 7.60%
Salary growth rate	7.00% - 8.50%	7.00% - 8.50%
Demographic assumptions		
Withdrawal rate	5% - 10% at younger ages reducing to 1% at older ages	5% - 10% at younger ages reducing to 1% at older ages
Mortality table	Indian assured lives mortality (2012-14)	Indian assured lives mortality (2006-08)

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 42 EMPLOYEE BENEFITS (Contd.)

Leave encashment recognised during the year in the consolidated statement of profit and loss amounts to ₹ 244.15 lakhs (previous year ₹ 203.69 lakhs)

D. Estimate of contributions expected to be paid during financial year 2020-21 is as under:

(i)	Defined contribution plan:	
	(a) Employer's contribution to provident fund	12% of salary
(ii)	Defined benefit plan:	
	(a) Gratuity (funded)	502.53
(iii)	Other long-term employee benefits	
	(a) Leave encashment	137.40

NOTE - 43 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(₹ in Lakhs)

Particulars	As At 31 March 2020	As At 31 March 2019
(a) Contingent liabilities		
Claims against the group not acknowledged as debts:		
Central excise and Service tax	353.22	2,830.10
Income tax	16,754.71	15,200.53
Sales tax / VAT	76.29	52.42
Custom duty	-	879.62
Guarantees:		
Outstanding bank guarantees	15,670.19	14,469.18
Outstanding corporate guarantees given to customers	246.63	451.79
Letter of Credit	2,788.61	48.50
Others matters including claims related to ESIC, Electricity and Ex-employees	774.42	746.05
Total	**36,664.07**	**34,678.19**
(b) Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	6,897.55	1,292.94
Total	**6,897.55**	**1,292.94**

Notes:

(i). Most of the issue of litigation pertaining to Central Excise/ Service tax / Income tax (including transfer pricing matters) are based on interpretation of the respective law & rules thereunder. Management has been opined by its counsel that many of the issues raised by revenue will not be sustainable in law as they are covered by judgements of respective judicial authorities which supports its contention. Further, in several matters, the management has successfully defended their case at lower forums of adjudication. Accordingly, the management do not envisage any material impact on the consolidated financial statements of the Group.

(ii). Sales tax/Central Sales tax related litigation/demand primarily pertains to non submission of required declaration forms in time due to non-receipt of the same from customers and / or some interpretation related issues. However in most of the cases, required documents are being filed and given in minor impact if any, shall be the year of final outcome of respective matter in appeal.

(iii). As on 31 March 2019, the Group carried an amount of INR 2,830.10 lakhs in its books as contingent liability that may occur in the future as a result of pending indirect tax litigations between the tax authorities and respective Group companies. During the year, the Holding Company has applied in Sabka Vishwas (Legacy Dispute Resolution) Scheme (SVLDRS) for full and final settlement of indentified matters involving INR 2,523.04 lakhs. Accordingly, the Holding Company has paid INR 1,090.38 lakhs (including earlier payments of INR 887 lakhs) towards various tax demands and has received discharge certificates amounting to INR 1,090.38 lakhs. The said amount is shown as Excise expense in Note 39.

(iv). The proposed Social Security Code, 2019, when promulgated, would subsume labour laws including Employees' Provident Funds and Miscellaneous Provisions Act and amend the definition of wages on which the organisation and its employees

NOTE - 43 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (Contd.)

are to contribute towards Provident Fund. The Group believes that there will be no significant impact on its contributions to Provident Fund due to the proposed amendments. Additionally, there is uncertainty and ambiguity in interpreting and giving effect to the guidelines of Hon'ble Supreme Court vide its ruling in February 2019 for prior years, in relation to the timing, extent and scope of compensation on which the organisation and its employees are to contribute towards Provident Fund. The Group will evaluate its position and act, as clarity emerges.

NOTE - 44 ARBITRATION MATTER

On termination of Joint Venture and Shareholders' Agreement, a Settlement Deed dated 16 February 2000 was executed between Mr. Bhadresh K. Shah, and Magotteaux International S.A. Belgium (Magotteaux). Under the arbitral mechanism provided in Settlement Deed, Magotteaux has initiated arbitral proceedings against Mr. Bhadresh K. Shah and the Holding Company before the International Chamber of Commerce, London (ICC) claiming damages inter alia alleging infringement of its patent by the Holding Company (in relation to the Company's Sintercast Product) and breach of the Settlement Deed (in relation to Company's Sintercast product). However, the Holding Company disputed the arbitration request and denied the allegations made therein. On 02 August 2019, the three member Arbitration Tribunal passed a unanimous Award declining jurisdiction to hear the dispute and dismissing claims of Magotteaux. Aggrieved by this decision, Magotteaux has preferred an appeal before the Commercial Court of England (QBD) for partial award passed by the Arbitration Tribunal. However, the management is confident of successfully defending the matter in accordance with law. Accordingly, no provision is made in the books of account.

NOTE - 45 COVID-19

The Group's manufacturing facilities, which had to suspend operations temporarily, due to the Government's directives relating to COVID-19, have since resumed operations, as per the guidelines and norms prescribed by the Government authorities. The Management has considered the possible effects, if any, that may result from the pandemic relating to COVID-19 on carrying amounts of property, plant and equipment, trade receivable and inventories. In developing the assumptions and estimates relating to the uncertainties as at the Balance Sheet date in relation to the recoverable amounts of these assets, the Management has considered the global economic conditions prevailing as at the date of approval of these financial results and has used internal and external sources of information to the extent determined by it. Having reviewed the underlying information, management believes the impact of the pandemic may not be significant. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.

NOTE - 46 RELATED PARTY DISCLOSURES

A List of related parties:

(i) Key managerial personnel ('KMP'):

Sr. no.	Name	Designation
KMP of Holding company:		
1	Mr. Rajendra S. Shah	Chairman
2	Mr. Bhadresh K. Shah*	Managing Director
3	Mr. Yashwant M. Patel	Whole-time Director
4	Mr. S. N. Jetheliya*	Company Secretary
5	Mr. Bhupesh P. Porwal	Chief Financial Officer (up to 31 July 2019)
6	Mr. Viren K.Thakkar	Chief Financial Officer (w.e.f. 12 August 2019)

KMP of subsidiary companies:		
1	Mr. Vinod Narain	Chairman, Welcast Steels Limited
2	Mr. Mohona Rao VVR	Chief Executive Officer, Welcast Steels Limited
3	Mr. Yashraj	Chief Financial Officer, Welcast Steels Limited
4	Mr. Paryank R. Shah	Director, Vega Industries (Middle East) F.Z.C.
5	Mr. R. A. Gilani	
6	Mr. Himanshu K. Patel	
7	Mr. Vivek S. Rathaur (w.e.f. 04 November 2019)	

*Also a key managerial personnel in Welcast Steels Limited.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 46 RELATED PARTY DISCLOSURES (Contd.)

(ii) Independent directors:

Sr. no.	Name	Company
1	Mr. Rajendra S. Shah	AIA Engineering Limited
2	Mr. Sanjay S. Majmudar	AIA Engineering Limited
3	Mr. Dileep C. Choksi	AIA Engineering Limited
4	Mr. Rajan Harivallabhdas	AIA Engineering Limited
5	Mrs. Janaki Udayanbhai Shah	AIA Engineering Limited
6	Mr. D. P. Dhanuka	Welcast Steels Limited
7	Mr. Pradip R. Shah	Welcast Steels Limited
8	Sanjay S. Majmudar	Welcast Steels Limited
9	Rajendra S. Shah	Welcast Steels Limited
10	Mr. Ashok A. Nichani	Welcast Steels Limited

(iii) Others:

Sr. no.	Name	Relationship
1	AIA Employee's Gratuity Trust Fund, India	Post employment benefit plan of AIA Engineering Limited
2	Mrs. Giraben K. Shah	Relatives of key managerial personnel
3	Mrs. Gitaben B. Shah	Relatives of key managerial personnel
4	Mrs. Khushali Samip Solanki *	Relatives of key managerial personnel
5	Mrs. Bhumika Shyamal Shodhan *	Relatives of key managerial personnel
6	Mrs. Tayaramma	Relatives of key managerial personnel
7	Pradip Shah & Co	Entity controlled by key managerial personnel
8	AB Tradelink Limited	Enterprise over which key managerial personnel or close member of their family exercise control
9	Vee Connect Travels Private Limited	Enterprise over which key managerial personnel or close member of their family exercise control
10	Discus IT Private Limited	Enterprise over which key managerial personnel or close member of their family exercise control
11	Harsha Engineers Limited	Enterprise over which key managerial personnel or close member of their family exercise control
12	RNCA & Associates	Enterprise over which key managerial personnel or close member of their family exercise control

* Non-executive director of the Holding Company.

NOTE - 46 RELATED PARTY DISCLOSURES (Contd.)

B Details of related party transactions during the year:

(₹ in Lakhs)

Sr. no.	Nature of transaction	Key Managerial Personnel		Independent Directors		Enterprise over which key managerial personnel or close member of their family exercise control		Relatives of key managerial personnel		Post employment benefit plan of the Company	
		31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019	31 March 2020	31 March 2019
1	Purchase of goods (inclusive of taxes)	-	-	-	-	2,603.09	3,668.74	-	-	-	-
2	Commission expense on purchases	-	-	-	-	77.34	112.16	-	-	-	-
3	Legal and professional consultancy fees	1.20	1.20	-	-	12.52	9.71	-	-	-	-
4	SAP ERP functional and technical support	-	-	-	-	88.94	92.19	-	-	-	-
5	Salary, bonus and perquisites	201.86	186.99	-	-	-	-	1.54	1.54	-	-
6	Contribution to gratuity fund	-	-	-	-	-	-	-	-	181.44	118.65
7	Rent, rates and taxes	-	-	-	-	-	-	5.26	3.68	-	-
8	Travelling expenses	-	-	0.75	0.41	176.06	184.47	-	-	-	-
9	Directors' remuneration and perquisites	416.26	368.79	-	-	-	-	-	-	-	-
10	Sitting fees paid	1.20	1.05	7.65	5.40	-	-	1.50	1.10	-	-
11	Commission to Directors	-	-	22.50	22.50	-	-		-	-	-
	Total	**620.52**	**558.03**	**30.90**	**28.31**	**2,957.95**	**4,067.27**	**8.30**	**6.32**	**181.44**	**118.65**
Outstanding balance receivable at year end		-	-	-	-	10.75	5.78	-	-	-	-
Outstanding balance payable at year end		20.90	20.41	20.25	20.25	134.39	160.26	0.41	0.35	478.92	181.44

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 46 RELATED PARTY DISCLOSURES (Contd.)

C Disclosures in respect of transactions with related parties during the year:

(₹ in Lakhs)

Sr. no.	Nature of transaction	Name of related party	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
1	Purchase of goods (inclusive of taxes)	Harsha Engineers Limited	2,603.09	3,668.74
2	Commission expense on purchases	AB Tradelink Limited	77.34	112.16
3	Legal and professional consultancy fees	RNCA & Associates	10.48	7.59
		Pradip Shah & Co.	2.04	2.12
		Mr. Vinod Narain	1.20	1.20
4	SAP ERP functional and technical support	Discus IT Private Limited	88.94	92.19
5	Salary, bonus and perquisites	Mrs. Gitaben B. Shah	1.54	1.54
		Mr. S. N. Jetheliya	63.55	53.78
		Mr. Bhupesh P. Porwal (up to 31 July, 2019)	30.57	79.07
		Mr. Viren K.Thakkar (w.e.f. 12 August, 2019)	51.18	-
		Mr. Mohona Rao VVRM	29.36	28.15
		Mr. Yashraj	27.20	25.99
6	Contribution to gratuity fund	AIA Employee's Gratuity Trust Fund	181.44	118.65
7	Rent, rates and taxes	Mrs. Giraben K. Shah	3.84	2.33
		Mrs. Tayaramma	1.42	1.35
8	Travelling expenses	Vee Connect Travel Private Limited	176.06	184.47
		Mr. Pradip R.Shah	0.75	0.41
9	Directors' remuneration and perquisites	Mr. Bhadresh K. Shah	111.13	112.59
		Mr. Yashwant M. Patel	14.72	14.72
		Mr. Paryank R. Shah	72.38	97.84
		Mr. R. A. Gilani	96.46	58.88
		Mr. Himanshu K. Patel	87.33	84.77
		Mr. Vivek S. Rathaur	34.24	-
10	Sitting fees paid	Mr. Rajendra S. Shah	1.40	0.85
		Mr. Bhadresh K. Shah	0.75	0.70
		Mr. Sanjay S. Majmudar	1.40	1.15
		Mr. Dileep C. Choksi	0.60	0.45
		Mr. Rajan Harivallabhdas	0.90	1.00
		Mrs. Janaki Udayanbhai Shah	0.60	-
		Mrs. Khushali Samip Solanki	0.75	0.65
		Mrs. Bhumika Shyamal Shodhan	0.75	0.45
		Mr. D. P Dhanuka	1.00	0.70
		Mr. Pradip R. Shah	1.00	0.70
		Mr. Vinod Narain	0.45	0.35
		Mr. Ashok Nichani	0.75	0.55
11	Commission to Directors	Mr. Sanjay S. Majmudar	22.50	22.50

NOTE - 46 RELATED PARTY DISCLOSURES (Contd.)

D The details of amounts due to or due from related parties as at 31 March are as follows:

(₹ in Lakhs)

Sr. no.	Particulars	Name of related party	As At 31 March 2020	As At 31 March 2019
1	**Other current liabilities**			
	Key managerial personnel	Mr. Bhadresh K. Shah	6.00	6.00
		Mr. Yashwant M. Patel	1.20	1.20
		Mr. S. N. Jetheliya	4.93	3.94
		Mr. Viren K.Thakkar	6.21	-
		Mr. Bhupesh P. Porwal	-	6.59
		Mr. Vinod Narain	0.27	0.27
		Mr. Mohona Rao VVRM	1.42	1.44
		Mr. Yashraj	0.87	0.97
		Total	**20.90**	**20.41**
2	**Trade payables**			
	Enterprise over which key managerial personnel or close member of their family exercise control	AB Tradelink Limited	11.17	1.89
		Pradip Shah & Co.	0.41	0.48
		RNCA & Associates	3.08	0.08
		Harsha Engineers Limited	119.73	157.81
	Relative of Key managerial personnel	Mrs. Tayaramma	0.12	0.13
		Mrs. Giraben K. Shah	0.29	0.22
	Independent director	Mr. Sanjay S. Majmudar	20.25	20.25
		Total	**155.05**	**180.86**
3	**Provision for employee benefits (Current)**			
	Post employment benefit plan of the Company	AIA Employee's Gratuity Trust Fund, India	478.92	181.44
		Total	**478.92**	**181.44**
4	**Advances**			
	Enterprise over which key managerial personnel or close member of their family exercise control	Discus IT Private Limited	0.74	3.43
		Vee Connect Travels Private Limited	10.01	2.35
		Total	**10.75**	**5.78**

E Breakup of compensation paid to key managerial personnel:

(₹ in Lakhs)

Sr. no.	Particulars	Name of related party	As At 31 March 2020	As At 31 March 2019
1	Short-term employee benefits	Mr. Bhadresh K. Shah	111.13	112.59
		Mr. Yashwant M. Patel	14.72	14.72
		Mr. Bhupesh P. Porwal (up to 31 July, 2019)	30.57	79.07
		Mr. Viren K.Thakkar (w.e.f. 12 August, 2019)	51.18	-
		Mr. S. N. Jetheliya	63.55	53.78
		Mr. Mohona Rao VVRM	29.36	28.15
		Mr. Yashraj	27.20	25.99
		Mr. Paryank R. Shah	72.38	97.84
		Mr. R. A .Gilani	96.46	58.88
		Mr. Himanshu K. Patel	87.33	84.77
		Mr. Vivek S. Rathaur	34.24	-
		Sub Total (a)	**618.12**	**555.78**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 46 RELATED PARTY DISCLOSURES (Contd.)

(₹ in Lakhs)

Sr. no.	Particulars	Name of related party	As At 31 March 2020	As At 31 March 2019
2	Post-employment benefits	Mr. Bhupesh P. Porwal	0.51	1.49
		Mr. Viren K.Thakkar (w.e.f. 12 August, 2019)	1.06	-
		Mr. S. N. Jetheliya	1.66	1.52
		Sub Total (b)	**3.23**	**3.01**
		Total (a+b)	**621.35**	**558.79**

Key Managerial Personnel and their relatives who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the Consolidated financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

All related party transactions entered during the year were in ordinary course of the business and are on arm's length basis. No amount has been recognised as bad or doubtful in respect of transactions with the related parties.

NOTE - 47 OPERATING SEGMENTS

(a) Information about reportable segment:

The group operates mainly in manufacturing of High Chrome Mill Internals (Castings) and all other activities are incidental thereto, which have similar risk and return, accordingly, there are no separate reportable Segment.

(b) Information about geographical segment:

The geographical information analyses the group's revenues and non-current assets by the company's country of domicile (i.e., India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets have been based on the geographical location of assets.

(₹ in Lakhs)

	Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
(1).	Revenues from external customers including operating revenue		
	India	69,343.49	78,879.45
	Outside India	2,28,744.26	2,28,070.54
(2).	Non-current assets		
	India	97,131.01	93,333.59
	Outside India	383.38	277.12

(₹ in Lakhs)

	Particulars	For the Year Ended 31 March 2020	For the Year Ended 31 March 2019
(a)	Breakup of revenues :		
	Revenue from operations	2,89,131.75	2,96,908.20
	Other operating revenue	8,956.00	10,041.79
(b).	Non-current assets		
	Non-current assets (excluding financial instruments and tax assets)	97,514.39	93,610.71

There are no transactions with a single external customer or in any single country outside India which amounts to 10% or more of the group's total revenue.

NOTE - 48 FINANCIAL RISK MANAGEMENT

The group's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk, market risk and commodity risk. The group's senior management has overall responsibility for the establishment and oversight of the group's risk management framework. The Company has constituted a Risk Management Committee which is responsible for developing and monitoring the group's risk management policies. The key risks and mitigating actions are also placed before the Audit Committee of the Company. The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The Risk Management Committee of the Company is supported by the Finance team and experts who provide assurance that the group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the group's policies and risk objectives. The activities are designed to protect the group's financial results and position from financial risks, maintain market risks within the acceptable parameters while optimising returns and protect the group's financial investments while maximising returns.

This note explains the sources of risk which the group is exposed to and how the group manages the risk in the financial statements.

Nature of risk	Exposure arising from	Measurement	Management
Credit risk	Cash and Cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis, Credit rating	Credit limit set and aging analysis protect group from potential losses due to excess credit to the customers. Further the group has also obtained ECGC insurance cover for export sales.
Liquidity risk	Borrowing and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk - foreign exchange	Future commercial transactions recognised financial assets and liabilities not denominated in INR	Cash flow forecasting, Sensitivity analysis	Forward foreign exchange contracts.
Commodity risk	Purchase of raw material	Fluctuation in imported metal scrap and ferro chrome prices and currency rates	Procurement and inventory strategy

Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle the obligation as agreed. To manage this, the group periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable. Customer wise limits are set accordingly.

The group considers the probability of default of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the group compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

(i) Actual or expected significant adverse changes in business;

(ii) Actual or expected significant changes in the operating results of the counterparty;

(iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;

(iv) Significant increase in credit risk on other financial instruments of the same counterparty.

The group categorises financial assets based on the assumptions, inputs and factors specific to the class of financial asset into High-quality assets, negligible credit risk; Quality assets, low credit risk; Standard assets, moderate credit risk; Substandard assets, relatively high credit risk; Low quality assets, very high credit risk; Doubtful assets, credit impaired.

Financial assets are written off when there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the group. The group consideres a loan or receivable for write off review when contratual payments pasts greater than one year from due date. Where loans or receivables have been written off, the group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the consolidated statement of profit and loss.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 48 FINANCIAL RISK MANAGEMENT (Contd.)

Provision for expected credit losses:

<table>
<tr><th rowspan="2">Description of category</th><th rowspan="2">Category</th><th colspan="3">Basis for recognition of expected credit loss provision</th></tr>
<tr><th>Investments</th><th>Loans and deposits</th><th>Trade receivables</th></tr>
<tr><td>Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.</td><td>High-quality assets, negligible credit risk</td><td>12 month expected credit losses</td><td>12 month expected credit losses</td><td rowspan="5">Life time expected credit losses (simplified approach)</td></tr>
<tr><td>Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.</td><td>Quality assets, low credit risk</td><td>12 month expected credit losses</td><td>12 month expected credit losses</td></tr>
<tr><td>Assets where the probability of default is moderate, counter-party where the capacity to meet the obligations is not strong.</td><td>Standard assets, moderate credit risk</td><td>12 month expected credit losses</td><td>12 month expected credit losses</td></tr>
<tr><td>Assets where there has been a significant increase in credit risk since initial recognition where payments are more than 360 days past due</td><td>Substandard assets, relatively high credit risk</td><td>Life time expected credit losses</td><td>Life time expected credit losses</td></tr>
<tr><td>Assets where there is a high probability of default. It includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 360 days past due.</td><td>Low quality assets, very high credit risk</td><td>Life time expected credit losses</td><td>Life time expected credit losses</td></tr>
<tr><td>Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the group.</td><td>Doubtful assets, credit impaired</td><td colspan="3">Asset is written off</td></tr>
</table>

Expected credit loss for loans and deposits:

(₹ in Lakhs)

<table>
<tr><th>Particulars</th><th>Asset group</th><th>Estimated gross carrying amount at default</th><th>Expected probability of default</th><th>Expected credit losses</th><th>Carrying amount net of impairment provision</th></tr>
<tr><td>As at 31 March 2020</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Loss allowance measured at 12 month expected credit losses:</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td rowspan="2">Financial assets for which credit risk has not increased significantly since initial recognition</td><td>Loans</td><td>348.61</td><td>-</td><td>-</td><td>348.61</td></tr>
<tr><td>Deposits</td><td>1,103.34</td><td>-</td><td>-</td><td>1,103.34</td></tr>
<tr><td>Loss allowance measured at life time expected credit losses:</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Financial assets for which credit risk has increased significantly and not credit impaired</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>As at 31 March 2019</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Loss allowance measured at 12 month expected credit losses:</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td rowspan="2">Financial assets for which credit risk has not increased significantly since initial recognition</td><td>Loans</td><td>389.36</td><td>-</td><td>-</td><td>389.36</td></tr>
<tr><td>Deposits</td><td>999.99</td><td>-</td><td>-</td><td>999.99</td></tr>
<tr><td>Loss allowance measured at life time expected credit losses:</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Financial assets for which credit risk has increased significantly and not credit impaired</td><td>-</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
</table>

NOTE - 48 FINANCIAL RISK MANAGEMENT (Contd.)

Expected credit loss for trade receivables under simplified approach:

Ageing of trade receivables as at year end:

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Not due	39,704.77	44,815.19
0 - 3 months	22,704.51	23,761.60
3 - 6 months	1,265.74	1,099.73
6 - 12 months	901.69	1,164.45
Beyond 12 months	779.69	542.71
Gross carrying amount	65,356.40	71,383.67
Expected credit loss	(273.05)	(356.63)
Net carrying amount	65,083.35	71,027.04

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related such risks are overseen by senior management. Management monitors the group's net liquidity position through rolling forecasts on the basis of expected cash flows. Maturity for Liquidity risk relating to lease liabilities as under:

(₹ in Lakhs)

Particulars	As at 31 March 2020
0-1 Year	419.25
2-5 Years	937.21
Above 5 Years	120.02
Grand Total	**1,476.48**

Financing arrangements

The group had access to following undrawn borrowing facilities as at year end:

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Fund and non-fund based facilities	64,226.56	64,332.37

The table below analyses derivative and non-derivative financial liabilities of the group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Lakhs)

Particulars	0-1 years	1-5 years	Total
As at 31 March 2020			
Non-derivative financial liabilities			
Long term borrowings (including current maturity of long term debt)	1,500.00	-	1,500.00
Short term borrowings	9,694.66	-	9,694.66
Trade payables	13,215.42	-	13,215.42
Other financial liabilities	1,061.31	-	1,061.31
Total	**25,471.39**	**-**	**25,471.39**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 48 FINANCIAL RISK MANAGEMENT (Contd.)

(₹ in Lakhs)

Particulars	0-1 years	1-5 years	Total
Derivative financial liabilities			
Forward exchange contracts used for hedging inflows	873.88	-	873.88
As at 31 March 2019			
Non-derivative financial liabilities			
Long term borrowings (including current maturity of long term debt)	21.87	1,500.00	1,521.87
Short term borrowings	11,289.31	-	11,289.31
Trade payables	17,360.65	-	17,360.65
Other financial liabilities	1,482.50		1,482.50
Total	**30,154.33**	**1,500.00**	**31,654.33**
Derivative financial liabilities			
Forward exchange contracts used for hedging inflows	-	-	-

Note:

Guarantees issued by the Company aggregating to ₹ 2,487.13 lakhs (previous year: ₹ 2,076.07 lakhs) on behalf of subsidiaries are with respect to borrowing limits obtained by the respective entity. These amounts will be payable on default by the concerned entity. As of the reporting date, none of the subsidiaries have any outstanding borrowing and hence the Company does not have any present obligation to third parties in relation to such guarantees.

Market risk - interest rate

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimise the group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Interest rate sensitivity

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Borrowings bearing fixed rate of interest	11,194.66	12,789.31
Borrowings bearing variable rate of interest	-	-

Exposure to interest rate risk

A change of 50 bps in interest rates would have following impact on profit before tax:

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Movement - effects on profit before tax		
50 bp increase-decrease in profits	-	-
50 bp decrease-increase in profits	-	-

The Group has no significant long-term debt.

Market risk - Foreign currency risk

The group operates internationally and large portion of the business is transacted in several currencies. Consequently the group is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Exports of the group are significantly higher in comparison to its imports. As a policy the group does not cover the foreign exchange requirements for its imports and the same is managed from the export earnings in foreign currency. Foreign currency exchange rate exposure for exports is managed by prudent hedging policy.

NOTE - 48 FINANCIAL RISK MANAGEMENT (Contd.)

Foreign currency exposure:

Particulars	Assets			Liabilities		
	Trade receivables (net of hedge)	Bank balances in EEFC accounts	Total exposure to foreign currency risk	Trade payables	Foreign currency loans	Total exposure to foreign currency risk
As at 31 March 2020:						
USD	4,91,38,703	80,89,561	5,72,28,264	2,893	87,50,000	87,52,893
EURO	58,57,165	26,28,366	84,85,531	1,08,011	-	1,08,011
ZAR	4,55,88,427	3,13,79,830	7,69,68,257	-	-	-
GBP	-	2,26,394	2,26,394	39,964	-	39,964
CAD	1,66,449	1,48,338	3,14,787	-	-	-
AUD	1,22,59,590	27,45,692	1,50,05,282	-	-	-
AED	-	90,293	90,293	600	-	600
CNY	-	39,93,745	39,93,745	1,35,485	-	1,35,485
RUB	25,69,560	12,762	25,82,322	-	-	-
CLP	61,63,40,755	22,44,14,298	84,07,55,053	-	-	-
IDR	4,11,40,000	55,67,40,590	59,78,80,590	-	-	-
GHC	-	61,57,832	61,57,832	-	-	-
As at 31 March 2019:						
USD	6,35,31,256	1,85,80,545	8,21,11,801	1,74,445	1,32,50,000	1,34,24,445
EURO	34,30,697	13,81,334	48,12,031	1,13,238	-	1,13,238
ZAR	6,31,30,241	2,98,81,985	9,30,12,226	-	-	-
GBP	883	21,787	22,670	-	-	-
CAD	6,82,459	2,34,332	9,16,791	-	-	-
AUD	55,72,359	29,17,182	84,89,541	-	-	-
AED	-	4,40,053	4,40,053	-	-	-
CNY	15,69,805	30,60,620	46,30,425	-	-	-

Foreign currency risk sensitivity

(₹ in Lakhs)

Particulars	Movement (%)		Effect on profit before tax	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
USD sensitivity				
INR / USD- increase by	1.00	1.00	365.35	475.33
INR / USD- decrease by	1.00	1.00	(365.35)	(475.33)
Euro sensitivity				
INR / Euro- increase by	1.00	1.00	69.60	36.49
INR / Euro- decrease by	1.00	1.00	(69.60)	(36.49)
ZAR sensitivity				
INR / ZAR- increase by	1.00	1.00	32.62	44.46
INR / ZAR- decrease by	1.00	1.00	(32.62)	(44.46)
GBP sensitivity				
INR / GBP- increase by	1.00	1.00	1.75	0.20
INR / GBP- decrease by	1.00	1.00	(1.75)	(0.20)

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 48 FINANCIAL RISK MANAGEMENT (Contd.)

(₹ in Lakhs)

Particulars	Movement (%)		Effect on profit before tax	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
CAD sensitivity				
INR / CAD- increase by	1.00	1.00	1.68	4.76
INR / CAD- decrease by	1.00	1.00	(1.68)	(4.76)
AUD sensitivity				
INR / AUD- increase by	1.00	1.00	69.44	41.74
INR / AUD- decrease by	1.00	1.00	(69.44)	(41.74)
AED sensitivity				
INR / AED- increase by	1.00	1.00	0.18	0.35
INR / AED- decrease by	1.00	1.00	(0.18)	(0.35)
CNY sensitivity				
INR / CNY- increase by	1.00	1.00	4.11	4.78
INR / CNY- decrease by	1.00	1.00	(4.11)	(4.78)
RUB sensitivity				
INR / RUB- increase by	1.00	-	0.25	-
INR / RUB- decrease by	1.00	-	(0.25)	-
CLP sensitivity				
INR / CLP- increase by	1.00	1.00	7.42	-
INR / CLP- decrease by	1.00	1.00	(7.42)	-
IDR sensitivity				
INR / IDR- increase by	1.00	-	0.28	-
INR / IDR- decrease by	1.00	-	(0.28)	-
GHC sensitivity				
INR / GHC- increase by	1.00	-	8.04	-
INR / GHC- decrease by	1.00	-	(8.04)	-

The following significant exchange rates have been applied during the year:

(Amount in ₹)

Rupees	Average rate		Year-end spot rate	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
USD	70.54	69.89	75.37	69.20
EUR	78.46	78.97	83.08	77.65
ZAR	4.80	5.14	4.24	4.78
CAD	53.20	51.19	53.39	51.87
GBP	90.06	90.81	93.87	90.36
AUD	48.39	49.60	46.28	49.16
AED	19.21	18.29	20.52	18.84
CNY	10.16	-	10.65	-
RUB	1.10	-	0.97	-
CLP	0.10	-	0.09	-
IDR	0.00	-	0.00	-
GHC	12.99	-	13.06	-

Derivative financial instruments

The Group holds derivative financial instruments such as foreign currency forwards to mitigate the risk of changes in exchange rate on foreign currency exposures relating to the underlying transactions and firm commitments. The counterparty for these contracts are banks. These derivative financial instruments are generally with a maturity upto 1 year. The Group does not enter into any derivative instruments for trading or speculative purposes.

NOTE - 48 FINANCIAL RISK MANAGEMENT (Contd.)

Cash flow hedge:

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

Currency - sold / bought	Exposure to buy / sell	No. of contracts	Net position		Fair value gain / (loss) in cash flow hedge reserve
			Foreign currency	₹ in lakhs	₹ in lakhs
31 March 2020					
USD / INR	Sell	171	5,01,75,000	37,815.64	(1,168.67)
ZAR / INR		24	3,90,00,000	1,652.86	294.79
					(873.88)
		Less : Deferred tax			(219.94)
		Balance in cash flow hedge reserve			(653.94)
31 March 2019					
USD / INR	Sell	77	2,60,00,000	17,992.62	652.64
ZAR / INR		96	9,60,00,000	4,583.33	343.88
					996.52
		Less : Deferred tax			(348.24)
		Balance in cash flow hedge reserve			648.28

The movement of cash flow hedges in other comprehensive income is as follows:

(₹ in Lakhs)

Particulars	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of the year (net of tax)	648.28	(131.72)
Change in the fair value of effective portion of cash flow hedges in Other comprehensive income (net of tax)	(1,302.22)	780.00
Balance at the end of the year (net of tax)	**(653.94)**	**648.28**

Commodity Risk

Principal raw materials for Group's products are metal scrap and ferro chrome. Group sources its raw material requirement from domestic and international markets. Domestic market price generally remains in line with international market prices. Volatility in metal prices, currency fluctuation of rupee viz a viz other prominent currencies coupled with demand-supply scenario in the world market affect the effective price of metal scrap and ferrous metal. The group effectively manages availability of material as well as price volatility through:

(i) widening its sourcing base;

(ii) appropriate contracts with vendors and customers and commitments;

(iii) well planned procurement and inventory strategy.

Risk committee has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 48 FINANCIAL RISK MANAGEMENT (Contd.)

Consumption details of Metal scrap and Ferro chrome:

Particulars	(Qty. in MT)	
	2019-20	2018-19
Metal scrap	2,12,575	2,33,191
Ferro chrome	66,517	70,186

Commodity price sensitivity:

Increase / (decrease) in prices of metal scrap / ferro chrome by Re. 1 per kg would have following impact on profit before tax:

(₹ in Lakhs)

Particulars	2019-20	2018-19
Re. 1 increase in commodity price	(2,790.92)	(3,033.77)
Re. 1 decrease in commodity price	2,790.92	3,033.77

(B) Capital Management

A. The group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern so that they can continue to provide return for shareholders and benefits for other stakeholders.
- maintain an optimal capital structure to reduce the cost of capital.

The group monitors capital on the basis of the following debt equity ratio:

(₹ in Lakhs)

Particulars	2019-20	2018-19
Debt *	11,194.66	12,811.18
Total equity	3,70,128.64	3,51,370.81
Debt to total equity	0.03	0.04

* Debt includes borrowings and current maturities of long term debt in other financial liabilities.

Group believes in conservative leverage policy. Group's capital expenditure plan over the medium term shall be largely funded through internal accruals and suppliers' credit.

B. The Company follows the policy of Dividend for every financial year as may be decided by the Board considering financial performance of the Company and other internal and external factors enumerated in the Company's dividend policy such as reinvestment of capital in business. Company's Dividend policy is to distribute 10-25% of its consolidated net profit as dividend (including dividend distribution tax).

NOTE - 49 FAIR VALUE MEASUREMENTS

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable input).

A. Financial assets :

(₹ in Lakhs)

Particulars	Note	Instruments carried at			Total carrying value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
As at 31 March 2020						
Non-current investments #	8	85.82	-	-	85.82	85.82
Current investments	14	1,31,763.55	-	10,000.00	1,41,763.55	1,31,763.55
Trade receivables	9, 15	-	-	65,083.35	65,083.35	-
Loans	10, 17	-	-	1,451.95	1,451.95	-
Cash and cash equivalents	16	-	-	14,849.19	14,849.19	-
Bank balances other than above	16	-	-	632.98	632.98	-
Other financial assets	18	-	-	3,889.41	3,889.41	-
Total		**1,31,849.37**	**-**	**95,906.88**	**2,27,756.25**	**1,31,849.37**
As at 31 March 2019						
Non-current investments #	8	85.58	-	-	85.58	85.58
Current investments	14	1,11,872.03	-	2,500.00	1,14,372.03	1,11,872.03
Trade receivables	9, 15	-	-	71,027.04	71,027.04	-
Loans	10, 17	-	-	1,389.35	1,389.35	-
Cash and cash equivalents	16	-	-	20,830.85	20,830.85	-
Bank balances other than above	16	-	-	800.72	800.72	-
Derivatives		996.49	-	-	996.49	996.49
Other financial assets	18	-	-	6,576.55	6,576.55	-
Total		**1,12,954.10**	**-**	**1,03,124.51**	**2,16,078.61**	**1,12,954.10**

Investments in subsidiaries classified as equity investments and investment in government securities have been accounted at historical cost. Since these are scope out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the above table. Investments in unquoted equity shares of entities other than subsidiaries have been designated as FVTPL and such investment upon sale is only going to fetch the principle amount invested and hence the Company considers cost and fair value to be the same.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 49 FAIR VALUE MEASUREMENTS (Contd.)

B. Financial liabilities :

(₹ in Lakhs)

Particulars	Note	Instruments carried at			Total carrying value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
As at 31 March 2020						
Borrowings	22, 25	-	-	9,694.66	9,694.66	-
Trade payables	27	-	-	13,215.42	13,215.42	-
Derivatives	-	873.88	-	-	873.88	873.88
Other financial liabilities	28	-	-	2,561.31	2,561.31	-
Total		**873.88**	**-**	**25,471.39**	**26,345.27**	**873.88**
As at 31 March 2019						
Borrowings	22, 25	-	-	12,789.31	12,789.31	-
Trade payables	27	-	-	17,360.65	17,360.65	-
Derivatives	-	-	-	-	-	-
Other financial liabilities	28	-	-	1,504.37	1,504.37	-
Total		**-**	**-**	**31,654.33**	**31,654.33**	**-**

The following table provides the fair value measurement hierarchy of the group's financial assets and financial liabilities:

(₹ in Lakhs)

Particulars	Note	Fair value	Level 1	Level 2	Level 3
As at 31 March 2020					
Financial assets					
Current investments	14				
Investments in mutual funds (quoted)		1,11,172.42	1,11,172.42	-	-
Investments in bonds (quoted)		20,591.13	20,591.13	-	-
Financial liabilities					
Derivatives		873.88	-	873.88	-
As at 31 March 2019					
Financial assets					
Current investments	14				
Investments in mutual funds (quoted)		90,550.14	90,550.14	-	-
Investments in bonds (quoted)		21,321.89	21,321.89	-	-
Financial Liabilities					
Derivatives		996.49	-	996.49	-

Note: During the year, there has not been transfer of any financial assets or financial liabilitlies between level 1 and level 2.

NOTE - 50 DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE HOLDING COMPANY AND ITS SUBSIDIARIES AS PER SCHEDULE III OF COMPANIES ACT, 2013

(₹ in Lakhs)

Name of the Company	Country of incorpo-ration	Net assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		Net assets	As % of consolidated net assets	Profit / (loss)	As % of consolidated profit or loss	Other comprehensive income	As % of consolidated OCI	Total comprehensive income	As % of consolidated TCI
31 March 2020									
Holding Company									
AIA Engineering Limited	India	3,61,225.16	97.59%	83,252.97	141.02%	262.61	(67.30%)	83,515.58	142.41%
Indian subsidiaries (direct)									
Welcast Steels Limited	India	3,441.95	0.93%	(26.29)	(0.04%)	(13.93)	3.57%	(40.22)	(0.07%)
AIA CSR Foundation	India	1.00	-	-	-	-	-	-	-
Foreign subsidiaries (direct)									
Vega Industries (Middle East) F.Z.C.	U.A.E	10,068.85	2.72%	10,744.32	18.20%	-	-	10,744.32	18.32%
Foreign subsidiaries (indirect)									
Vega Industries Limited	U. K.	1,034.05	0.28%	47.72	0.08%	-	-	47.72	0.08%
Vega Industries Limited	U. S. A.	1,046.46	0.28%	47.55	0.08%	-	-	47.55	0.08%
Vega Steel Industries (RSA) Proprietary Limited	South Africa	210.46	0.06%	(6.26)	(0.01%)	-	-	(6.26)	(0.01%)
Wuxi Vega Trade Co. Limited	China	197.84	0.05%	(23.85)	(0.04%)	-	-	(23.85)	(0.04%)
PT. Vega Industries Indonesia	Indonesia	(86.21)	(0.02%)	(53.63)	(0.09%)	-	-	(53.63)	(0.09%)
Vega Industries Chile SpA	Chile	(293.39)	(0.08%)	(273.92)	(0.46%)	-	-	(273.92)	(0.47%)
AIA Ghana Limited	Ghana	593.52	0.16%	93.95	0.16%	-	-	93.95	0.16%
Vega Industries Australia PTY Limited	Australia	(0.22)	(0.00%)	1.30	0.00%	-	-	1.30	0.00%
Add / (less):									
Adjustment arising out of consolidation		(6,385.60)	(1.73%)	(34,771.85)	(58.90%)	-	-	(34,771.85)	(59.29%)
Exchange differences on translation of foreign operations		-	-	-	-	(642.38)	164.63%	(642.38)	(1.10%)
Non-controlling interests in:									
Welcast Steels Limited		(865.68)	(0.23%)	6.61	0.01%	(3.50)	(0.90%)	10.11	0.02%
Vega Steel Industries (RSA) Proprietary Limited		(59.55)	(0.02%)	(2.82)	(0.00%)	-	-	(2.82)	(0,00%)
Total		**3,70,128.64**	**100.00%**	**59,035.80**	**100.00%**	**(390.20)**	**100.00%**	**58,645.60**	**100.00%**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 50 DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE HOLDING COMPANY AND ITS SUBSIDIARIES AS PER SCHEDULE III OF COMPANIES ACT, 2013 (Contd.)

(₹ in Lakhs)

Name of the Company	Country of incorpo-ration	Net assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		Net assets	As % of consolidated net assets	Profit / (loss)	As % of consolidated profit or loss	Other comprehensive income	As % of consolidated OCI	Total comprehensive income	As % of consolidated TCI
31 March 2019									
Holding Company									
AIA Engineering Limited	India	3,17,604.61	90.39%	41,482.17	81.21%	95.16	(14.55%)	41,577.33	82.45%
Indian subsidiaries (direct)									
Welcast Steels Limited	India	3,501.40	1.00%	183.90	0.36%	1.79	(0.27%)	185.69	0.37%
AIA CSR Foundation	India	1.00	0.00%	0.82	-	-	-	0.82	0.00%
Foreign subsidiaries (direct)									
Vega Industries (Middle East) F.Z.C.	U.A.E	31,487.23	8.96%	9,622.64	18.84%	-	-	9,622.64	19.08%
Foreign subsidiaries (indirect)									
Vega Industries Limited	U. K.	4,626.75	1.32%	158.63	0.31%	-	-	158.63	0.31%
Vega Industries Limited	U. S. A.	916.44	0.26%	119.40	0.23%	-	-	119.40	0.24%
Vega Steel Industries (RSA) Proprietary Limited	South Africa	212.65	0.06%	39.34	0.08%	-	-	39.34	0.08%
Wuxi Vega Trade Co. Limited	China	220.73	0.06%	(40.98)	(0.08%)	-	-	(40.98)	(0.08%)
PT. Vega Industries Indonesia	Indonesia	40.32	0.01%	(25.38)	(0.05%)	-	-	(25.38)	(0.05%)
Vega Industries Chile SpA	Chile	(19.78)	(0.01%)	(83.08)	(0.16%)	-	-	(83.08)	(0.16%)
AIA Ghana Limited	Ghana	482.55	0.14%	(173.06)	(0.34%)	-	-	(173.06)	(0.34%)
Vega Industries Australia Pty. Ltd.,	Australia	(2.66)	0.00%	(2.79)	(0.01%)	-		(2.79)	(0.01%)
Add / (less):									
Adjustment arising out of consolidation		(6,770.80)	(1.93%)	(137.84)	(0.27%)	-	-	(137.84)	(0.27%)
Exchange differences on translation of foreign operations		-	-	-	-	(752.07)	114.96%	(752.07)	(1.49%)
Non-controlling interests in:									
Welcast Steels Limited		(880.60)	(0.25%)	(46.25)	(0.09%)	0.91	(0.14%)	(45.34)	(0.09%)
Vega Steel Industries (RSA) Proprietary Limited		(49.03)	(0.01%)	(14.47)	(0.03%)	-	-	(14.47)	(0.03%)
Total		**3,51,370.81**	**100.00%**	**51,083.05**	**100.00%**	**(654.21)**	**100.00%**	**50,428.84**	**100.00%**

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020 (Contd.)

NOTE - 51 Previous Year's figures have been regrouped / reclassified wherever necessary to confirm to current year presentation.

As per our report of even date attached.

For and on behalf of the Board of Directors
AIA Engineering Limited
CIN: L29259GJ1991PLC015182

For **B S R & CO. LLP**
Chartered Accountants
Firm's Registration No : 101248W/W-100022

NIRAV PATEL
Partner
Membership No: 113327

Place : Mumbai
Date : 22 June 2020

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

VIREN K. THAKKAR
Chief Financial Officer

Place : Ahmedabad
Date : 22 June 2020

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

S. N. JETHELIYA
Company Secretary
(ACS: 5343)

Place : Ahmedabad
Date : 22 June 2020

NOTE

NOTE

NOTE

NOTICE

Notice is hereby given that the **THIRTIETH ANNUAL GENERAL MEETING** of the members of **AIA ENGINEERING LIMITED** will be held on Monday, the 21st September, 2020 at 10.00 A.M. through Video Conferencing / Other Audio Visual Means to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone and Consolidated Audited Balance Sheets as at 31st March 2020 and the Statements of Profit and Loss for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.

2. To confirm the Interim Dividend declared on Equity Shares for the Financial Year ended 31st March 2020.

3. To appoint a Director in place of Mr. Yashwant M. Patel (DIN 02103312), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI LODR Regulations") the approval of the members be and is hereby accorded to the material related party transactions entered/to be entered into and carried out in the ordinary course of business and at arm's length price with Welcast Steels Limited (WSL), a Subsidiary of the Company and Related Party as per Indian Accounting Standard (IndAS) 24, for the purchase of goods during the period from 1st April, 2020 to 31st March, 2021 for an aggregate amount, which may exceed the threshold limit of 10 percent of annual consolidated turnover of the Company for the financial year 2019-20 on the terms and conditions as mentioned in the Contract Manufacturing Agreement entered into by the Company with WSL on 1st January, 2014.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 148 and other provisions, if any, of the Companies Act 2013, read with Companies [Audit and Auditors] Rules, 2014 [including any statutory modification (s) or re-enactment(s) thereof for the time being in force], the consent of the members be and is hereby accorded to ratify the remuneration, decided by the Board of Directors on the recommendations of the Audit Committee, of ₹ 4.00 Lakhs payable to M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad appointed by the Board to conduct the audit of cost records of the Company for the Financial Year 2020-2021.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 197 and 198 and any other applicable provisions of the Companies Act, 2013 (Act) and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17(6) (ca) of the SEBI LODR Regulations as amended by the SEBI LODR Regulations (Amendment) Regulations, 2018, a sum of ₹ 22.50 Lakh per annum be paid a remuneration by way of commission to Mr. Sanjay S. Majmudar (DIN: 00091305), a Non-Executive, Independent - Director of the Company as may be decided between him and Company and such payments shall be made in respect of the profits of the Company for Financial Year 2020-21.

   RESOLVED FURTHER THAT the above remuneration shall be in addition to fee payable to the Director(s) for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other meetings."

SPECIAL BUSINESS:

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies(Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17 (1A), 25 and any other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") (including any statutory modification (s) or re-enactment thereof, for the time being in force), Mr. Rajan Ramkrishna Harivallabhdas (DIN: 00014265), who was appointed as an Independent Director for the first term of five (5) consecutive years from 24th September, 2015 to 23rd September, 2020 and being eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five (5) consecutive years with effect from 24th September, 2020 even after he attains the age of seventy five years."

By Order of the Board of Directors,

Place: Ahmedabad
Date: 22nd June, 2020

(S. N. Jetheliya)
Company Secretary

NOTES

1. The Explanatory Statements, pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business to be transacted at the meeting, are annexed hereto.

2. Pursuant to the provisions of the Act, a Member is entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, the requirement of physical attendance of members has been dispensed with. Accordingly, in terms of the MCA Circulars and SEBI Circular, the facility of appointment of proxies by the members will not be available for this AGM and hence the Proxy Form, Attendance Slip and Route Map of the AGM venue are not annexed to this Notice.

3. An Interim Dividend of ₹ 27 per share (1350%) has been declared and paid by the Board of Directors during the year ended 31st March, 2020 and the same is proposed to be confirmed by the approval of the members at the ensuing Annual General Meeting.

4. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or Registrar & Share Transfer Agent.

5. In compliance with the circular of Ministry of Corporate Affairs for a "Green Initiative in the Corporate Governance" by allowing / permitting service of documents etc. in electronic form, electronic copy of the Annual Report of F.Y. 2019-20 is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes.

6. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection electronically during the period of AGM.

   The Company proposes to send documents, such as the Notice of the Annual General Meeting and Annual Report etc. henceforth to the Members in electronic form at the e-mail address provided by them and made available to the Company by the Depositories from time to time.

   The un-audited half-yearly and quarterly financial results of the Company are uploaded at the website of the Company.

   In case you wish to receive the above documents in physical form, you are requested to please inform to the below mentioned E-mail ID. Please quote Name, your Demat Account No. [DP ID No. and Client ID No.].

   Email ID for reply :ric@aiaengineering.com

7. The Ministry of Corporate Affairs has notified provisions relating to unpaid/unclaimed dividend under Section 124 and 125 of the Companies Act, 2013 and Investor Education Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016.

Those members who has so far not en-cashed their dividend warrants for the below mentioned financial years, may claim or approach the Company for the payment thereof as the same will be transferred to the Investors' Education and Protection Fund (IEPF) of the Central Government, pursuant to Section 125 of the Companies Act, 2013. Members are requested to note that after such dates, the members will be required to claim their dividend from IEPF Authority.

Sr. No.	Financial Year	Type of Dividend	Due date of Transfer to IEPF
1.	2012-13	Final Dividend	18.09.2020
2.	2013-14	Final Dividend	18.10.2021
3.	2014-15	Final Dividend	31.10.2022
4.	2015-16	Interim & Special Interim Dividend	16.04.2023
5.	2016-17	Interim Dividend	21.03.2024
6.	2016-17	Final Dividend	19.09.2024
7.	2017-18	Interim Dividend	28.04.2025
8.	2018-19	Final Dividend	18.09.2026
9.	2019-20	Interim Dividend	16.04.2027

The IEPF Rules mandate the Companies to transfer the shares of those shareholders whose dividends remain unpaid/unclaimed for a period of seven consecutive years to the demat account of IEPF Authority. In accordance with the aforesaid IEPF Rules, the Company has sent notice to all the shareholders whose shares are due to be transferred to the IEPF Authority and has also published newspaper advertisement on 17th June 2020.

8. **Voting through Electronic means:**

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies [Management and Administration] Rules, 2014, the Company is providing e-voting facility as an alternative mode of voting which will enable the members to cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services [India] Limited (CDSL) to facilitate e-voting.

(i) Mr. Tushar M. Vora, Practicing Company Secretary [Membership No. FCS 3459] has been appointed as the Scrutinizer to scrutinize the e-voting and remote e-voting process in a fair and transparent manner.

(ii) Members who have cast their vote by remote e-voting prior to the meeting can also attend the meeting but shall not be entitled to cast their vote again.

(iii) The voting rights of members shall be in proportion to their shares in the paid up equity share capital of the Company as on cut-off date. A person, whose names is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date i.e. 14th September, 2020 only shall be entitled to avail the facility of remote e-voting.

(iv) Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the notice and holding shares as on cut-off date, may cast vote after following the instructions for e-voting as provided in the notice convening the meeting, which is available on the website of the Company and CDSL. However, if you are already registered with CDSL for remote e-voting then you can use your existing User ID and password for casting your vote.

The detailed process, instructions and manner of e-voting facility is annexed to the notice.

9. Re-appointment / Appointment of Directors:

Mr. Yashwant M. Patel (DIN 02103312), Whole-Time Director of the Company will retire by rotation at the ensuing 30th Annual General Meeting of the members of the Company and being eligible, has offered himself for re-appointment.

Mr. Rajan Ramkrishna Harivallabhdas (DIN - 00014265) has been appointed as an Independent Director for a period of 5 consecutive years from 24th September, 2015 to 23rd September, 2020. The Board, on the recommendation of Nomination and Remuneration Committee, has re-appointed him as an Independent Director for a further period of 5 consecutive years from 24th September 2020 and proposed a resolution for member's approval at the ensuing Annual General Meeting.

Pursuant to the requirements under the SEBI LODR Regulations relating to Corporate Governance, a Statement containing brief resume of the above Directors together with the details of shares held by them, if any, is annexed hereto.

REQUEST TO THE MEMBERS

Members desiring any relevant information on the Accounts at the Annual General Meeting are requested to write to the Company at least seven days in advance at its Registered Office/Corporate Office, so as to enable the Company to keep the information ready.

EXPLANATORY STATEMENTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 SETTING OUT ALL MATERIAL FACTS RELATING TO SPECIAL BUSINESSES MENTIONED IN THE ACCOMPANYING NOTICE:

ITEM NO. 4:

Welcast Steels Limited, (WSL), is a Subsidiary of the Company. The Company is holding 74.85% Shares in the Equity Share Capital of WSL. WSL is a Related Party as per definition under Section 2 (76) of the Companies Act, 2013 and SEBI LODR Regulations.

The provisions of Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time exempts any transactions entered into by the Company in its ordinary course of business and done at arm's length price, from the requirement of prior approval of the members by way of an Ordinary Resolution.

Transactions to be entered into / carried out with WSL are of purchase and sale of goods. Omnibus approval of the Audit Committee has been obtained at its meeting held on 31st January, 2020.

Mr. Bhadresh K. Shah, Managing Director, Mr. Rajendra S. Shah, Chairman, Mr. Sanjay S. Majmudar, Director, Mrs. Khushali S. Solanki, Director, all being Directors in WSL and Mr. S. N. Jetheliya, Company Secretary who is also a Company Secretary of WSL are related to WSL.

Further, Regulation 23 of SEBI LODR Regulations (as amended w.e.f. 01.04.2019) requires that the entities/persons falling under the definition of related party shall not vote to approve the relevant transaction irrespective of whether the entity/person is a party to the transaction or not. Accordingly, all the above persons being related shall not vote to approve this resolution of the notice.

The annual consolidated turnover of the Company as per the audited Financial Statements for the year ended 31st March, 2020 is ₹ 2,891.32 Crore. It is presumed that the transactions to be entered with WSL in the Current Financial Year of 2020-21 may exceed the threshold limit of 10% of annual consolidated turnover of the Company.

The approval of the members for the transactions proposed to be entered into and carried out with WSL during the financial year 2020-21, in ordinary course of business and at arm's length price, is being sought by way of abundant caution and as a proactive measure.

Except Mr. Bhadresh K. Shah, Managing Director, Mr. Rajendra S. Shah, Chairman, Mr. Sanjay S. Majmudar, Director, Mrs. Khushali S. Solanki, Director and Mr. S.N. Jetheliya, Company Secretary of the Company and their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives, are in any way concerned or interested in the said Resolution.

The Board recommends passing of the said resolution by way of an Ordinary Resolution for the approval of the Members of the Company.

ITEM NO. 5.

The Board of Directors on the recommendation of the Audit Committee, re-appointed M/s. Kiran J. Mehta, Cost Accountants, Ahmedabad as the Cost Auditors to carry out the audit of cost records of the Company for the financial year 2020-21 and fixed remuneration of ₹ 4.00 Lakhs plus applicable tax and out of pocket expenses.

As per the provisions of Section 148 of the Companies Act, 2013 read with the Companies [Audit and Auditors] Rules, 2014, the remuneration fixed by the Board of Directors shall be ratified by the members by passing a resolution.

Accordingly, consent of the members is being sought for passing an Ordinary Resolution for ratification of remuneration payable to the Cost Auditors to carry out the audit of cost records of the Company for the financial year 2020-21.

None of the Directors, Key Managerial Personnel or their relatives can be considered to be concerned or interested in the resolution.

The Board recommends passing of the said resolution as an Ordinary Resolution for the approval of members of the Company.

ITEM NO. 6

As per Regulation 17(6) (ca) of the SEBI LODR Regulations as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of shareholders by Special Resolution is required to be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty (50%) per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

In view of the above provisions read with Sections 149, 197 & 198 and any other relevant provisions of the Companies Act, 2013 and after taking into account the roles and responsibilities of the Directors, it is proposed that Mr. Sanjay S. Majmudar (DIN: 00091305), a Non-Executive, Independent - Director of the Company be paid a remuneration by way of Commission of ₹ 22.50 Lakh per annum. This remuneration will be distributed to him in accordance with the directions given by the Board of Directors and subject to any other applicable requirements under the Companies Act, 2013.

This remuneration is in addition to fee payable to the Directors for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, and reimbursement of expenses for participation in the Board and other meetings.

Accordingly, the approval of the Members is sought by way of a Special Resolution under 17(6) (ca) of the SEBI LODR Regulations as amended from time to time for payment of remuneration by way of Commission to Mr. Sanjay S. Majmudar (DIN: 00091305), a Non-Executive, Independent - Director of the Company.

Except Mr. Sanjay S. Majmudar (DIN: 00091305), none of the Directors, Key Managerial Personnel or their relatives can be considered to be interested in or concerned in the resolution.

The Board recommends passing of the said resolution by way of a Special Resolution for the approval of the Members of the Company.

ITEM NO. 7

Mr. Rajan Ramkrishna Harivallabhdas (DIN: 00014265) was appointed as Non-Executive Independent Director by the members of the Company in their Twenty Fifth Annual General Meeting of the Company held on 24th September, 2015 for a term of five consecutive years with effect from 24th September, 2015 to 23rd September, 2020.

The Nomination and Remuneration Committee ("NRC") of the Board of Directors, on the basis of the report of performance evaluation, has recommended the re-appointment of Mr. Rajan Ramkrishna Harivallabhdas as an Independent Director for a second term of five (5) consecutive years on the Board of the Company.

The Board, based on the performance evaluation and as per the recommendation of the NRC, consider that, given his background and rich experience and valuable contribution made by him during his tenure, the continued association of Mr. Rajan Ramkrishna Harivallabhdas would be beneficial to the Company and it is desirable to continue to avail his service as an Independent Director. Accordingly, it is proposed to re-appoint Mr. Rajan Ramkrishna Harivallabhdas as an Independent Director of the Company, not liable to retire by rotation, for a second term of five (5) consecutive years on the Board of the Company.

Mr. Rajan Ramkrishna Harivallabhdas is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 ("Act") and has given his consent to act as a Director.

The Company has also received declaration from Mr. Rajan Ramkrishna Harivallabhdas that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and Regulation 16 of SEBI LODR Regulations. Mr. Rajan Ramkrishna Harivallabhdas is independent of the management.

As per Regulation 17(1A) of SEBI LODR Regulations, no listed Company shall appoint or continue the directorship of any person effective from 01.04.2019 as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect. During his second tenure as an Independent Director, Mr. Rajan Ramkrishna Harivallabhdas will attain the age of seventy five years, it is required to obtain approval of shareholders by passing a special resolution.

Accordingly, on passing, this special resolution shall also be treated as the special resolution passed under Regulation 17(1A) of SEBI LODR Regulations.

Relevant details as stipulated under Regulation 26(4) and 36(3) of the SEBI LODR Regulations and Secretarial Standard on General Meetings ("SS-2") issued by Institute of Company Secretaries of India, in respect of Mr. Rajan Ramkrishna Harivallabhdas are annexed to the Notice.

Copy of the draft letter of appointment of Mr. Rajan Ramkrishna Harivallabhdas setting out the terms and conditions of appointment is available for inspection without any fees by the members at the Registered Office of the Company during normal business hours on working days upto the date of AGM.

Mr. Rajan Ramkrishna Harivallabhdas does not hold by himself or together with his relatives two percent or more of the total voting power of the Company.

Mr. Rajan Ramkrishna Harivallabhdas is interested in the Resolution set out at Item No. 7 of the Notice with regard to his reappointment. Relatives of Mr. Rajan Ramkrishna Harivallabhdas may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise in the resolution.

This explanatory statement may also be regarded as a disclosure under the Act and as per SEBI LODR Regulations. The Board recommends the Special Resolution set out at Item No. 7 of the Notice for approval by the Members.

By Order of the Board of Directors,

Place: Ahmedabad

Date: 22nd June, 2020

(S. N. Jetheliya)

Company Secretary

Relevant details as stipulated under Regulation 26(4) and 36(3) of the SEBI LODR Regulations and Secretarial Standard on General Meetings ("SS-2") issued by Institute of Company Secretaries of India, with regard to the Directors seeking Appointment/Re-appointment at the forthcoming Annual General Meeting (Refer Item No. 3 & 7)

Name of the Director	Mr. Yashwant M. Patel
Age	77 years
Date of first appointment on the Board of the Company	12th November, 2010
Qualification	B. Sc (Chemistry)
Experience (brief resume)	He possesses rich and varied experience in Production, Administration, HR and Accounts.
Disclosure of Relationship	N.A.
No. of shares in listed company	NIL
Terms and Conditions of Re-appointment	As per Resolution at Item No. 3 of the Notice convening this Annual General Meeting, Mr. Yashwant M. Patel is liable to retire by rotation and is proposed to be re-appointed as a Director of the Company.
Remuneration last drawn (including sitting fee if any)	₹ 1.20 Lakhs per month.
Remuneration proposed to be paid	He shall be paid remuneration of ₹ 1.20 Lakhs p.m. as a Whole-Time Director of the Company. He shall not be paid any sitting fee.
Number of meetings of the Board attended during the financial year	Please refer Corporate Governance Report section of the Annual Report 2019-20
Directorship held in other public Companies	
Chairmanship/Membership of Committees of other Boards	

Name of the Director	Rajan Ramkrishna Harivallabhdas
Age	72 years
Date of first appointment on the Board of the Company	14th May, 2015
Qualification	B.Com, MBA - USA
Experience (brief resume)	He was Managing Director and Director in various companies as part of the family managed Textile, Engineering and Chemical companies known as Shri Ambica Mills Group from 1973 to 1988. In this capacity he acquired experience of management, finance and marketing. Thereafter, he promoted and managed the family's private chemical manufacturing companies. Later he promoted and managed as Chairman and Managing Director of a Public Listed chemical manufacturing company HK. Finechem Ltd. from 1992 to 2010. The Company is one of the few manufacturers of speciality chemicals using for the first time in India imported molecular distillation equipment along with fractionation column designed by Sulzer of Switzerland.
Disclosure of Relationship	N.A.
No. of shares in listed company	NIL
Terms and Conditions of Re-appointment	As per Resolution at Item No. 7 of the Notice convening this Annual General Meeting read with Explanatory Statement thereto, Mr. Rajan Harivallabhdas is proposed to be re-appointed as an Independent Director of the Company for a second term of five (5) consecutive years from 24th September, 2020.
Remuneration last drawn (including sitting fee if any)	₹ 0.90 Lakhs (sitting fee)
Remuneration proposed to be paid	He shall be paid remuneration by way of sitting fee .
Number of meetings of the Board attended during the financial year	Please refer Corporate Governance Report Section of the Annual Report 2019-20
Directorship held in other public Companies	
Chairmanship/Membership of Committees of other Boards	

By Order of the Board of Directors,

Place: Ahmedabad
Date: 22nd June, 2020

(S. N. Jetheliya)
Company Secretary

INSTRUCTIONS FOR E-VOTING:

CDSL e-Voting System – Remote & e-voting facility

1. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated 8th April, 2020, 13th April, 2020 and 5th May, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as e-voting system on the date of the Annual General Meeting (AGM) will be provided by CDSL.

2. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated 8th April, 2020 Circular No.17/2020 dated 13th April, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated 5th May, 2020 physical attendance of the Members to the AGM venue is not required and AGM be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.

3. Pursuant to the Circular No. 14/2020 dated 8th April, 2020 issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.

4. The helpline numbers regarding any query/assistance for participation in the AGM through VC/OAVM are 022- 23058738 / 022-23058543 / 022-23058542.

5. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

6. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

7. **Process for those shareholders whose email ids are not registered:**

   i. Registration of e-mail addresses with RTA:

   The Company has made special arrangements with RTA for registration of e-mail addresses of those Members (holding shares either in electronic or physical form) who wish to receive this Notice electronically and cast votes electronically. Eligible Members whose e-mail addresses are not registered with the Company/DPs are required to provide the same to RTA.

   II Process to be followed for registration of e-mail address is given below:

   a) Visit the link: https://linkintime.co.in/EmailReg/Email_Register.html

   b) Enter the DP ID & Client ID/Physical Folio Number, Name and PAN details. In the event the PAN details are not available on record for Physical Folio, Member to enter one of the share certificate numbers

   c) Enter your mobile number and e-mail address

   d) The system will then confirm the e-mail address for receiving this AGM Notice.

   The above system also provides a facility to the Members holding shares in physical form to upload a self-attested copy of their PAN Card, if the PAN details are not updated in accordance with the requirements prescribed by SEBI.

THE INSTRUCTIONS FOR SHAREHOLDRES FOR REMOTE VOTING ARE AS UNDER:

(i) The voting period begins on 18th September, 2020 at 9.00 a.m. and ends on 20th September, 2020 at 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. 14th September, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.

(iii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iv) Click on Shareholders.

(v) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(vi) Next enter the Image Verification as displayed and Click on Login.

(vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(viii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is given through an e-mail.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

(ix) After entering these details appropriately, click on "SUBMIT" tab.

(x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xii) Click on the EVSN - 200810004 - AIA Engineering Ltd.

(xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xviii) If a demat account holder has forgotten the login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) **Shareholders can also cast their vote using CDSL's mobile app m-Voting. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

THE INSTRUCTIONS FOR SHAREHOLDERS VOTING ON THE DAY OF THE AGM ON e-VOTING SYSTEM ARE AS UNDER: -

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.

2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting

system. Members may access the same at https://www.evotingindia.com under shareholders/members login by using the remote e-Voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.

2. Members are encouraged to join the Meeting through Laptops for better experience.

3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker may send their request 10 days prior to the date of meeting mentioning their name, demat account number/folio number, email id, mobile number at viren.thakkar@aiaengineering.com, snj@aiaengineering.com, paresh.shukla@aiaengineering.com

6. Shareholders who would like to express their views/ have questions may send their questions in advance 10 days prior to the date of meeting mentioning their name, demat account number/folio number, email id, mobile number at viren.thakkar@aiaengineering.com, snj@aiaengineering.com, paresh.shukla@aiaengineering.com. The same will be replied by the company suitably.

7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

(xx) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution/Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively, Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company, if voted from individual tab & not uploaded the same in the CDSL e-voting system for the scrutinizer to verify the same.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 022-23058738 / 022-23058543 / 022-23058542.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 022-23058738 / 022-23058543 / 022-23058542.

Contact Details:

Company	AIA Engineering Limited
Regd. Office	115, GVMM Estate, Odhav Road, Odhav, Ahmedabad-382 410, Gujarat, India E-mail : snj@aiaengineering.com, ric@aiaengineering.com
Corporate Office	11/12, Sigma Corporates, B/h. HOF Showroom, Off. S.G Highway, Sindhu Bhavan Road, Bodakdev, Ahmedabad – 380 054
Registrar and Share Transfer Agent	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083. Phone : +91-22-49186270 Fax : +91-22-49186060
e-Voting Agency	Central Depository Services (India) Limited E-mail :helpdesk.evoting@cdslindia.com
Scrutinizer	CS Tushar Vora, Practicing Company Secretary E-mail :cstushar@tusharvora.com

AIA Engineering Limited

If undelivered, please return to:Corporate Office:
11/12, Sigma Corporates, B/h. HOF Show Room,
Off. Sindhu Bhavan Road, Bodakdev, Ahmedabad - 380 054
Tel.: +91-79-66047800, Fax: +91-79-66047848
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