



## AIA ENGINEERING LIMITED

[CIN:L29259GJ1991PLC015182]

Regd. Office: 115, GVMM Estate, Odhav Road,

Odhav, Ahmedabad – 382 410

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Phone: 079-66047800 Fax: 079-66047848

## NOTICE

Notice is hereby given that the TWENTY SEVENTH ANNUAL GENERAL MEETING of the members of **AIA ENGINEERING LIMITED** will be held on Monday, the 14th August, 2017 at 10.00 A.M. at H. T. Parekh Convention Center, Ahmedabad Management Association, "ATIRA Campus", Dr. Vikram Sarabhai Marg, Ahmedabad-380 015, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone and Consolidated Audited Balance Sheets as at 31st March, 2017 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, 2017.
3. To declare Final Dividend on Equity Shares for the Financial Year ended 31st March, 2017.
4. To appoint a Director in place of Mrs. Khushali Samip Solanki (DIN 07008918), who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint M/s. B S R & Co. LLP, Chartered Accountants, Ahmedabad (Firm Registration No. 101248W/W-100022), as the Statutory Auditors of the Company and fix their remuneration.

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 Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and The Companies (Audit and Auditors) Rules, 2014, (the Rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), M/s. B S R & Co. LLP, Chartered Accountants, Ahmedabad having ICAI Firm Registration No. 101248W/W-100022, who have offered themselves for appointment and have confirmed their eligibility to be appointed as Statutory Auditors, in terms of the provisions of Section 141 of the Act and Rule 4 of the Rules, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of 27<sup>th</sup> Annual General Meeting until the conclusion of the 32<sup>nd</sup> Annual General Meeting of the Company on such remuneration as may be agreed upon by the Managing Director of the Company in consultation with the said Auditors, in addition to service tax and re-imbursalment of out of pocket expenses incurred by them in connection with the audit of accounts of the Company.

**RESOLVED FURTHER THAT** Mr. Bhadresh K. Shah, Managing Director and Mr. S. N. Jetheliya, Company Secretary of the Company be and are hereby severally authorised to sign and file the appropriate e-forms with the prescribed authorities and to do all such act and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

### SPECIAL BUSINESS:

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 Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V, approval of the members be and is hereby accorded for the re-appointment of Mr. Yashwant M. Patel (DIN - 02103312) as the Whole-Time Director of the Company for a period of 5 years with effect from 1st April, 2017 on the terms and conditions of appointment and remuneration as contained in the draft Letter of Appointment with a liberty and power to the Board of Directors of the Company (including its Committee constituted for the purpose) to grant increments and to alter and vary the terms and conditions of the said appointment so as the total remuneration payable to him shall not exceed the limits specified in Schedule V of the Companies Act, 2013 including any statutory modification or re-enactment thereof, for the time being in force and as agreed by and between the Board of Directors and Mr. Yashwant M. Patel.

**RESOLVED FURTHER THAT** in the event of any statutory amendment or modification by the Central Government to Schedule V of the Companies Act, 2013, the Board of Directors be and is hereby authorized to vary and alter the terms of appointment including salary, commission, perquisites, allowances, etc. payable to Mr. Yashwant M. Patel within such prescribed limit or ceiling and as agreed by and between the Company and Mr. Yashwant M. Patel without any further reference to the Company in General Meeting.

**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."



7. 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, 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 (Ind AS) 24, for the purchase of goods during the period from 1st April, 2017 to 31st March, 2018 for an aggregate amount, which may exceed the threshold limit of 10 percent of annual consolidated turnover of the Company for the financial year 2016-17 on the terms and conditions as mentioned in the Contract Manufacturing Agreement entered into by the Company with WSL on 1st January, 2014 and its Amendment dated 24th May, 2015.

**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.”

8. 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 Lacs 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 ended 31st March, 2018.

**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.”

9. 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 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies

(Incorporation) Rules, 2014 (including any statutory modification (s) or re-enactment(s) thereof, for the time being in force), Articles of Association, draft copy of which is placed before the meeting, be and is hereby approved and adopted in substitution, and to the entire exclusion, of the existing Articles of Association of the Company.

**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.”

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to Section 94 and such other applicable provisions of the Companies Act, 2013 (‘Act’), and the relevant Rules, circulars and notifications made there under (including any statutory modification(s), enactment(s) or re-enactment(s) thereof for the time being in force), the consent of the Members of the Company, be and is hereby accorded to maintain the Register of Members together with the Index of Members of the Company under Section 88 of the Act and copies of the Annual Returns under Section 92 of the Act at the office premises of Link Intime India Private Limited, Registrar and Transfer Agent (RTA), 506-508, Amarnath Business Centre-1, (ABC-1), Beside Gala Business Centre, Near XT Xavier’s College Corner, Off C. G. Road, Ellisbridge, Ahmedabad – 380 006, and such other places as the said RTA, shift its office from time to time.

**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.”

By Order of the Board of Directors,

Sd/-

(S. N. Jetheliya)

Place : Ahmedabad

Date : 25<sup>th</sup> May, 2017

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. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED

NOT BE A MEMBER. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the Company.

The instrument of proxy in order to be effective must be received at the Registered Office/Corporate Office of the Company duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy Form is annexed herewith. Proxy Form submitted on behalf of the Companies, Societies, etc. must be supported by an appropriate resolution/ authority, as applicable, authorizing their representative to attend and vote on their behalf at the meeting.

3. The Register of Members and Share Transfer Book of the Company will remain closed from Tuesday, the 8th August, 2017 to Monday the, 14th August, 2017 (both days inclusive) for annual closing and determining the entitlement of the members to the Final Dividend for the Financial Year 2016-17.
4. Members are requested to bring the Attendance Slip duly filled in and hand over the same at the entrance of the meeting Hall.
5. An Interim Dividend of ₹ 4 per share (200%) has been declared by the Board of Directors during the year ended 31st March, 2017 and the same is proposed to be confirmed by the members at the ensuing Annual General Meeting. A Final Dividend of ₹ 4 per share (200%) has been recommended by the Board of Directors for the year ended 31st March, 2017, subject to the approval of the members at the ensuing Annual General Meeting, is proposed to be paid on or before 12th September, 2017.
6. 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.

7. 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 2016-17 will be sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2016-17 has been sent in the permitted mode.
8. All documents referred to in the accompanying Notice and the Explanatory Statements shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 a.m. to 5.00 p.m.) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

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

9. 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.

Sr. No.	Financial Year	Type of Dividend	Due date of Transfer to IEPF
1.	2009-10	Final Dividend	17.09.2017
2.	2010-11	Final Dividend	17.09.2018
3.	2011-12	Final Dividend	18.09.2019
4.	2012-13	Final Dividend	17.09.2020
5.	2013-14	Final Dividend	17.10.2021
6.	2014-15	Final Dividend	30.10.2022
7.	2015-16	Interim & Special Interim	15.04.2023
8.	2016-17	Interim Dividend	21.03.2024



Those members who have so far not en-cashed their dividend warrants for the above 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 lose their rights to claim such dividend.

The new 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. The Company is required to transfer all unclaimed shares to the demat account of the IEPF Authority in accordance with the IEPF Rules.

#### 10. 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 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 may also attend the meeting but shall not be entitled to cast their vote again.
- (iii) Members can opt for only one mode of voting i.e. either by e-voting or poll paper. In case members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through poll paper shall be treated as invalid.
- (iv) 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. 7<sup>th</sup> August 2017 only shall be entitled to avail facility of remote e-voting and poll process at the venue of the meeting.

- (v) 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.

#### 11. Re-appointment / Appointment of Directors:

Mrs. Khushali Samip Solanki (DIN 07008918), Non-Independent, Non-Executive Director of the Company, will retire by rotation at the ensuing 27<sup>th</sup> Annual General Meeting of the members of the Company and being eligible, has offered herself for re-appointment.

Mr. Yashwant M. Patel (DIN- 02103312), who was appointed as a Whole-Time Director on 30<sup>th</sup> May, 2013, for a period of 3 years to hold the office from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017 ceased to hold office as Whole-Time Director on 31<sup>st</sup> March, 2017. The Board, on the recommendation of Nomination and Remuneration Committee, has re-appointed him as Whole-Time Director for a further period of 5 years from 1<sup>st</sup> April, 2017 to 31<sup>st</sup> March, 2022 and proposed a resolution for member's approval at the ensuing Annual General Meeting.

Pursuant to the requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") relating to Corporate Governance, a Statement containing brief resumes of the above Directors together with the details of shares held by them, if any, is annexed hereto.

#### REQUEST TO THE MEMBERS

1. 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.
2. Members are requested to bring their copy of the Annual Report to the meeting.

## 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. 6

The members at the 23<sup>rd</sup> Annual General Meeting of the Company held on 12th August 2013 re-appointed Mr. Yashwant M. Patel as Whole-Time Director of the Company for a period of 3 years with effect from 1st April, 2014 on a remuneration of ₹ 60,000 per month. The term of his present appointment expired on 31st March, 2017.

The Nomination and Remuneration Committee of the Company at its meeting held on 13<sup>th</sup> February, 2017 and subsequently, the Board at its meeting held on 13<sup>th</sup> February, 2017 has re-appointed Mr. Yashwant M. Patel as Whole-Time Director unanimously for a further period of 5 years on a monthly remuneration of ₹ 1,84,000 per month with effect from 1st April, 2017 subject to the approval of members in General Meeting. The other terms and conditions are set out in the draft Letter of Appointment to be issued by the Company, which is available for inspection to the members at the registered office of the Company on working days except Saturday between 9.00 a.m. and 5.00 p.m. till the date of Annual General Meeting.

Mr. Yashwant M. Patel is B.Sc. (Chemistry) and has rich and varied experience in Production, Administration, Human Resources and Accounts.

The Board of Directors felt that it is in the best interest of the Company to continue to avail the services of Mr. Yashwant M. Patel as Whole-Time Director. The Board recommends the resolution to the members for their approval.

Notwithstanding anything contained to the contrary herein contained, where in any financial year during the tenure of the Whole-Time Director, the Company has no profits or its profits are inadequate, the Company will pay salary and perquisites as specified above and in addition thereto perquisites not exceeding the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013 from time to time.

The Whole-Time Director so long as he functions as such shall not be paid any sitting fees for attending the meetings of Board or Committees thereof.

Mr. Yashwant M. Patel shall be liable to retire by rotation under Section 152 of the Companies Act, 2013 and if he ceases from any date to be a Director of the Company for any reason whatsoever, he shall also cease to be the Whole-Time Director from such date.

Mr. Yashwant M. Patel is deemed to be interested in the said resolution as it relates to his re-appointment. None of

the other 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 a Special Resolution for the approval of the Members of the Company.

### ITEM NO. 7:

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 Listing 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 13th February, 2017.

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.

The annual consolidated turnover as per the Audited Financial Statements for the year ended 31st March, 2017 is ₹ 2,239.23 Crore. It is presumed that the transactions to be entered in the Current Financial Year of 2017-18 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 2017-18, in ordinary course of business and at arm's length price, is being sought by way of abundant caution and as a proactive measure.

Further, Regulation 23 of the SEBI Listing Regulations requires that the entities/persons falling under the definition of related party to abstain from voting irrespective of whether the entity/person is a party to the transaction or not.



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. 8.**

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 2017-18 and fixed remuneration of ₹ 4.00 Lacs plus service 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 2017-18.

None of the Directors, Key Managerial Personnel or their relatives can be considered to be interested in or concerned with the resolution.

The Board recommends passing of the said resolution as an Ordinary Resolution for the approval of members of the Company.

#### **ITEM NO. 9.**

The Articles of Association of the Company, as presently in force, is in accordance with the provisions of the Companies Act, 1956. With the enactment of the Companies Act, 2013, most of the regulations contained in the Articles of Association of the Company have either become redundant or are not in line with the provisions of the said Act. Under the Companies Act, 2013, draft Articles of Association (in case of a Company limited by shares) are provided in Table F thereto.

In view of the aforesaid, it is proposed to replace the existing set of Articles of Association of the Company with a new set of Articles of Association containing regulations in

accordance with the provisions of the new Act and the Rules made thereunder.

The draft Articles of Association is available for your inspection at the registered office of the Company, at any time during the working hours on any working day till the date of Annual General Meeting. The same is also placed on the website of the Company.

Pursuant to the provisions of Section 14 of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014, any alteration to the Articles of Association of the Company requires prior approval of the members by way of a Special Resolution.

Hence, The Board recommends passing of the said resolution as a Special Resolution for the approval of members of the Company.

None of the Directors, Key Managerial Personnel or their relatives can be considered to be interested in or concerned with the resolution except to the extent of their shareholding in the Company.

#### **ITEM NO. 10:**

It is proposed to accord the member's approval to maintain Register of Members together with the Index of Members of the Company under Section 88 and the copies of the Annual Return under Section 92 of the Act at the office premises of Registrar and Transfer Agent of the Company i.e. Link Intime India Private Limited at its office premises at 506-508, Amarnath Business Centre -1, (ABC-1), Besides Gala Business Centre, Near XT Xavier's College Corner, Off C. G. Road, Ellisbridge, Ahmedabad – 380 006 and such other places as the said RTA, shifts its office from time to time pursuant to Section 94 and such other applicable provisions of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel or their relatives can be considered to be interested in or concerned with the resolution.

The Board recommends passing of the said resolution as a Special Resolution for the approval of members of the Company.

By Order of the Board of Directors,

Sd/-

**(S. N. Jetheliya)**

Company Secretary

Place : Ahmedabad

Date : 25<sup>th</sup> May, 2017

## ANNEXURE TO THE NOTICE

Disclosure pursuant to SEBI Listing Regulations with regard to the Directors seeking Re-appointment at the forthcoming Annual General Meeting (Refer Item No. 4 and 6) of the Notice:

Name	Mrs. Khushali Samip Solanki (DIN 07008918)
Date of Birth / Age	9 <sup>th</sup> May, 1977 – 40 Years
Re-Appointed / Appointment on	7th November, 2014
Qualifications	Diploma in Hotel Management.
Expertise in specific functional areas	She possesses rich and varied experience in Marketing, Administration and Accounts.
Directorships held in other Public Companies	Welcast Steels Ltd.
Membership/ Chairmanships of Committees across other Public Companies	NIL
No. of Equity Shares held in the Company.	10010

Name	Mr. Yashwant M. Patel (DIN-02103312)
Date of Birth / Age	5th October, 1943 – 73 yrs.
Re-Appointed / Appointment on	12 <sup>th</sup> November, 2010
Qualifications	B. Sc (Chemistry)
Expertise in specific functional areas	He possesses rich and varied experience in Production, Administration, HR and Accounts.
Directorships held in other Public Companies	NIL
Membership/ Chairmanships of Committees across other Public Companies	NIL
No. of Equity Shares held in the Company.	NIL

## INSTRUCTIONS FOR E-VOTING:

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide Members, the facility to exercise their right to vote at the 27th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL).

### The instructions for e-voting are as under:

For shareholders voting electronically: -

- (i) The voting period begins on 11th August, 2017 at 9.00 a.m. and ends on 13th August, 2017 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. 7th August, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on "Shareholders".
- (iv) 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.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.
- (vii) 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) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed in the PAN field on address sticker.</li> </ul>
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. <ul style="list-style-type: none"> <li>• 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 (iv).</li> </ul>



- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) 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.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN "**170704005**-AIA Engineering Limited".
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) 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.
- (xviii) Shareholders can also use mobile app "m-voting" for e-voting. "m-voting" app is available on Apple, Adroid and Windows based mobile. Shareholders may log in to "m-voting" using their e-voting credentials to vote for the Company resolutions.
- (xix) 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](http://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](mailto: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](mailto: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 and 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.
- (xx) 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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- II. The Scrutinizer shall within a period not exceeding three (3) working days from the closing of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- III. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.aiaengineering.com](http://www.aiaengineering.com) and on the website of CDSL within two (2) working days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.

#### Contact Details:

Company	AIA Engineering Limited
Regd. Office	115, GVMM Estate, Odhav Road, Odhav, Ahmedabad-382 410, Gujarat, India CIN: L29259GJ1991PLC015182 E-mail : <a href="mailto:snj@aiaengineering.com">snj@aiaengineering.com</a> , <a href="mailto:ric@aiaengineering.com">ric@aiaengineering.com</a>
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 4918 6060
e-Voting Agency	Central Depository Services (India) Limited E-mail : <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a>
Scrutinizer	CS Tushar Vora, Practicing Company Secretary E-mail : <a href="mailto:cstushar@tusharvora.com">cstushar@tusharvora.com</a>



## Attendance Slip



### AIA ENGINEERING LIMITED

[CIN:L29259GJ1991PLC015182]

Regd. Office: 115, GVMM Estate, Odhav Road,

Odhav, Ahmedabad – 382 410

Email: [ric@aiaengineering.com](mailto:ric@aiaengineering.com) website: [www.aiaengineering.com](http://www.aiaengineering.com)

Phone: 079-66047800 Fax: 079-66047848

### 27<sup>th</sup> ANNUAL GENERAL MEETING

I /We hereby record my / our presence at the 27<sup>th</sup> Annual General Meeting of the Company to be held at H. T. Parekh Convention Center, Ahmedabad Management Association, "ATIRA Campus", Dr. Vikram Sarabhai Marg, Ahmedabad-380 015 on Monday, the 14<sup>th</sup> August 2017 at 10.00 a.m.

Member's Folio / DP ID & Client ID No.

Member's / Proxy name in Block Letters

Member's / Proxy's Signature

#### Note:

1. Please complete the Folio / DP ID-Client ID No. and Name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. Electronic copy of the Annual Report for 2016-17 and Notice of the 27<sup>th</sup> Annual General Meeting (AGM) along with Attendance Slip and Proxy Form are being sent to all the members whose email address is registered with the Company / Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report for 2016-17 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode (s) to all members whose email address is not registered or have requested for a hard copy.

# Proxy Form



## AIA ENGINEERING LIMITED

[CIN:L29259GJ1991PLC015182]

Regd. Office: 115, GVMM Estate, Odhav Road,

Odhav, Ahmedabad – 382 410

Email: [ric@aiaengineering.com](mailto:ric@aiaengineering.com) website: [www.aiaengineering.com](http://www.aiaengineering.com)

Phone: 079-66047800 Fax: 079-66047848

Name of the Member(s):	
Registered Address:	
E-mail Id:	
Folio / DP ID Client ID No.	

I /We being the member (s) holding \_\_\_\_\_ shares of the above named Company hereby appoint:

(1) Name: \_\_\_\_\_ Address: \_\_\_\_\_

Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him / her:

(2) Name: \_\_\_\_\_ Address: \_\_\_\_\_

Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him / her:

(3) Name: \_\_\_\_\_ Address: \_\_\_\_\_

Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him / her:

as my /our proxy to attend and vote for my / our behalf at the Twenty Seventh Annual General Meeting of the Members of the Company to be held on Monday, the 14<sup>th</sup> August, 2017 at 10.00 A.M. at H. T. Parekh Convention Center, Ahmedabad Management Association, "ATIRA Campus", Dr. Vikram Sarabhai Marg, Ahmedabad-380 015 and at any adjournment thereof in respect of the Resolutions as are indicated below:

Resolution No.	Particulars of Resolution	Optional	
		For	Against
	<b>ORDINARY BUSINESS</b>		
1.	Adoption of Financial Statements for the year ended 31 <sup>st</sup> March 2017.		
2.	Confirmation of declaration of Interim Dividend for the Financial Year 2016-17.		
3.	Declaration of Final Dividend for the Financial Year 2016-17		
4.	Re-appointment of Mrs. Khushali S. Solanki, a Director retires by rotation.		
5.	Appointment of Statutory Auditors.		
	<b>SPECIAL BUSINESS</b>		
6.	Re-appointment of Mr. Yashwant M. Patel as a Whole-Time Director for a period of Five Years.		
7.	Approval of Related Party Transactions.		
8.	Ratification of Remuneration to Cost Auditors.		
9.	Alteration of Articles of Association of the Company.		
10.	Keeping of Register/Index of Members at a place other than the Registered Office of the Company.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017

Signature of Shareholder \_\_\_\_\_

Signature of Proxy holder (s) \_\_\_\_\_

Affix  
Re 1  
Revenue  
Stamp

### Note:

- This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- For the Resolutions, Explanatory Statements and Notes, please refer to the Notice of the 27<sup>th</sup> Annual General Meeting.
- It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he / she thinks appropriate.
- Please complete all details including details of member (s) in the above box before submission.

**ROUTE MAP TO THE AGM VENUE**

**AIA ENGINEERING LIMITED**

CIN:L29259GJ1991PLC015182



**27th Annual General Meeting**

**Date :** 14th August, 2017

**Time :** 10.00 A.M.

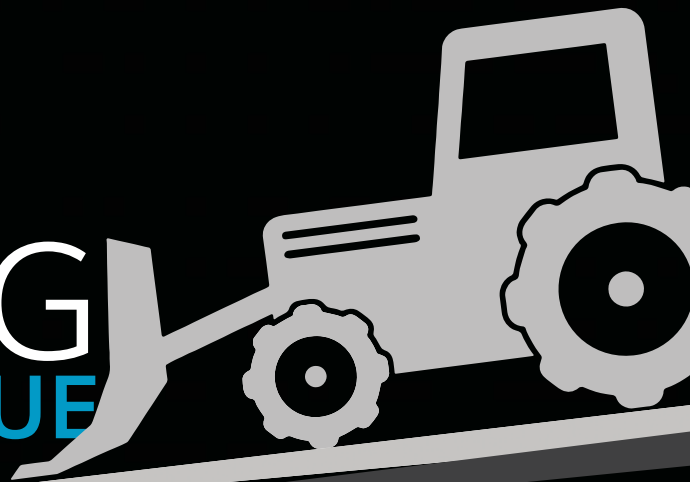
**Venue :** H. T. Parekh Convention Center  
Ahmedabad Management Association  
"ATIRA Campus", Dr. Vikram Sarabhai Marg,  
Ahmedabad-380 015



AIA Engineering Limited  
27th Annual Report 2016-17



BEING  
UNIQUE



## DISCLAIMER

This document contains statements about expected future events and financial and operating results 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 a number of 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's discussion and analysis of the AIA Engineering Limited Annual Report 2016-17.

# READ THROUGH



A Niche Player



Managing Director's  
Message



Unique Strategies.  
Robust Business Model



Unique Solutions.  
Capturing Global Opportunities



The Performance Bar  
(Consolidated)



Board of Directors



Statutory Reports



Financial Section



We are  
**UNIQUE,**

because we do **A LITTLE EXTRA**  
in every bit

The philosophy of delivering better than required is embedded in our culture since our inception and has been the singular important factor driving our growth and leadership principles.

Our unique business offerings provide maximum value for our customers. It has helped us bring out the best in us.

We have strived through the economic uncertainties, adapted the changing business environment and successfully met the growing market needs and demands.

And in doing so, we have made a prominent progress in establishing our business credentials.



# A NICHE PLAYER

AIA Engineering Ltd. (AIA) is one of the world's largest manufacturers of the value-added, impact abrasion, and corrosion resistant High Chrome Mill Internals (HCMI). It is engaged in the designing, development, manufacture and installation of products like grinding media, liners, diaphragms, and vertical mill parts (collectively referred to as mill internals). The Company's strength emerges through its strong focus on three core industry segments – Mining, Cement and Utility. These products find application for grinding and crushing operations in these segments.



## MINING

Grinding of mineral ore before it is processed for further metal separation



## CEMENT PLANTS

Grinding of limestone and clinker



## THERMAL POWER

Grinding of coal before feeding into the boiler



## GLOBAL NETWORK

AIA GROUP, THROUGH ITS WHOLLY OWNED SUBSIDIARIES OUTSIDE INDIA, SELLS DIRECTLY TO END CUSTOMERS LOCATED IN MORE THAN 125 COUNTRIES. THESE CUSTOMERS ARE SERVICED OUT OF ITS WHOLLY OWNED SUBSIDIARIES/BRANCHES/REPRESENTATIVE OFFICES IN USA, CANADA, UK, BRAZIL, UAE, AUSTRALIA, SOUTH AFRICA, PHILIPPINES, CHINA, EGYPT AND INDONESIA, AMONGST OTHERS.



# 1991

Year of  
incorporation

# 500 +

Customers spread  
globally

# ₹ 1,49,658.13 million

Market Capitalisation as on  
March 31, 2017

# 61.65 %

Promoter's Holding as on  
March 31, 2017

# 55 %

Revenues from mining  
sector

# 35 %

Revenues from cement  
sector

# 10 %

Revenues from thermal  
power sector

Interim Dividend Declared: **200 %**  
Final Dividend Proposed: **200 %**

Dividend for 2016-17

# 1,255

Permanent Employees as on  
March 31, 2017

BSE Code: 532683

NSE Code: AIAENG

Bloomberg: AIAE IN

Reuters: AIAE.BO





# MANAGING DIRECTOR'S MESSAGE



Dear Shareholders,

I feel honoured and privileged to present you with the 27th Annual Report. There is an old saying that a journey of a thousand miles begins with a single step.

For us, being unique is about being continuously focused on adding value at customer's end. We ensure we understand our customer's requirements, delve deep into their pain and improvement areas and provide unique solutions. As a result, we have established long-standing relationships with our customers across Mining, Cement and Power Segments.

In the Mining Segment, we cater to different mineral ores like Iron ore, Copper ore, Platinum ore, Gold ore, Lead ore, Zinc ore and Bauxite ore amongst



others, across different mill types. We have been constantly investing to enhance our presence in this segment. The growth prospects are primarily emanating out of the large annual replacement market of 2.5 to 3 million tons in this industry. Out of these, HCMI accounts for just about 15% of the demand. The Company is strategically poised to leverage the conversion opportunity from conventional mill parts to our high chrome wear parts.

Over the past few years, we have been progressively adding major customers in the Mining Segment across the globe with a stronger focus on major mining centres like North America, Latin America, Australia, Africa, and the Far East Asia. While our current focus is on the mining segment outside India, we will capture incremental domestic mining demand as and when the industry expands in India.

In the Cement Segment, the global demand continues to remain sluggish in the key markets of North America, Latin America, Western and Eastern Europe and Africa. However, certain specific markets in Asia, Africa and South America, may see capacity enhancements and increasing utilization. In India, the average capacity utilization of the cement companies have started improving on the back of Government's impetus towards improvement in infrastructure, especially, Road and Port segment. This will provide a much-needed stimulus to the industry. The results will be visible in the near term. We will be an immediate beneficiary to serve the additional requirement from the increasing cement production going ahead.

The strength of AIA Group stems from a strong manufacturing footprint including a full-fledged design shop which uses 3D technology for drafting, pattern shop equipped with latest CNC machines and state-of-the-art manufacturing facilities located in and around Ahmedabad, Nagpur, Bangalore and Trichy in India.

I would further like to convey that the Company's effective capacity reached 3,40,000 MT after successful commission of Phase I of Kerala GIDC brownfield expansion project during 2016-17. We are on track for implementing second phase of capital expenditure plan at GIDC Kerala in Ahmedabad. It involves augmenting the capacities by further 1,00,000 MT (expected to be commissioned in FY 2018-19), taking the total installed capacity to 4,40,000 MT.

We will continue to serve our customers, through our well-balanced team and a network of subsidiaries/warehouses situated at strategic locations globally. We are already servicing


world's major mining and cement groups and will continue to add customers and make further inroads in our chosen segments. The consolidated steps taken each day will bring us closer to our vision.


I would like to thank all our stakeholders for their continued faith and support. We look forward to your continue patronage in the Company's next level of growth.

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



Two fundamentals driving the future growth:

 **THE LARGE MARKET OPPORTUNITY IN THE MINING SECTOR AMIDST POTENTIAL CONVERSION FROM FORGED TO HIGH-CHROME GRINDING MEDIA.**

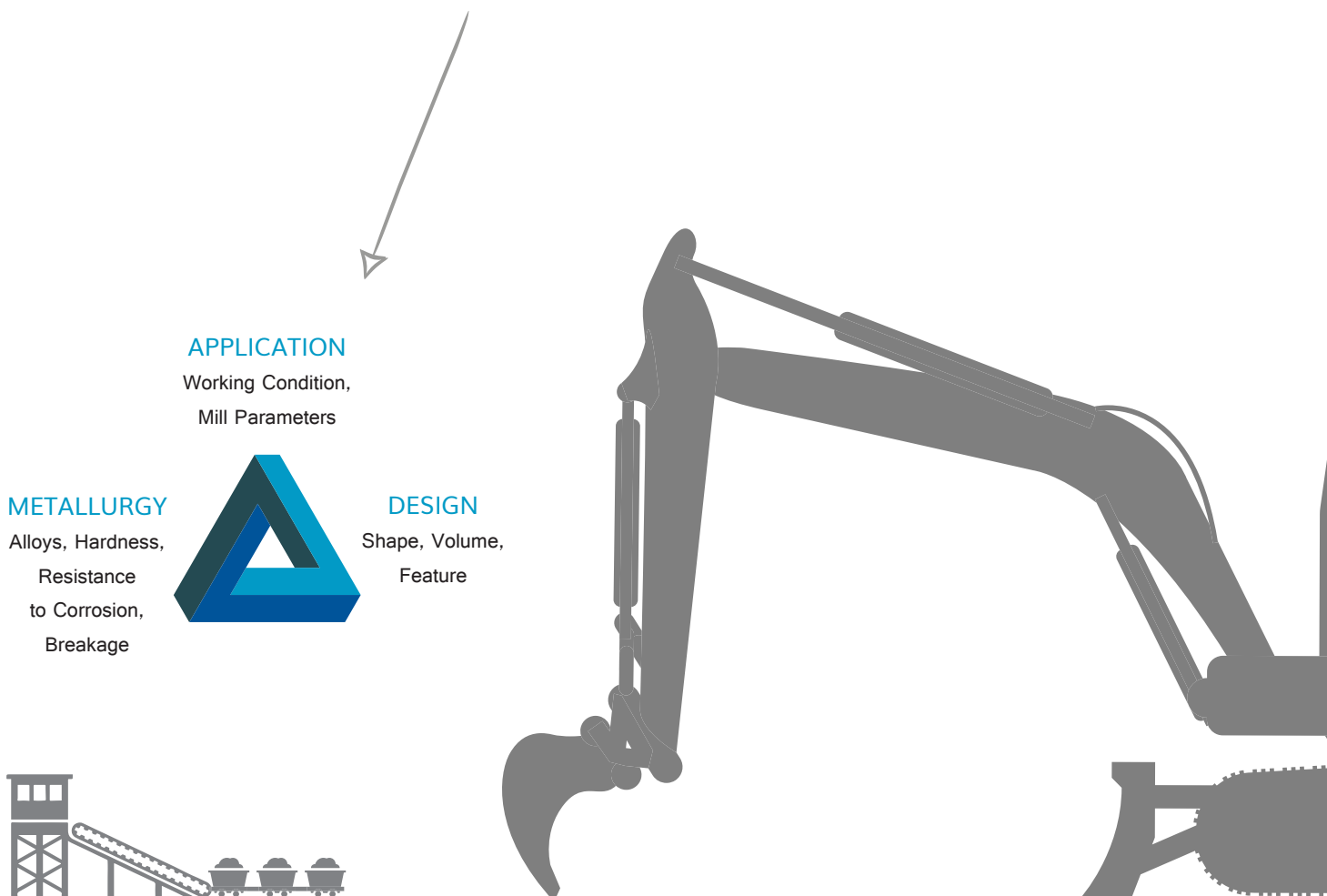
 **PHASED EXPANSION TO 4,40,000 MT BY FY 2018-19 WHICH WILL MAKE AIA THE LARGEST HIGH-CHROME GRINDING MEDIA PRODUCER GLOBALLY.**



# UNIQUE STRATEGIES ROBUST BUSINESS MODEL

## THE GOLDEN TRIANGLE

The golden triangle represents the core competency of the Group - Knowledge of end application, metallurgy and design. The combination forms the Group's foundation that helps customers reduce wear and tear and operational costs. AIA's technical and service engineers, metallurgists and design engineers are one of the best in their craft.





## MILESTONES

2008

Commissioned 1,00,000 MTPA  
Grinding Media Plant at Moraiya

2009

Forayed into  
Mining Segment

2011

Enhanced capacity to 2,00,000  
MTPA with a greenfield expansion

2013

Reached 1,00,000 MTPA annual  
sales to Mining Segment

2014

Enhanced capacity to 2,60,000  
MTPA at Moraiya facility

2016



Enhanced capacity to  
3,40,000 MTPA by  
commissioning Phase - I of  
Kerala greenfield project






# UNIQUE SOLUTIONS CAPTURING GLOBAL OPPORTUNITIES

At AIA, we partner with customers for operational excellence. We provide solutions to our customers in the cement, mining and utility segments and engage with them to bring about tangible benefits to them in the form of

-  Longer wear life of parts, reducing wear costs
-  Optimized mill operations, thereby reducing power costs and improving throughputs



As a result we are being able to cater blue chip global organizations in their operational excellence journey.

**500+**  
Customers



## SOME OF OUR KEY CUSTOMERS



### MINING

Rio Tinto | Anglo American | BHP Billiton | Vale | Arcelor Mittal | Newmont Mining Corporation



### CEMENT PLANTS

Lafarge | Holcim | Heidelberg | Cemex | Italcementi | Polysius | Votorantim



### THERMAL POWER

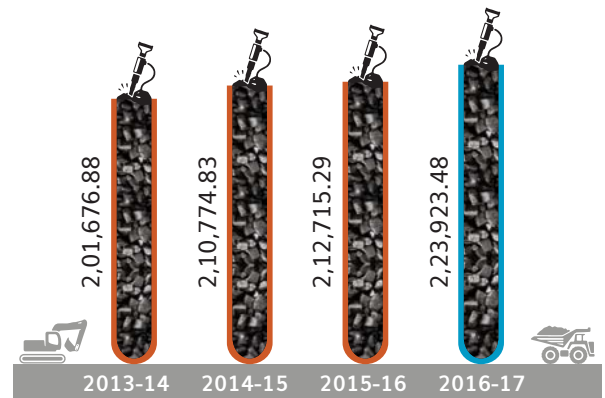
National Thermal Power Corporation | All State Electricity Boards in India | Bharat Heavy Electricals Limited | Doosan Corporation | Larsen and Turbo | Hitachi and Alstom



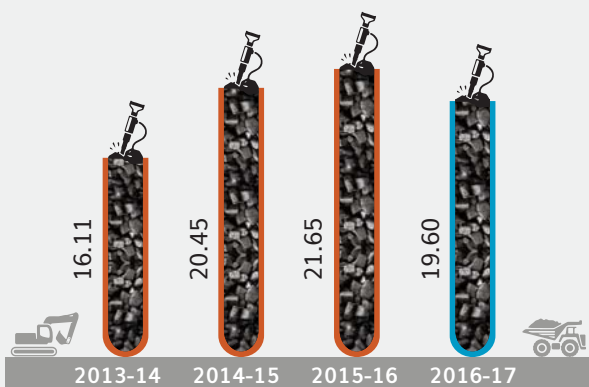
# THE PERFORMANCE BAR

(CONSOLIDATED)

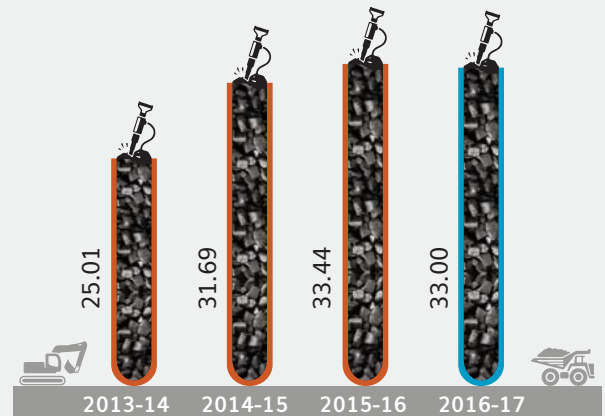
Net Sales (₹ Lacs)



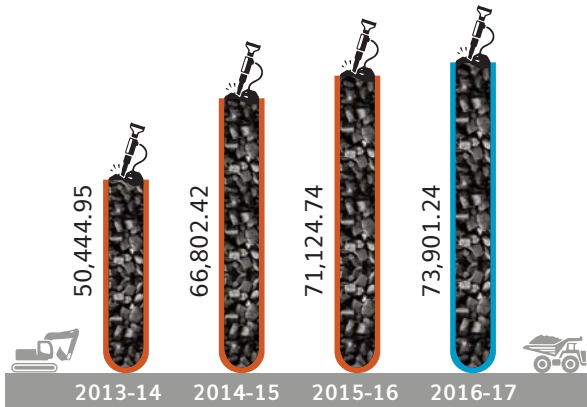
PAT – After Non-Controlling Interest (%)



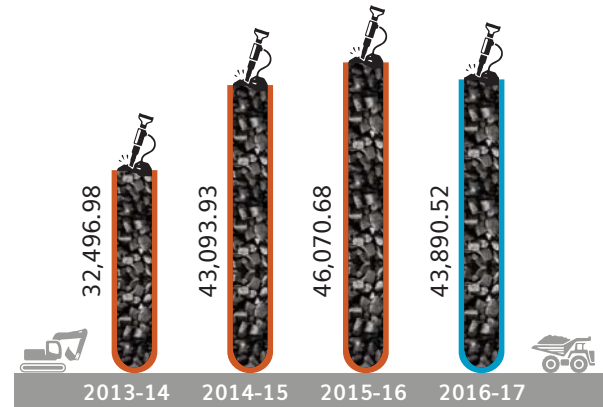
Operating Margins (%)



Operating Profit (₹ Lacs)



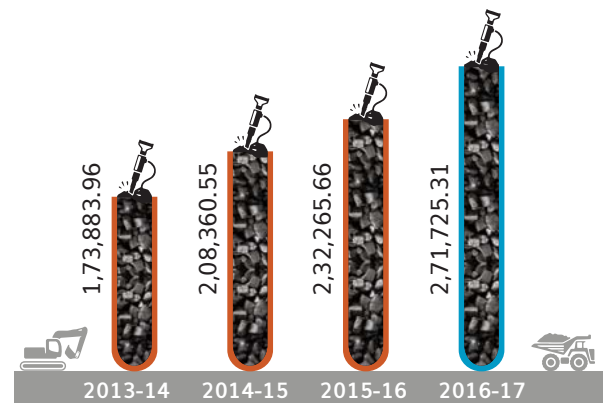
PAT – After Non-Controlling Interest (₹ Lacs)



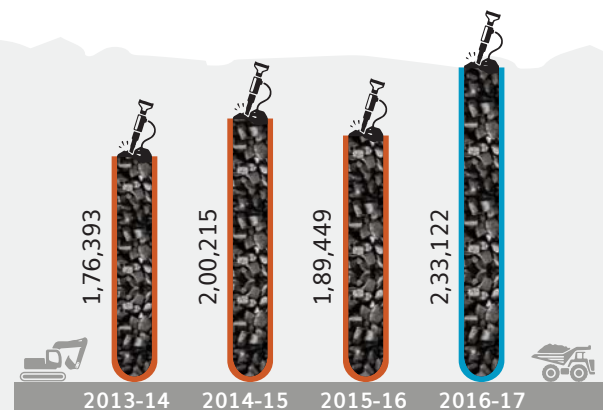
## DIVIDEND

THE COMPANY HAS DECLARED AND PAID AN INTERIM DIVIDEND ₹ 4 (200%) PER EQUITY SHARE OF THE FACE VALUE OF ₹ 2 EACH AND HAS ALSO RECOMMENDED A FINAL DIVIDEND OF ₹ 4 (200%) PER EQUITY SHARE OF ₹ 2 EACH FOR FINANCIAL YEAR 2016-17

Net Worth (₹ Lacs)



Production Volumes (MT)







# BOARD OF DIRECTORS





NAME	Mr. Rajendra S. Shah (DIN 00061922)
DATE OF BIRTH/AGE	1st February, 1948 - 69 Years
APPOINTED ON	15th March, 2005
QUALIFICATIONS	B.E. (Mech.)
EXPERTISE IN SPECIFIC FUNCTIONAL AREAS	<ul style="list-style-type: none"> <li> A Mechanical Engineer and is an Industrialist.</li> <li> Possesses entrepreneurial insight into running engineering business.</li> <li> Possesses rich and varied experience in Administration and Finance.</li> <li> Chairman and Managing Director of Harsha Engineers Limited, manufacturers of Bearing Cages.</li> </ul>
DIRECTORSHIPS HELD IN OTHER PUBLIC COMPANIES	<ul style="list-style-type: none"> <li> Welcast Steels Limited</li> <li> Harsha Engineers Limited</li> <li> Transformers &amp; Rectifiers (India) Limited</li> <li> Dishman Carbogen Amics Limited</li> </ul>
MEMBERSHIP/ CHAIRMANSHIPS OF COMMITTEES ACROSS OTHER PUBLIC COMPANIES	<ul style="list-style-type: none"> <li> Chairmanship - 1</li> <li> Membership - 3</li> </ul>
NO. OF EQUITY SHARES HELD IN THE COMPANY	847








NAME	Mr. Bhadresh K. Shah (DIN-00058177)
DATE OF BIRTH/AGE	7th October 1951 - 66 Years
APPOINTED ON	11th March, 1991
QUALIFICATIONS	B.Tech (Metallurgy)
EXPERTISE IN SPECIFIC FUNCTIONAL AREAS	<ul style="list-style-type: none"> <li> B. Tech (Metallurgy) from Indian Institute of Technology, Kanpur.</li> <li> Over 46 years in the manufacturing and design of various kinds of value added, impact, abrasion and corrosion resistant high chrome castings. These components include products like grinding media, liners, diaphragms, vertical mill parts etc. all manufactured in high chrome metallurgy. The main application of these products is in the grinding operation in the mills in the cement, thermal power and mining industries.</li> <li> Well versed in all aspects of Production, Finance Cost and Technical Administration.</li> <li> Emphasis on manufacturing process improvements, new product development, quality and adhering to international manufacturing standards which ensured that Company's products are recognized domestically as well as internationally.</li> </ul>
DIRECTORSHIPS HELD IN OTHER PUBLIC COMPANIES	 Welcast Steels Limited
MEMBERSHIP/ CHAIRMANSHIPS OF COMMITTEES ACROSS OTHER PUBLIC COMPANIES	 Membership - 2
NO. OF EQUITY SHARES HELD IN THE COMPANY	5,81,28,900








NAME	Dr. S. Srikumar (DIN-01025579)
DATE OF BIRTH/AGE	25th November, 1959 - 58 Years
APPOINTED ON	20th January, 2009
QUALIFICATIONS	M.Tech (Industrial Engg.), Ph. D and PGDM from AIMA.
EXPERTISE IN SPECIFIC FUNCTIONAL AREAS	 Vast knowledge and experience of Industry, Project Management, Technical Evaluation, Engineering Coordination and Administration.
DIRECTORSHIPS HELD IN OTHER PUBLIC COMPANIES	NIL
MEMBERSHIP/ CHAIRMANSHIPS OF COMMITTEES ACROSS OTHER PUBLIC COMPANIES	NIL
NO. OF EQUITY SHARES HELD IN THE COMPANY	NIL  












NAME	Mr. Yashwant M. Patel (DIN-02103312)
DATE OF BIRTH/AGE	5th October, 1943 - 74 years
APPOINTED ON	12th November 2010
QUALIFICATIONS	B.Sc. (Chemistry)
EXPERTISE IN SPECIFIC FUNCTIONAL AREAS	 Possesses rich and varied experience in Production, Administration, HR and Accounts.
DIRECTORSHIPS HELD IN OTHER PUBLIC COMPANIES	NIL
MEMBERSHIP/ CHAIRMANSHIPS OF COMMITTEES ACROSS OTHER PUBLIC COMPANIES	NIL
NO. OF EQUITY SHARES HELD IN THE COMPANY	NIL 

NAME	Mr. Rajan Ramkrishna Harivallabhdas (DIN-00014265)
DATE OF BIRTH/AGE	18th June, 1948 - 69 Years
APPOINTED ON	14th May, 2015
QUALIFICATIONS	Graduate from Gujarat University (India) with a Bachelors Degree in Commerce and Masters Degree of Business Administration from USA.
EXPERTISE IN SPECIFIC FUNCTIONAL AREAS	 Former Managing Director and Director in various companies as part of the family owning Textile, Engineering and Chemical companies known as Shri Ambica Group from 1973 to 1988. In this capacity he dealt with US, Swiss and German companies and 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. Finechem Limited from 1996 to 2010. The company is one of the few manufacturers of specialty chemicals from vegetable oil based raw materials using for the first time in India large molecular distillation equipment imported from UIC GmbH of Germany along with fractionation distillation column designed by Sulzer of Switzerland.
DIRECTORSHIPS HELD IN OTHER PUBLIC COMPANIES	 ECHKE LIMITED
MEMBERSHIP/ CHAIRMANSHIPS OF COMMITTEES ACROSS OTHER PUBLIC COMPANIES	NIL
NO. OF EQUITY SHARES HELD IN THE COMPANY	NIL 



NAME	Mrs. Khushali S. Solanki (DIN 07008918)
DATE OF BIRTH/AGE	9th May, 1977 - 40 Years
APPOINTED ON	7th November, 2014
QUALIFICATIONS	Diploma in Hotel Management
EXPERTISE IN SPECIFIC FUNCTIONAL AREAS	 Possesses rich and varied experience in Production, Administration and Accounts.
DIRECTORSHIPS HELD IN OTHER PUBLIC COMPANIES	 Welcast Steels Limited
MEMBERSHIP/ CHAIRMANSHIPS OF COMMITTEES ACROSS OTHER PUBLIC COMPANIES	NIL
NO. OF EQUITY SHARES HELD IN THE COMPANY	10010 

NAME	Mrs. Bhumika S. Shodhan (DIN 02099400)
DATE OF BIRTH/AGE	11th March, 1980 - 37 Years
APPOINTED ON	7th November, 2014
QUALIFICATIONS	Diploma in Fashion Designing
EXPERTISE IN SPECIFIC FUNCTIONAL AREAS	 Possesses rich and varied experience in Marketing, Administration and Accounts.
DIRECTORSHIPS HELD IN OTHER PUBLIC COMPANIES	NIL
MEMBERSHIP/ CHAIRMANSHIPS OF COMMITTEES ACROSS OTHER PUBLIC COMPANIES	NIL
NO. OF EQUITY SHARES HELD IN THE COMPANY	10005 

NAME	Mr. Sanjay S. Majmudar (DIN 00091305)
DATE OF BIRTH/AGE	21st March, 1963 - 54 Years
APPOINTED ON	7th May, 2007
QUALIFICATIONS	B.Com, FCA & ACS
EXPERTISE IN SPECIFIC FUNCTIONAL AREAS	 Practicing Chartered Accountants.  Extensive experience and expertise in the field of Corporate Laws, Direct Tax Laws, Financial Advisory Services, Debt Syndications, Project Finance, International Structures and Taxation Planning, M & A etc.  Contributed Papers and participated as Speaker on Corporate Laws in Seminars and conferences hosted by ICAI and CA Association, Ahmedabad.  Regular Speaker in the SMTP Programme of the Institute of Company Secretaries of India, Ahmedabad Chapter.
DIRECTORSHIPS HELD IN OTHER PUBLIC COMPANIES	 Welcast Steels Limited  Aarvee Denims & Exports Limited  Dishman Carbogen Amics Limited  M & B Engineering Limited
MEMBERSHIP/ CHAIRMANSHIPS OF COMMITTEES ACROSS OTHER PUBLIC COMPANIES	 Chairmanship - 3  Membership - 3
NO. OF EQUITY SHARES HELD IN THE COMPANY	NIL 



NAME	Mr. Dileep C.Choksi (DIN 00016322)
DATE OF BIRTH/AGE	26th December, 1949 - 67 Years
APPOINTED ON	27th January, 2014
QUALIFICATIONS	B.Com, LLB, FCA and Grad. CWA
EXPERTISE IN SPECIFIC FUNCTIONAL AREAS	<ul style="list-style-type: none"> <li> Leading Chartered Accountant, qualified Lawyer and a Cost Accountant with over 36 years of experience.</li> <li> Areas of specialization include tax planning and structuring for domestic and international clients, including expatriates, finalizing collaborations and joint ventures, executive advisory and decision support, corporate restructuring with a focus on start-ups, turnaround and change management strategies and analyzing tax impact of various instruments.</li> <li> Former joint Managing Partner of Deloitte in India. He has set up C.C.Chokshi Advisors Private Limited, the activities of which aim to provide complete solutions for all business requirements.</li> </ul>
DIRECTORSHIPS HELD IN OTHER PUBLIC COMPANIES	<ul style="list-style-type: none"> <li> ICICI Home Finance Co. Limited</li> <li> Lupin Limited</li> <li> ICICI Bank Limited</li> <li> Arvind Limited</li> <li> Swaraj Engines Limited</li> <li> Tata Housing Development Company Limited</li> <li> Hexaware Technologies Limited</li> </ul>
MEMBERSHIP/ CHAIRMANSHIPS OF COMMITTEES ACROSS OTHER PUBLIC COMPANIES	<ul style="list-style-type: none"> <li> Chairmanship - 4</li> <li> Membership - 4</li> </ul>
NO. OF EQUITY SHARES HELD IN THE COMPANY	NIL





# A bit extra RESPONSIBILITY

₹ **45.00** Lacs

Promotion of Education  
(including women education)

₹ **80.00** Lacs

Prevention and Promoting  
Healthcare

₹ **10.00** Lacs

Eradicating Hunger and  
Development of Children

₹ **480.00** Lacs

Community well-being initiatives  
- socio economic, education,  
environment, health and culture  
advancement

₹ **3.63** Lacs

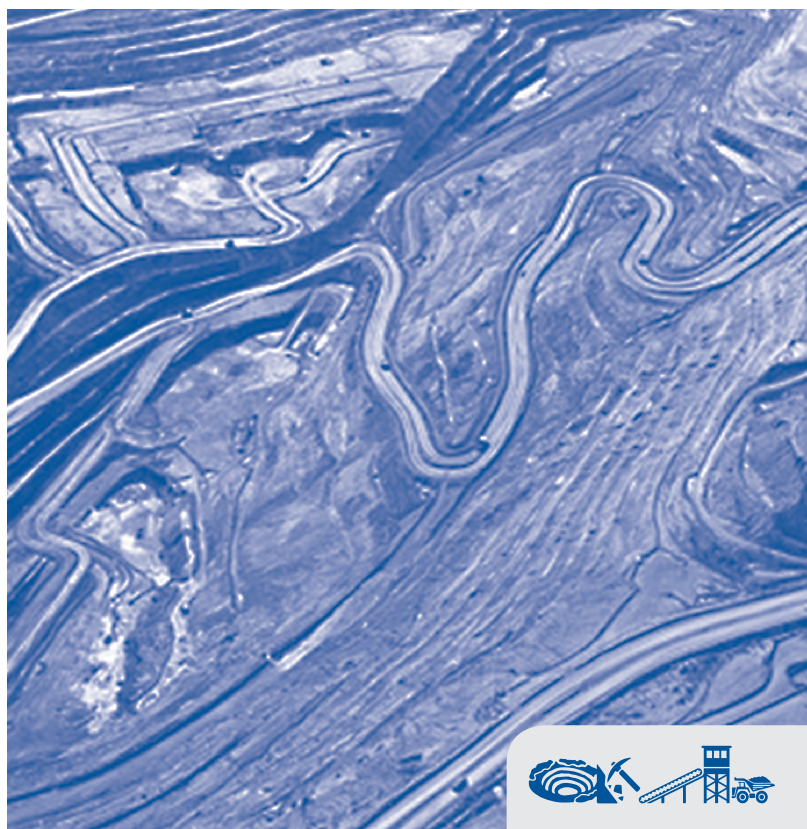
Plantation - Green Environment

AIA's contribution to society and the environment is manifested in the Corporate Social Responsibility (CSR) or social responsibility program.

At AIA, CSR activities are designed to pursue sustainable economic well-being of the local community and social empowerment.

The Company has developed a variety of programs that support sustainable development in the areas of education, healthcare, protection of national heritage and improving quality of life of people through initiatives of social, economics, educational, environmental, health and culture advancement. A total of ₹ 618.63 Lacs were cumulatively spent towards the well-being of the community.





## Board's Report

The Members,

### AIA Engineering Limited

Ahmedabad

Your Directors take pleasure in submitting the 27<sup>th</sup> Annual Report and the Audited Annual Accounts of the Company for the year ended 31<sup>st</sup> March, 2017.

#### 1. FINANCIAL HIGHLIGHTS

(₹ in Lacs)

Particulars	Standalone		Consolidated	
	Year ended 31 <sup>st</sup> March, 2017	Year ended 31 <sup>st</sup> March, 2016	Year ended 31 <sup>st</sup> March, 2017	Year ended 31 <sup>st</sup> March, 2016
Revenue from Operations	2,06,364.94	1,83,945.75	2,23,923.48	2,12,715.29
Other Operating Income	5,874.61	4,493.22	8,110.82	4,523.55
<b>Total Income from Operations (net)</b>	<b>2,12,239.55</b>	<b>1,88,438.97</b>	<b>2,32,034.30</b>	<b>2,17,238.84</b>
Other Income	13,897.00	35,791.80	10,444.23	10,193.80
<b>Total Income</b>	<b>2,26,136.55</b>	<b>2,24,230.77</b>	<b>2,42,478.53</b>	<b>2,27,432.64</b>
Profit before Finance Cost, Depreciation & Amortization and Tax Expenses	69,681.65	87,232.58	73,901.24	71,124.74
Finance Cost	446.39	446.82	449.22	487.27
Depreciation & Amortization	7,128.90	6,414.10	7,247.71	6,551.60
<b>Profit Before Tax</b>	<b>62,106.36</b>	<b>80,371.66</b>	<b>66,204.31</b>	<b>64,085.87</b>
(i) Provision for Taxation (Current)	17,200.00	16,415.04	17,366.59	16,476.47
(ii) Provision for Taxation (Deferred)	3,175.01	2,393.80	3,116.40	1,929.98
<b>Total Tax (i+ii)</b>	<b>20,375.01</b>	<b>18,808.84</b>	<b>20,482.99</b>	<b>18,406.45</b>
<b>Profit after Tax</b>	<b>41,731.35</b>	<b>61,562.82</b>	<b>45,721.32</b>	<b>45,679.42</b>
Non-Controlling Interest	-	-	(42.31)	11.11
<b>Net Profit after Non-Controlling Interest</b>	<b>41,731.35</b>	<b>61,562.82</b>	<b>45,679.01</b>	<b>45,690.53</b>
Other Comprehensive Income	(169.33)	232.07	(1,788.49)	380.15
<b>Total Comprehensive Income /(Expenses)</b>	<b>41,562.02</b>	<b>61,794.89</b>	<b>43,890.52</b>	<b>46,070.68</b>



The Company has adopted Indian Accounting Standards (Ind AS) from 1<sup>st</sup> April, 2016. The figures for the Year ended 31<sup>st</sup> March, 2016 are also Ind AS compliant.

#### Standalone Operating Results:

During the year under review, the Revenue from operations of the Company is ₹ 2,12,239.55 Lacs as compared to ₹ 1,88,438.97 Lacs in the previous Financial Year. Exports Turnover registered in the same period was ₹ 1,43,383.31 Lacs as against the Export Turnover of ₹ 1,21,400.08 Lacs in the previous Financial Year.

During the year under review, Company has earned a Profit Before Tax (PBT) of ₹ 62,106.36 Lacs and Profit After Tax (PAT) of ₹ 41,731.35 Lacs as compared to PBT of ₹ 80,371.66 Lacs and PAT of ₹ 61,562.82 Lacs respectively in the previous Financial year.

#### Consolidated Operating Results:

During the year under review, on a Consolidated basis, your Company (together with its Subsidiaries) has earned Revenue from Operations of ₹ 2,32,034.30 Lacs as compared to ₹ 2,17,238.84 Lacs in the previous Financial Year. Correspondingly, the Consolidated Profit After Tax (PAT) registered during the year under review is ₹ 45,679.01 Lacs (After Non Controlling Interest) as compared to PAT (After Non Controlling Interest) of ₹ 45,688.71 Lacs in the previous Financial Year.

## 2. DIVIDEND:

During the year under review, the Company has declared and paid an Interim Dividend of ₹ 4/- (200%) per share on 9,43,20,370 Equity Share of the face value of ₹ 2/- each amounting to ₹ 3,772.81 Lacs for the Financial Year 2016-17 on 13th February, 2017.

The Board of Directors are pleased to recommend a Final Dividend of ₹ 4/- (200%) per Equity Share of the face value of ₹ 2 each amounting to ₹ 3,772.81 Lacs for the Financial Year 2016-17.

The total Dividend outgo for the year ended 31st March, 2017 would be ₹ 7,545.62 Lacs (excluding the Corporate Dividend Tax).

## 3. SHARE CAPITAL:

The paid up Equity Share Capital of the Company as on 31<sup>st</sup> March, 2017 is ₹ 1,886.41 Lacs. 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 31st March, 2017 were ₹ 94,827.71 Lacs. The Company continues to focus on judicious management of its Working Capital,

Receivables, Inventories, all other Working Capital parameters were kept under strict check through continuous monitoring.

#### Capital Expenditure Outlay:

During the year under review, the Company has incurred ₹ 7,494.71 Lacs (including ₹ 463.29 Lacs of Capital work-in-progress) on Capital Expenditure.

#### Deposits:

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

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

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

#### Internal Control and Audit:

The Company has a proper and adequate system of Internal Control commensurate with its size and the nature of its operations to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly. The Company has successfully migrated to the SAP-ERP system which has also helped in further strengthening the Internal Control System. Again, during the Fiscal Year 2016-17, your Company has comprehensively reviewed and re-designed the Internal Financial Controls across the organisation encompassing all key functional areas as well as covering the entire gamut of entity/operational level controls commensurate with the nature and size of business.

The Board of Directors at the recommendations of the Audit Committee appointed M/s. Shah & Shah, Chartered Accountants as Internal Auditors of the Company, M/s. NRCA & Associates, Chartered Accountants as Internal Auditors for Nagpur Unit and Rajesh Dudhara & Co., Chartered Accountants as Internal Auditors for Trichy Unit of the Company for the Financial Year 2017-18.

Internal Auditors monitor and evaluate the efficacy and adequacy of Internal Control System in the Company, its compliance with operating systems, accounting procedures, policies at all locations of the Company. Significant audit observations and corrective actions

thereon are presented to the Audit Committee of the Board.

#### 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.iaengineering.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 October, 2016 and reassigned a Dun Bradstreet Rating of 5A1, which indicates that overall status of the Company is "Strong".

### 5. HUMAN RESOURCE:

The Company gives utmost importance to its Human Resources and believes that employee involvement is crucial for sustaining growth. Our Human Resource policy, therefore, promotes employee engagement at all levels. Organization structure design, role profiles and goal setting exercise are periodically reviewed and strengthened to inculcate a performance oriented culture in the organization, and provide adequate growth opportunities within the organization. Behavioral & Technical training programmes and motivational seminars are regularly organized to enhance technical competencies and keep employees motivated and involved. The employees are also encouraged to participate in sporting events inside and outside the Company to foster team spirit. As a result of all these

initiatives, we are able to sustain and strengthen employees' bond with the Company which has resulted in very low attrition rates for many years.

### 6. MATERIAL CHANGES, TRANSACTIONS AND COMMITMENTS:

On termination of Joint Venture and Shareholders' Agreement between Mr. Bhadresh K. Shah, Managing Director of the Company and Magotteaux International S.A. Belgium (Magotteaux), a Settlement Deed dated 16th February 2000 was executed. 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 the reliefs of injunction and 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).

The amount involved in the said arbitral dispute is approximately US \$ 60 Mn, including costs and damages. However, the Company disputes the arbitration request and denies the allegations made therein and is confident of successfully defending the matter in accordance with law.

### 7. BUSINESS PROSPECTS:

Future growth prospects of the Company will rely on making further inroads in mining industry worldwide.

The growth prospects are primarily emanating out of the large annual replacement market in this industry, primarily in four major metal ore types, viz., Iron, Platinum, Gold and Copper. The Company is now focusing on certain strategic drivers in the Mining Segment over and above the cost reduction due to much lower wear rates owing to High Chrome, viz. improved process efficiencies, reduction in the cost of other consumables (other than high-chrome grinding media), significantly reduced environment hazards and consequently improved environmental benefits, etc. for providing comprehensive solution to the mining industry. This has helped your Company in creating a unique positioning which augurs well for the consistent and steady growth in this industry over medium to long term. Reliance on multiple ores means that declining fortunes of one commodity will not significantly impact your Company's growth prospects. During last few years, we have steadily increased our presence in the major mining groups across the globe with a stronger focus on major mining centers like North America, Latin America, Australia, Africa, and the





Far East Asia, etc. The Company has fairly aggressive growth plans so as to capitalize 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 current 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 as much as the cement segment is concerned, the near term prospects continue to remain flat, although in India it seems that the average capacity utilization levels of cement companies have started to go up. It is also expected that with the government taking lot of initiatives on the infrastructure segment, more particularly the road construction and port infrastructure, it might provide much needed stimulus to the overall construction and industrial segments and it is hoped that from the current fiscal year onwards the positive impact of this stimulus should start coming in. 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, while most of the key markets like North America, Latin America, Western and Eastern Europe, Africa, etc. continue to remain sluggish, there are certain specific markets in Asia, Africa and South America, which continue to add capacity or have increased capacity utilization. In China, the Company currently maintains a limited presence by marketing specific products. 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 (Thermal Power Plants), which is more prominent in the domestic market, your Company continues to enjoy a niche position. The Company will strive to maintain a steady growth rate in this particular segment matching with the rate at which the sector grows.

#### **8. FUTURE EXPANSION:**

The Company's effective capacity reached 3,40,000 Metric Tonnes after successful commission of Phase I of Kerala GIDC brownfield expansion project during 2016-17. We are on track for of implementing second phase of capital expenditure plan at GIDC Kerala involving augmentation of the total capacity by further 1,00,000 MT, which is expected to be commissioned in FY 2018-19, which will take the total installed capacity to 4,40,000 MT. The incremental Capex to be incurred for the second

phase is estimated around ₹ 350 Crores and the same is being funded entirely from internal cash accruals.

#### **9. SUBSIDIARY COMPANIES:**

In accordance with the Indian Accounting Standard (Ind AS) - 110 on Consolidated Financial Statements as provided under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the audited Consolidated Financial Statements are provided in the Annual Report, which show the financial resources, assets, liabilities, income, profits and other details of the Company and its subsidiaries as a single entity as per **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.

#### **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 review 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.

#### **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 Regulations.

A separate report on Corporate Governance and Practicing Company Secretaries 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 Listing 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:

In pursuance to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the SEBI Listing Regulations, the Company adopted the Code of Conduct to regulate, monitor and report trading by the employees, insider and connected 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 Listing 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. The policy for Business Responsibility was placed and approved in the Board Meeting of the Company held on 13.02.2017.

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 Listing Regulations. The policy is Annexed herewith as **Annexure "D"** to this Board's Report.

### 16. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

#### (a) Board of Directors:

The Board of Directors of the Company is led by the Independent – Non Executive Chairman and



comprises eight other Directors as on 31st March, 2017, including one Managing Director, one Whole-Time Director, three Independent Directors and three 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 Listing Regulations.

Mrs. Khushali S. Solanki (DIN -07008918), Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offered herself for re-appointment.

The Term of Mr. Yashwant M. Patel as Whole-Time Director came to an end on 31st March, 2017. The Board, therefore, recommends his re-appointment as Whole-Time Director for a further period of 5(Five) Years w.e.f. 1st April, 2017.

The Nomination and Remuneration Committee recommended the Board for the re-appointment of Mr. Yashwant M. Patel as Whole-Time Director and the Board has re-appointed him as the Whole-Time Director subject to the approval of members of the Company at the ensuing 27th Annual General Meeting.

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

#### **(b) Meetings:**

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

Mr. Rajendra S. Shah, Chairman

Mr. Sanjay Shailesh Majmudar, Member

Mr. Bhadresh K. Shah, Member

Mr. Rajan Ramkrishna 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 Listing Regulations.

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

In compliance with the requirement of applicable laws and as part of the best governance practice, the Company has following Committees of the Board as on 31<sup>st</sup> March, 2017.

- (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 form part of the Corporate Governance Report.

#### **(d) Board Evaluation:**

Pursuant to the provisions of the Companies Act, 2013 (the Act) and SEBI Listing 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) Whole-Time Key Managerial Personnel:**

Mr. Bhadresh K. Shah has been re-appointed as Managing Director for a further period of 5 (Five) years w.e.f. 1<sup>st</sup> October, 2016.

#### **(f) Familiarization Program for Independent Director:**

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 is posted on the website of the Company and can be accessed at <http://www.aiaengineering.com/finances/corporate-governance.php>

**(g) 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.

**(h) 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. Talati & Talati, Chartered Accountants, the Statutory Auditors of the Company will retire at the ensuing 27th

Annual General Meeting of the shareholders of the Company. As per Section 139 of the Companies Act, 2013 and Rules made thereunder, they will not be eligible to be reappointed as Statutory Auditor of the Company in the ensuing Annual General Meeting for Financial Year 2017-18 and onwards. The Board of Directors, in its meeting held on 25.05.2017, on the recommendation of Audit Committee has appointed M/s. BSR & Co. LLP as Statutory Auditors of the Company for a period of Five Years subject to the approval of members in the 27th Annual General Meeting (AGM). If appointed in the AGM, they will hold office for five years from the conclusion of the ensuing Annual General Meeting till the conclusion of the 32nd Annual General Meeting.

The Company has received a letter to the effect that their appointment, if made, would be within the prescribed limit under Section 139 (1) of the Companies Act, 2013 and that they are not disqualified for appointment within the meaning of Section 141 of the said Act and Rules framed thereunder.

As required under SEBI Listing Regulations, the Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Board has duly reviewed the Statutory Auditors' Report for the Financial Year ended 31<sup>st</sup> March, 2017. There were no qualifications/observations in the Report.

**Cost Auditors:**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules 2014, the Cost Audit records maintained by the Company are required to be audited by Cost Accountant. On the recommendations of the Audit Committee, the Board of Directors of the Company had appointed M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as the Cost Auditors of the Company to carry out audit of Cost Accounting Records of the Company for the Financial Year 2016-17.

The Cost Auditors has filled the cost audit report for the financial year ended 31<sup>st</sup> March, 2016 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 carry out audit of cost accounting records of the Company for the financial year 2017-18. 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 for financial year 2017-18 is included in the Notice convening the 27<sup>th</sup> 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, Tushar M. Vora & Associates, 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<sup>st</sup> March, 2017.

The Report on the Secretarial Audit for the year ended 31<sup>st</sup> March, 2017 is annexed herewith as **Annexure "E"** to this Board's Report. There were no qualifications/ 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 Indian Accounting Standards (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 ₹ 969.08 Lacs and the Company has spent ₹ 618.63 Lacs during the Financial Year ended 31<sup>st</sup> March, 2017. 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 Annexure attached to 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 forms part of Board's Report.

#### 22. PARTICULARS OF EMPLOYEES:

The information required pursuant to Section 197 of Companies Act, 2013 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is annexed as Annexure "H".

#### 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.

#### 24. 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.

Place: Ahmedabad  
Date : 25<sup>th</sup> May, 2017

For and on behalf of the Board,  
**Rajendra S. Shah**  
Chairman  
(DIN:00061922)

## 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:

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.

1. The Company has moved from LDO fired heat treatment furnaces to PNG fired heat treatment.
2. By changing the induction coils in the melting furnaces at our Moraiya units to reduce energy consumed per ton of liquid metal, the Company saved approx. 15 KWH/Metric ton of liquid metal.
3. Company has installed a 2.1 MW wind turbine generator (WTG) in Kutch, which provides power to Moraiya Units, 2.4% of the energy consumed is replaced by renewable energy. Renewable energy generated by the WTG in FY 2016-17 is 37, 29,510 KWH against total energy requirement of 15,60,00,000 KWH/Annum.

### (I) POWER & FUEL CONSUMPTION:

Particulars	Current Year 2016-17	Previous Year 2015-16
1. Electricity		
a) Purchased Units	28,64,93,068	24,84,91,126
Total Amount (₹ Lacs)	19,062.15	17,016.10
Rate/Unit(₹)	6.65	6.85
b) Own Generation		
Through Diesel Generator Unit	12,81,349	1,42,071
Unit per Litre of Diesel Oil	2.81	1.96
Cost/Unit (₹)	21.04	26.43
c) Through Steam Turbine/Generator Units		
Units per Litre Of Fuel/Oil/Gas	NA	NA
Cost/Unit(₹)	NA	NA
d) Coal (Specify Quantity and where used)		
Quantity (in Tons)	NA	NA
Total Cost (₹)	NA	NA
Average Rate(₹)	NA	NA
e) Light Diesel Oil/c9		
Quantity (in Litre)	21,67,919	21,46,796
Total Amount (₹ Lacs)	836.07	712.88
Average Rate (₹)	38.57	33.21
f) Others/Internal Generation PNG		
Quantity Unit (SCM)	8,009	6,763
Total Cost (₹ Lacs)	2,428.74	2,760.12
Rate/Unit (₹)	30.32	40.81

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

(₹ in Lacs)

Particulars	Current Year 2016-17	Previous Year 2015-16
Product:		
Casting Unit (Tonnes)	1,96,269.99	1,66,745.29
Electricity per Ton of Castings(Units)	1,459.59	1,440.24


**(A) TECHNOLOGY ABSORPTION:**
**I. RESEARCH & DEVELOPMENT (R &D)**
**a) Specific areas in which R & D carried out by the Company.**

- Development of new alloys of High Chrome Grinding Media for application in Mining Industry.
- Development of new alloys with Lower Chrome content for application in Cement industry.

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

- High Chrome Grinding Media is expected to perform superior to forged Grinding Media presently being used in the industry.
- Alloys with Lower Chrome content are more cost effective and environment friendly.

**c) Future plans of action.**

- Continue to introduce solutions which are cost effective and enhance performance.

**d) Expenditure on R & D (₹ in Lacs)**

1. Capital : Nil
2. Recurring : Nil
3. Total : Nil
4. Total R & D expenditure as percentage of total turn over : Nil

**(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION**
**a) Efforts in brief made towards technology absorption, adaptation and innovation.**

- Green sand regeneration unit has been installed.

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

- It has helped in reducing consumption of silica sand and foundry additives.

**c) Imported technology.**

- Technology for green sand regeneration has been imported from France.

**d) Foreign Exchange Earnings and Outgo:**

(₹ in Lacs)

Particulars	Year ended 31 <sup>st</sup>	Year ended 31 <sup>st</sup>
	March, 2017	March, 2016
i) Total Foreign exchange used	23,253.04	18,420.00
ii) Total Foreign exchange earned	1,43,391.01	1,21,406.65

 Place : Ahmedabad  
 Date : 25<sup>th</sup> May, 2017

 For and on behalf of the Board,  
**Rajendra S. Shah**  
 Chairman  
 (DIN:00061922)

## 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
ii)	Nature of contract/arrangement/transactions	Distribution Agreement
iii)	Duration of contract/arrangements/transactions	Till the Agreement is mutually terminated
iv)	Salient Terms of contract/arrangements/ transactions including the value if any	As per the Distribution Agreement dated 1st April, 2006
v)	Justification for entering into such contracts or arrangements or transactions	In order to optimize the Company's sales, Vega Industries (Middle East) FZC acts as Global Distributor of the Company.
vi)	Date(s) of approval by the Board	13.02.2017
vii)	Amount paid as Advances, if any	--

Place : Ahmedabad  
Date : 25<sup>th</sup> May, 2017

For and on behalf of the Board,  
**Rajendra S. Shah**  
Chairman  
(DIN:00061922)




**ANNEXURE - "B"**

[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 ₹ Lacs)

Sr. No.	1	2	3	4	5	6	7	8
Name of the Subsidiary	WSL	VEGA – ME	VEGA – UK	VEGA – USA	VEGA – RSA	VEGA – WUXI	VEGA - INDONESIA	AIA CSR FOUNDATION
Reporting period for the subsidiary concerned, if different from the Holding Company's period.	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017	31.03.2017
Reporting Currency and Exchange rate as on the last date of the relevant fiscal year in the case of the foreign subsidiary.	INR	USD BS-64.7957 PL-66.9740	Pound BS-81.2246 PL-87.2232	USD BS-64.7957 PL-66.9740	ZAR BS-4.8368 PL-4.7849	CNY BS-9.4150 PL-9.9329	IDR BS-0.0049 PL-0.0050	INR
Share Capital	63.84	210.59	8.12	32.40	0.005	180.39	127.22	1.00
Reserves & Surplus	3,124.96	24,821.26	3,881.09	645.88	206.96	55.29	(32.95)	26.97
Total Assets	4,765.49	75,615.37	10,519.60	14,940.51	9,093.04	1,190.71	113.70	878.05
Total Liabilities	1,576.68	54,479.42	6,671.04	14,262.23	8,886.07	955.03	18.93	850.07
Investments	-	3,895.90	32.53	-	-	-	-	-
Turnover	20,118.51	154,238.10	22,336.41	24,578.46	14,521.43	2,760.02	-	-
Profit Before Taxation	240.69	6,089.29	547.91	5.16	47.60	98.63	(29.30)	27.79
Provision for Taxation	64.19	-	109.75	2.44	13.40	-	-	-
Profit After Taxation	176.50	6,089.29	438.17	2.72	34.20	98.63	(29.30)	27.79
Proposed Dividend	-	-	-	-	-	-	-	-
% of Shareholding	74.85%	100%	100% by Vega ME	100% by Vega UK	100% by Vega ME	100% by Vega ME	99% by Vega ME & 1% (to be subscribed) by AIA Eng. Limited	100%

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

- Names of Subsidiaries which are yet to commence operations: VEGA-INDONESIA
- Names of Subsidiaries which have been liquidated or sold during the year: NIL

### 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



## BUSINESS RESPONSIBILITY REPORT

### OVERVIEW

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

The Directors of AIA Engineering Ltd. ("AIA") present the Business Responsibility Report (BRR) of the Company for the financial year ended on 31st March, 2017, 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 Address: 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad - 382 410, Gujarat, India
4. Website: www.aiaengineering.com
5. E-mail Id: snj@aiaengineering.com
6. Financial Year Period: 2016-17
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 (as in balance sheet) 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:  
6 (including offices)
  - 9.2 Number of National locations:  
5 (including offices)
10. Markets served by the Company (Local / State / National / International): National

#### Financial Details of the Company:

1. Paid Up Capital (INR): 18.86 Crores
2. Total Turnover (INR): 226136.55 Lacs
3. Total Profit after Taxes (INR): 41562.02 Lacs
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 1.49% (₹ 618.63 Lacs)
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

## Other Details:

Sr. No.	Disclosure item	Response
1	Does the Company have any Subsidiary Company/ Companies?	The Company has 8 subsidiary companies (including step-down subsidiaries) as on 31st March, 2017. 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
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	<a href="mailto:snj@aiaengineering.com">snj@aiaengineering.com</a>

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

At AIA Business Responsibility is guided at the Company 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.

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


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

Sr. No.	Questions	Business Ethics	Product Responsibility	Welfare of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Value to customers
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for:	Y	N	Y	N	N	Y	N	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	N	Y	N	N	Y	N	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	N	Y	N	N	Y	N	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	N	Y	N	N	Y	N	Y	Y
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Y	N	Y	Y	N	Y	N	Y	Y
6	Indicate the link for the policy to be viewed online?	Y**	N	Y*	N	N	Y*	N	Y**	Y*
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	N	Y	N	N	Y	N	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

# Few Policies are adopted under the authority given by the Board

\* 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	Product Responsibility	Welfare of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Value to customers
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 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 first BRR as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibility of Business (NVG). The Company currently does not publish a separate Sustainability Report.

### 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 2017-18).

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. These Guidelines have been placed before the Board and adopted on 13.02.2017.



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

- a. Customers: 32 were received, 28 were resolved
- b. Employees: 9, all were resolved.
- c. Shareholders / Investors: None received in the reporting period.
- d. Suppliers / vendors and Contractors: 40 grievances were received, 5 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 2016-17.

The Company has an Internal Complaints Committee (ICC) to redress complaints received regarding sexual harassment. No complaints were received by the ICC in 2016-17.

### Products contributing to sustainability

#### **PRINCIPLE 2: Businesses 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 improve upon the process of new technology development, deployment and commercialization, incorporating social, ethical, and environmental considerations.

#### **Input material, energy and water:**

- o Over 65% of input material is sourced from scrap which is in turn sourced from the ship breaking industry.
- o In the reporting period the Company initiated the process of substituting its conventional cooling towers with dry type cooling towers which in turn improves water consumption and performance.
- o The Company has enhanced the quality of STPs by adopting membrane technology. Grey water is processed to increase its re-usability in cooling towers and certain processes resulting in saving of 30 KL/ day.
- o 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.

Key Criteria		Unit Of Measure	Grinding Media	Liners-VSMS
			YOY Improvement-%	YOY Improvement-%
Energy	Furnace Power/Metric Ton of Liquid metal charge	KWH	0.8%	0%
	PNG for Heat Treatment/Metric Ton of Gas fired quenched production	SCM	0%	3%
Water	Usage of Water for Production unit(KL/MT)	KL/MT	8%	7%

**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 their customers on the safe and responsible usage of their 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 3,711 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 60-75% recycled materials such as scraps and returns. Ferro alloys are sourced from well established players such as Tata Steel, Dipak Ferro alloy, Essel mining and Team Ferro alloys.**
- **Sand procured is from the glass industry which produces high silica sand or from legally mined sand sources such as Ankleshwar and Surendra Nagar regions.**
- **In the last two years the Company has worked with the OEMs to improve power consumption in the foundries.**
- **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 2,543 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 25-30 core vendors on supply parameters. Performance assessment on environmental and social criteria will be conducted with critical suppliers in 2017-18, this will also include physical audits.





## Welfare of Employees

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

The manpower at AIA Engineering Limited as on 31 March, 2017 was 1,255

#### 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 work.
- Car scheme for managerial category
- Loan policy 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
- Contractual workmen also enjoy staggered weekly offs.
- 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 < 5%, 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	974	5	0.5%
Worker	138		
Casual / Temporary / Contractual	2,774	9	0.3%
D			
<b>Total</b>	<b>3,886</b>	<b>14</b>	<b>0.36%</b>

Employees with disabilities 0%

#### Collective Bargaining:

The Company has a union at Unit 1 in Odhav, 4.3% of total workmen viz. 45 nos. are members of the union. 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:

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

90% of our permanent employees and 100% of our contractual employees were given 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			Wash Basins & others		
	Water Coolers	Drinking water Tap	Male	Male	Female	Bathrooms	Hand wash	Tap	OHC
<b>Total</b>	37	75	122	99	7	44	91	159	3

The Company also provides 45 water jars of 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 unit 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 400 trainings in the reporting period covering 4000+ Participants.

**LTIFR/ LDR/ Absentee Rate:**

Safety performance	Grinding Media FY 2016-17	VSMS-Liner FY 2016-17
LTIR	2.71	1.60
LTIFR	1.09	0.64
LTISR	106	44.49

**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 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 Kerala plant
- One day picnic for Kerala plant
- Annual sports events at all units
- Awards and appreciation letter for completion of projects at the 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 resp.

The Company plans to continue to expand our activities and extend the same to other units. Employee grievances received, addressed and resolved were a total of 9 in FY 2016-17

#### **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 include usage of PPE.
- Post announcement of demonetisation announced by the GOI on November 8th 2016, the Company supported its contractor and contractor's workmen to open bank accounts and apply for their Aadhar cards.

#### **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, 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).

In FY2016 -17 the Company organised a plant visit for interested shareholders to the Kerala plant in GIDC, Ahmedabad.

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, retention money and C- Forms, 40 grievances were received and addressed, 5 remain pending as on 31st March 2017.

#### **Vendor Capacity Building:**

The Company plans to undertake a GST (Goods and Service Tax) training programme for our key vendors in the beginning of the next year, a presentation that helps vendors understand the procedures, requirements and the registration process has been developed for this purpose.

#### **Customers:**

The Company engages with customers through:

- a. One-on-one meetings (sales meets)
- b. Technical seminars organised by AIA in Ahmedabad (3 times a year)
- c. Customer organises for technical meets, knowledge sharing
- d. Email communication on technical developments, achievements

AIA has received "Best Vendor" award from BHEL 2015-16.

#### **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 Human Rights policy is under development and will be signed off in the coming reporting period. 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 initiated the implementation of Integrated Management Systems (ISO 14001:2015 OHSAS 18001:2007) and 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.

- 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, 4 out of 5 heat treatment furnaces in Moraiya have also switched over, these initiatives were undertaken 2014 onwards.

- 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:

Changing the induction coils in the melting furnaces at our Moraiya units to reduce energy consumed per ton of liquid metal. The Company saved approx. 15 KWH/Metric ton of liquid metal.

Converting the high HP motors at Kerala to I 3 types. The same will also be initiated in Moraiya in the coming reporting period.

- Renewable energy

The Company has installed a 2.1 MW Wind Turbine Generator (WTG) in Kutch which provides power to Moraiya Units, 2.4% of the energy consumed is replaced by renewable energy.

Renewable energy generated in FY 2016-17 by the WTG is 37, 29,510 KWH against total energy requirement of 15,60,00,000 KWH/Annum.

- Water

The Company consumes 1,90,000 KL/Annum of ground water, this is supplied through Gujarat Industrial Development Corporation. Water meters are installed at points of withdrawal and discharge points and a water balance is maintained.

**Water conservation projects:**

- 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.
- Moraiya and Kerala plants have recharge wells where roof top water is channelled for ground water recharge.
- Moraiya and Kerala plants are also zero discharge units
- Domestic (canteen, washroom) waste water is treated and reused in the sand and casting cooling processes.

- Waste

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

- Currently, 25% of waste sand generated (fines and waste/ slag residue) is reused for:
  - Co-processing in the cement industry
  - Re-use at industrial constructions ( roads and pavements)
- 100kgs 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.
- The Company plans to introduce the Bioneer machines in Moriya and Odhav over the next two years.

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

	Key Criteria	Unit Of Measure	Grinding Media	Liners-VSMS
			FY-2016-17	FY-2016-17
<b>Energy</b>	Furnace Power/Metric Ton of Liquid metal charge	KWH	634.7	610.41
	PNG for Heat Treatment/Metric Ton of Gas fired quenched production	SCM	34.67	61.64
<b>Water</b>	Usage of Water for Production unit(KL/MT)	KL/MT	1.12	1.03
<b>Waste</b>	Waste sand & slag residue(MT) per Metric ton of production	MT/MT Of Production	0.05	0.05

The above information provided is for reductions 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 ₹ 618.63 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 2016-17.

The Company has incorporated a Section 8 Company 'AIA CSR Foundation' and desires to spend its CSR funds through the Foundation. The Foundation is now 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 its customer needs, business requirements and develops products that add value to its customers.

The Company continuously researches on metallurgy that improves product performance, reduce costs for customers. Products like the high chrome grinding media, liners have increased longevity, thus reducing frequency of consumption at customer's end in the long run.

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

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

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

A total of 32 customer complaints were received, 28 of these were addressed and resolved at the end of 2016-17, while 4 remain pending.

## 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 "SEBI 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 31<sup>st</sup> 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 deemed 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 the relevant statutory and regulatory authority. 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<sup>ST</sup> MARCH, 2017

[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<sup>st</sup> March, 2017, 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<sup>st</sup> March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-Laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (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, and
2. The Listing Agreements entered into by the Company with BSE Ltd. and National Stock Exchange of India Ltd. and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

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

- (vi) We further report that having regard to the compliance system and process prevailing in the Company and 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 an Ordinary Resolution has been obtained for re-appointment of Mr. Bhadresh K Shah as Managing Director of the Company pursuant to Section 196, 197 etc. of the Companies Act, 2013
2. Shareholders' approval by way of an Ordinary Resolution has been obtained for appointment of Powertec Infrastructure Holdings Private Limited for holding office or place of profit under the Company pursuant to Section 188 of the Companies Act, 2013.
3. Shareholders' approval by way of an Ordinary Resolution has been obtained for related party transactions with Subsidiary Company pursuant to Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI Listing Regulations.
4. The Board of Directors has, subject to approval of the shareholders of the Company in General Meeting, re-appointed Mr. Yashwant M. Patel as Whole-Time Director of the Company for a period of five years w.e.f. 1<sup>st</sup> April, 2017 pursuant to Section 196, 197 etc. of the Companies Act, 2013.

**FOR TUSHAR VORA & ASSOCIATES  
Company Secretaries**

**TUSHAR M VORA**

Proprietor  
FCS No. 3459  
C P No.: 1745

25th May, 2017  
Ahmedabad.

### "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 account 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 is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to compliance in totality or the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**FOR TUSHAR VORA & ASSOCIATES  
Company Secretaries**

**TUSHAR M VORA**

Proprietor  
FCS No. 3459  
C P No.: 1745

25th May, 2017  
Ahmedabad.

## ANNEXURE – "F"

## FORM MGT 9

## EXTRACT OF ANNUAL RETURN

as on the Financial Year ended 31st March, 2017

[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	11th 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	Link Intime India Private Limited 5th Floor, 506 to 508, Amarnath Business Centre -1 (ABC-1), Besides Gala Business Centre, Nr. St. Xavier's College Corner, Off. C. G. Road, Ellisbridge, Ahmedabad 380 006 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	3371	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 Limited	L27104GJ1972PLC085827	Subsidiary	74.85%	2(87)
2	Vega Industries (Middle East) FZC, UAE	Foreign Company	Wholly-Owned	100%	2(87)
3	Vega Industries Limited, UK	Foreign Company	Subsidiary Wholly-Owned	100% by Vega ME	2(87)
4	Vega Industries Limited, USA	Foreign Company	Subsidiary Wholly-Owned	100% by Vega UK	2(87)
5	Vega Steel Industries (RSA) Proprietary Limited, South Africa	Foreign Company	Subsidiary Wholly-Owned	100% by Vega ME	2(87)
6	Wuxi Vega Trade Co. Limited, China	Foreign Company	Subsidiary Wholly-Owned	100% by Vega ME	2(87)
7	Pt Vega Industries Indonesia, Indonesia	Foreign Company	Subsidiary Wholly-Owned	99% by Vega ME and 1% to be subscribed by AIA Engineering Limited	2(87)
8	AIA CSR Foundation	U85190GJ2015NPL084851	Subsidiary Wholly-Owned	100%	2(87)


**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 beginning of the Year				No. of Shares held at the end of the Year				% Change during this year
	Demat	Physical	Total	%	Demat	Physical	Total	%	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	5,81,48,920	-	5,81,48,920	61.65	5,81,48,920	-	5,81,48,920	61.65	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1)</b>	<b>5,81,48,920</b>	<b>-</b>	<b>5,81,48,920</b>	<b>61.65</b>	<b>5,81,48,920</b>	<b>-</b>	<b>5,81,48,920</b>	<b>61.65</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRI Individual	-	-	-	-	-	-	-	-	-
b) Other - Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks /FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>5,81,48,920</b>	<b>-</b>	<b>5,81,48,920</b>	<b>61.65</b>	<b>5,81,48,920</b>	<b>-</b>	<b>5,81,48,920</b>	<b>61.65</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	47,77,553	-	47,77,553	5.07	51,30,648	-	51,30,648	5.44	0.37
b) Banks/FIs	32,956	-	32,956	0.03	80,042	-	80,042	0.08	0.05
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	2,59,86,448	-	2,59,86,448	27.55	2,62,25,579	-	2,62,25,579	27.80	0.25
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others- Specify	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1)</b>	<b>3,07,96,957</b>	<b>-</b>	<b>3,07,96,957</b>	<b>32.65</b>	<b>3,14,36,269</b>	<b>-</b>	<b>3,14,36,269</b>	<b>33.33</b>	<b>0.68</b>
<b>(2) Non- Institutional</b>									
<b>a) Bodies Corporate</b>									
(i) Indian	28,05,677	-	28,05,677	2.97	25,01,549	-	25,01,549	2.65	(0.32)
(ii) Overseas	-	-	-	-	-	-	-	-	-
<b>b) Individuals</b>									
(i) Individuals Shareholders holding share capital upto ₹ 1 Lac	20,89,972	2,630	20,92,602	2.22	18,25,641	2,630	18,28,271	1.94	(0.28)
(ii) Individuals Shareholders holding share capital in excess of ₹ 1 Lac	56,782	-	56,782	0.06	55,082	-	55,082	0.06	-
<b>c) Others - Specify</b>									
Clearing Member	1,48,575	-	1,48,575	0.16	82,762	-	82,762	0.09	(0.07)
NRI/NRI Repat	1,59,813	-	1,59,813	0.17	1,70,004	-	1,70,004	0.18	0.01
Hindu Undivided Family	1,11,044	-	1,11,044	0.12	96,651	-	96,651	0.10	(0.02)
Trust	-	-	-	-	862	-	862	-	-
<b>Sub-Total (B)(2)</b>	<b>53,71,863</b>	<b>2,630</b>	<b>53,74,493</b>	<b>5.70</b>	<b>47,32,551</b>	<b>2,630</b>	<b>47,35,181</b>	<b>5.02</b>	<b>0.68</b>
<b>Total Public Shareholding (B) = B(1) +B(2)</b>	<b>3,61,68,820</b>	<b>2,630</b>	<b>3,61,71,450</b>	<b>38.35</b>	<b>3,61,68,820</b>	<b>2,630</b>	<b>3,61,71,450</b>	<b>38.35</b>	<b>-</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand Total(A+B+C)</b>	<b>9,43,17,740</b>	<b>2,630</b>	<b>9,43,20,370</b>	<b>100</b>	<b>9,43,17,740</b>	<b>2,630</b>	<b>9,43,20,370</b>	<b>100</b>	<b>-</b>

## 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	5,81,28,900	61.63	-	5,81,28,900	61.63	-	-
2	Khushali Shah	10,010	0.01	-	10,010	0.01	-	-
3	Bhumika Shah	10,005	0.01	-	10,005	0.01	-	-
4	Gita B. Shah	5	-	-	5	-	-	-
<b>Total</b>		<b>5,81,48,920</b>	<b>61.65</b>	<b>-</b>	<b>5,81,48,920</b>	<b>61.65</b>	<b>-</b>	<b>-</b>

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

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	5,81,48,920	61.65	5,81,48,920	61.65
Date-wise Increase/Decrease in Promoters shareholding during the years specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/swear equity etc.)	-	-	-	-
At the end of the year	5,81,48,920	61.65	5,81,48,920	61.65


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

Sr. No.	Particular	Shareholding at the beginning of the year 1st April, 2016		Date	Increase/Decrease	Reason	Cumulative Shareholding during the year 2016-2017		Shareholding at the end of the year 31st March, 2017	
		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	9.6775	-	-	-	91,27,809	9.6775	91,27,809	9.6775
2	Matthews India Fund	31,90,467	3.3826	01 Jul 2016	6,287	Transfer	31,96,754	3.3893	29,78,540	3.1579
				08 Jul 2016	3,391	Transfer	32,00,145	3.3928		
				29 Jul 2016	3,17,684	Transfer	35,17,829	3.7297		
				05 Aug 2016	5,929	Transfer	35,23,758	3.7359		
				07 Oct 2016	(3,494)	Transfer	35,20,264	3.7322		
				25 Nov 2016	(55,000)	Transfer	34,65,264	3.6739		
				02 Dec 2016	(7,005)	Transfer	34,58,259	3.6665		
				09 Dec 2016	(44,898)	Transfer	34,13,361	3.6189		
				13 Jan 2017	(44,603)	Transfer	33,68,758	3.5716		
				20 Jan 2017	(981)	Transfer	33,67,777	3.5706		
				27 Jan 2017	(10,850)	Transfer	33,56,927	3.5591		
				03 Feb 2017	(9,908)	Transfer	33,47,019	3.5486		
				10 Feb 2017	(26,473)	Transfer	33,20,546	3.5205		
				17 Feb 2017	(1,52,006)	Transfer	31,68,540	3.3593		
03 Mar 2017	(50,326)	Transfer	31,18,214	3.3060						
10 Mar 2017	(1,39,674)	Transfer	29,78,540	3.1579						
3	Pinebridge Investments GF Mauritius Limited	27,56,227	2.9222	09 Sep 2016	(7011)	Transfer	27,49,216	2.9148	21,89,588	2.3214
				04 Nov 2016	(2574)	Transfer	27,46,642	2.9120		
				11 Nov 2016	(1510)	Transfer	27,45,132	2.9104		
				18 Nov 2016	(86420)	Transfer	26,58,712	2.8188		
				02 Dec 2016	(63760)	Transfer	25,94,952	2.7512		
				27 Jan 2017	(250000)	Transfer	23,44,952	2.4862		
				17 Feb 2017	(155364)	Transfer	21,89,588	2.3214		
4	HDFC Trustee Company Limited -A/c HDFC Mid Capopportunities Fund	27,92,963	2.9611	17 Jun 2016	(54,004)	Transfer	27,38,959	2.9039	14,53,809	1.5414
				25 Nov 2016	(1,15,000)	Transfer	26,23,959	2.7820		
				02 Dec 2016	(7,17,000)	Transfer	19,06,959	2.0218		
				09 Dec 2016	(97,150)	Transfer	18,09,809	1.9188		
				16 Dec 2016	(3,00,000)	Transfer	15,09,809	1.6007		
				23 Dec 2016	(56,000)	Transfer	14,53,809	1.5414		
5	Jwalamukhi Investment Holdings	16,35,000	1.7335	07 Oct 2016	(2,76,000)	Transfer	13,59,000	1.4408	12,11,932	1.2849
				14 Oct 2016	(20,000)	Transfer	13,39,000	1.4196		
				21 Oct 2016	(27,123)	Transfer	13,11,877	1.3909		
				18 Nov 2016	(99,945)	Transfer	12,11,932	1.2849		

Sr. No.	Particular	Shareholding at the beginning of the year 1st April, 2016		Date	Increase/ Decrease	Reason	Cumulative Shareholding during the year 2016-2017		Shareholding at the end of the year 31st March, 2017	
		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
6	ICICI Prudential Long Term Equity Fund Tax Savings	12,525	0.0133	26 Aug 2016	(3,865)	Transfer	8,660	0.0092	8,78,956	0.9319
				30 Sep 2016	53,744	Transfer	62,404	0.0662		
				07 Oct 2016	3,37,765	Transfer	4,00,169	0.4243		
				14 Oct 2016	2,65,988	Transfer	6,66,157	0.7063		
				28 Oct 2016	97,946	Transfer	7,64,103	0.8101		
				04 Nov 2016	760	Transfer	7,64,863	0.8109		
				18 Nov 2016	2,997	Transfer	7,67,860	0.8141		
25 Nov 2016	1,11,096	Transfer	8,78,956	0.9319						
7	Goldman Sachs India Limited	0	0.0000	02 Dec 2016	1,72,508	Transfer	1,72,508	0.1829	7,12,969	0.7559
				09 Dec 2016	52,672	Transfer	2,25,180	0.2387		
				16 Dec 2016	45,767	Transfer	2,70,947	0.2873		
				23 Dec 2016	1,25,043	Transfer	3,95,990	0.4198		
				03 Feb 2017	53,383	Transfer	4,49,373	0.4764		
				24 Feb 2017	49,562	Transfer	4,98,935	0.5290		
				03 Mar 2017	22,495	Transfer	5,21,430	0.5528		
				10 Mar 2017	77,889	Transfer	5,99,319	0.6354		
				17 Mar 2017	4,571	Transfer	6,03,890	0.6403		
				24 Mar 2017	65,863	Transfer	6,69,753	0.7101		
31 Mar 2017	43,216	Transfer	7,12,969	0.7559						
8	Burgundy Emerging Markets Fund	7,68,621	0.8149	30 Jun 2016	1,089	Transfer	7,69,710	0.8161	6,18,247	0.6555
				12 Aug 2016	1,779	Transfer	7,71,489	0.8179		
				09 Dec 2016	(18,129)	Transfer	7,53,360	0.7987		
				16 Dec 2016	(13,642)	Transfer	7,39,718	0.7843		
				23 Dec 2016	(25,572)	Transfer	7,14,146	0.7571		
				30 Dec 2016	(9,621)	Transfer	7,04,525	0.7469		
				06 Jan 2017	(21,605)	Transfer	6,82,920	0.7240		
				13 Jan 2017	(29,907)	Transfer	6,53,013	0.6923		
				20 Jan 2017	(24,296)	Transfer	6,28,717	0.6666		
27 Jan 2017	(10,470)	Transfer	6,18,247	0.6555						
9	Kotak Select Focus Fund	5,21,966	0.5534	03 Jun 2016	71	Transfer	5,22,037	0.5535	5,78,720	0.6136
				27 Jan 2017	7,096	Transfer	5,29,133	0.5610		
				03 Feb 2017	404	Transfer	5,29,537	0.5614		
				10 Feb 2017	2,000	Transfer	5,31,537	0.5635		
				10 Mar 2017	35,000	Transfer	5,66,537	0.6007		
				24 Mar 2017	5,000	Transfer	5,71,537	0.6060		
				31 Mar 2017	7,183	Transfer	5,78,720	0.6136		





Sr. No.	Particular	Shareholding at the beginning of the year 1st April, 2016		Date	Increase/ Decrease	Reason	Cumulative Shareholding during the year 2016-2017		Shareholding at the end of the year 31st March, 2017	
		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
10	Bajaj Allianz Life Insurance Company Limited	7,04,426	0.7468	08 Apr 2016	(60,000)	Transfer	6,44,426	0.6832	5,75,481	0.6101
				15 Apr 2016	(75,000)	Transfer	5,69,426	0.6037		
				29 Apr 2016	20,000	Transfer	5,89,426	0.6249		
				06 May 2016	35,000	Transfer	6,24,426	0.6620		
				27 May 2016	(370)	Transfer	6,24,056	0.6616		
				17 Jun 2016	(1,500)	Transfer	6,22,556	0.6600		
				01 Jul 2016	10,000	Transfer	6,32,556	0.6706		
				08 Jul 2016	20,000	Transfer	6,52,556	0.6919		
				15 Jul 2016	10,000	Transfer	6,62,556	0.7025		
				22 Jul 2016	(35,000)	Transfer	6,27,556	0.6653		
				26 Aug 2016	(10,000)	Transfer	6,17,556	0.6547		
				30 Sep 2016	30,000	Transfer	6,47,556	0.6865		
				28 Oct 2016	(3,500)	Transfer	6,44,056	0.6828		
				04 Nov 2016	5,000	Transfer	6,49,056	0.6881		
				11 Nov 2016	(1,11,000)	Transfer	5,38,056	0.5705		
				30 Dec 2016	3,000	Transfer	5,41,056	0.5736		
03 Feb 2017	31,425	Transfer	5,72,481	0.6070						
03 Mar 2017	3,000	Transfer	5,75,481	0.6101						
11	Kuwait Investment Authority Fund 225	6,27,193	0.6650	10 Mar 2017	(77,669)	Transfer	5,49,524	0.5826	4,66,759	0.4949
				24 Mar 2017	(46,832)	Transfer	5,02,692	0.5330		
				31 Mar 2017	(35,933)	Transfer	4,66,759	0.4949		
12	Somerset Emerging Markets Small Cap Fund LLC	5,82,898	0.6180	08 Apr 2016	38,888	Transfer	6,21,786	0.6592	4,33,470	0.4596
				15 Apr 2016	9,873	Transfer	6,31,659	0.6697		
				22 Apr 2016	6,969	Transfer	6,38,628	0.6771		
				29 Apr 2016	13,458	Transfer	6,52,086	0.6914		
				06 May 2016	4,537	Transfer	6,56,623	0.6962		
				13 May 2016	11,644	Transfer	6,68,267	0.7085		
				20 May 2016	29,168	Transfer	6,97,435	0.7394		
				27 May 2016	25,753	Transfer	7,23,188	0.7667		
				03 Jun 2016	13,105	Transfer	7,36,293	0.7806		
				24 Jun 2016	19,761	Transfer	7,56,054	0.8016		
				30 Jun 2016	24,593	Transfer	7,80,647	0.8277		
				01 Jul 2016	2,338	Transfer	7,82,985	0.8301		
				08 Jul 2016	3,278	Transfer	7,86,263	0.8336		
				09 Dec 2016	(27,537)	Transfer	7,58,726	0.8044		
				16 Dec 2016	(89,463)	Transfer	6,69,263	0.7096		
				24 Feb 2017	(1,46,632)	Transfer	5,22,631	0.5541		
03 Mar 2017	(55,585)	Transfer	4,67,046	0.4952						
10 Mar 2017	(3,610)	Transfer	4,63,436	0.4913						
17 Mar 2017	(17,750)	Transfer	4,45,686	0.4725						
24 Mar 2017	(12,216)	Transfer	4,33,470	0.4596						

## v) Shareholding of Directors and Key Managerial Personnel:

Particular	Shareholding at the beginning of the year 1st April, 2016		Date	Increase/Decrease	Reason	Cumulative Shareholding during the year 2016-2017		Shareholding at the end of the year 31st March, 2017	
	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. Bhadrash K. Shah - Managing Director	5,81,28,900	61.63	-	-	-	5,81,28,900	61.63	5,81,28,900	61.63
Mr. Rajendra S. Shah - Director	847	-	-	-	-	847	-	847	-
Mr. Sajnay S. Majmudar - Director	15,120	0.02	27.03.2017	(15120)	Transfer	-	-	-	-
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 Harivallabhadas & Mr. Dileep C. Choksi - Directors	None of the directors hold shares in the Company								
Mr. Kunal D. Shah - Executive Director - Finance	1250	-	-	-	-	1250	-	1,250	-
Mr. S. N. Jetheliya - Company Secretary	10,000	0.01	01.12.2016	(50)	Transfer	9,950	0.01	9,200	0.01
			12.12.2016	(300)	Transfer	9,650	0.01		
			16.02.2017	(250)	Transfer	9,400	0.01		
			29.03.2017	(100)	Transfer	9,300	0.01		
			31.03.2017	(100)	Transfer	9,200	0.01		

## vi) INDEBTEDNESS:

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

₹ in Lacs

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the Financial Year</b>				
i) Principal Amount	8,800.27	8,154.37	-	16,954.63
ii) Interest due but not paid	64.81	-	-	64.81
iii) Interest accrued but not due	-	-	-	-
<b>Total(i+ii+iii)</b>	<b>8,865.08</b>	<b>8,154.37</b>	-	<b>17,019.44</b>
<b>Change in Indebtedness during the Financial Year</b>				
i) Addition	-	-	-	-
ii) Reduction	(2,118.48)	(853.59)	-	(2,972.07)
<b>Net Change</b>	<b>(2,118.48)</b>	<b>(853.59)</b>	-	<b>(2,972.07)</b>
<b>Indebtedness at the end of the Financial Year</b>				
i) Principal Amount	6,719.27	7,300.78	-	14,020.05
ii) Interest due but not paid	27.33	-	-	27.33
iii) Interest accrued but not due	-	-	-	-
<b>Total(i+ii+iii)</b>	<b>6,746.60</b>	<b>7,300.78</b>	-	<b>14,047.38</b>


**vii) Remuneration of Directors and Key Managerial Personal:**
**A. Remuneration of Managing Director and Whole Time Director:**

₹ in Lacs

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	44.11	0.32	44.43
	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	-	-	-
<b>Total</b>		<b>116.11</b>	<b>14.72</b>	<b>130.83</b>

**B. Remuneration to other Directors:**

₹ in Lacs

Sr. No.	Particular of Remuneration	Names of Other Directors				Total Amount
		Mr. Dileep C. Choksi	Mr. Rajendra S. Shah	Mr. Sanjay S. Mujumdar	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)	-	-	15.00	-	15.00
5	Others, Sitting Fees	0.45	1.00	1.00	1.00	3.45
<b>Total</b>		<b>0.45</b>	<b>1.00</b>	<b>16.00</b>	<b>1.00</b>	<b>18.45</b>

## Other Non-Executive Directors:

₹ in Lacs

Sr. No.	Particular of Remuneration	Names of Other Non-Executive Directors			Total Amount
		Dr. S. Srkumar	Mrs. Khushali S. Solanki	Mrs. Bhumika S. Shodhan	
1	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	0.45	1.05
<b>Total</b>		-	<b>0.60</b>	<b>0.45</b>	<b>1.05</b>

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

₹ in Lacs

Sr. No.	Particulars of Remuneration	Key Managerial Personnel (Other than MD/WTD)		Total Amount
		Executive Director Finance	Company Secretary	
1	Gross Salary			
	a) Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961	60.00	48.30	108.30
	b) Value of perquisite u/s 17(2) of the Income Tax Act, 1961	0.32	0.48	0.80
	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	-	-	-
<b>Total</b>		<b>60.32</b>	<b>48.78</b>	<b>109.10</b>



**V PENTALTIES/PUNISHMENT/COMPUNDING OF OFFENCES:**

<b>Type</b>	<b>Section of the Companies Act</b>	<b>Brief Description</b>	<b>Details of Penalty/ Punishment/ Compounding Fee Imposed</b>	<b>Authority (RD/NCLT/ Court)</b>	<b>Appeal made, if any give detail</b>
A. Company Penalty Punishment Compounding			NONE		
B. Directors Penalty 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 well-being 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 Lacs)
1.	Average Net Profit of the Company for the last three years	48,453.98
2.	Prescribed CSR Expenditure (2% of the Amount of Net Profit)	969.08
3.	Details of CSR spent during the financial year	
	a) Total Amount spent for the financial year	618.63
	b) Amount unspent, if any	350.45
	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 ₹ 969.08 Lacs and the Company has spent ₹ 618.63 Lacs during the financial year ended 31st March, 2017. 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

Place : Ahmedabad  
Date : 25th May, 2017

**Bhadresh K. Shah**  
Chairman-CSR Committee  
(DIN: 00058177)

**Yashwant M. Patel**  
Whole-Time Director  
(DIN:02103312)


**Manner in which CSR amount was spent during the financial year**
**(₹ in Lacs)**

(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	Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through implementing agency*
1	Prevention & Promoting Health care	Cl(i) Healthcare	Local	5.00	5.00	5.00	Kidney Diseases and Research Centre, Ahmedabad
2.	Promotion of Vocational among disabled women	Cl (ii) Education of women	Local	5.00	5.00	5.00	Andh Kanya Prakash Gruh Trust, Ahmedabad
3.	Prevention & Promoting Health care	Cl(i) Healthcare	Local	5.00	5.00	5.00	Dardionu Rahat Fund , Ahmedabad
4.	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	480.00	480.00	480.00	AIA CSR Foundation, Ahmedabad
5.	Prevention & Promoting Health care	Cl(i) Healthcare	Local	5.00	5.00	5.00	Ashirvad Education Trust, Ahmedabad
6.	Prevention & Promoting Health care	Cl. (i) Healthcare	Local	10.00	10.00	10.00	Kanoria Seva Kendra, Gandhinagar
7.	Eradicating Hunger & Promotion of Education	Cl. (ii) Education	Local	5.00	5.00	5.00	Samvedna Trust, Ahmedabad
8.	Eradicating Hunger & Development of Children	Cl. (i) Eradicating Hunger & development of Children	Local	10.00	10.00	10.00	Akshay Patra Foundation, Ahmedabad
9.	Education and promotion of differently abled children	Cl(ii) Education	Local	15.00	15.00	15.00	School for Deaf-Mutes Society, Ahmedabad
10	Preventing and Promoting of Health Education & Health Care	Cl. (i) Healthcare	Local	30.00	30.00	30.00	Dr. Jivraj Mehta Health Foundation, Ahmedabad
11	Prevention & Promoting Health care	Cl. (i) Healthcare	Local	20.00	20.00	20.00	Muljibhai Patel Society for Research in Nephro-Urology, Nadiad
12	Promotion of Education of Differently Abled persons	Cl. (ii) Education of Differently Abled persons	Local	20.00	20.00	20.00	Aastha Charitable Trust for Welfare of the mentally Challenged, Ahmedabad
13	Prevention & Promoting Health care	Cl. (i) Healthcare	Local	5.00	5.00	5.00	Family Planning Association of India, Ahmedabad
14	Plantation – Green Environment	Cl(iv) Environment	Local	3.63	3.63	3.63	Tree Plantation Project at Air Force Base in Chiloda, Gandhinagar Ahmedabad – Direct
<b>TOTAL</b>						<b>618.63</b>	

## 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	35.20
Mr. Yashwant M. Patel	4.46
Mr. Rajendra S. Shah	0.30
Mr. Sanjay S. Majmudar	0.30
Mr. Rajan Harivallabhdas	0.30
Dr. S. Srikumar	-
Mr. Dileep C. Choksi	0.14
Mrs. Khushali S. Solanki	0.18
Mrs. Bhumika S. Shodhan	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	11.78
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	-
Mr. Kunal D. Shah – Executive Director – Finance	75.75
Mr. S. N. Jetheliya, Company Secretary	60.36

- 3) The percentage increase in the median remuneration of employees in the financial year was 29.14%.
- 4) There were 1,255 permanent employees on the rolls of Company as on 31st March, 2017.
- 5) The Profit After Tax for the Financial Year ended 31st March, 2017 decreased by 32.21 % whereas the average increase in median remuneration of employee was 29.14%.
- 6) The Profit After Tax for the Financial Year ended 31st March 2017 decreased by 32.21% whereas the average increase in remuneration of Key Managerial Personnel (KMP) was 30.87%.





- 7) The Company came out with Initial Public Offer in November 2005 at a price of ₹ 315 per share. The other details are as follows:

<b>Date</b>	<b>Market Price</b>	<b>EPS(₹)</b>	<b>P/E Ratio</b>	<b>Market Capitalization (₹ in Crores)</b>	<b>% of Change</b>
31.03.2016	937.90	65.27	14.37	8,846.31	
31.03.2017	1,586.70	44.24	35.86	14,965.81	69.18%

- 8) Average increase in the salaries of employees other than the managerial personnel in the last financial year was 9.79% whereas the average increase in the managerial remuneration was 10.32%.
- 9) The members have at the 24th Annual General Meeting of the Company held on 11th September, 2014 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 contributions of the Directors at the Board and the Committee meetings.
- 10) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year is NIL.
- 11) 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 : 25<sup>th</sup> May, 2017



## 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 the Board.
- Adequate representation of Promoters and Independent Directors on the Board.
- Monitoring of Executives' 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, 2015 in this regard.

We take pleasure in reporting that your Company has complied in all respects with the requirements stipulated under Regulation 17 to 27 read with Schedule V and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing 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, 4 Independent Directors and 3 Non Independent - Non-Executive Directors in terms of



the SEBI Listing 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 Listing Regulations, Mrs. Khushali Samip Solanki and Mrs. Bhumika Shyamal Shodhan are the two Women Directors (Non-Independent Non-executive) on the Board of the Company.

#### **(B) BOARD MEETINGS/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 the Board 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 Listing Regulations to the extent these are relevant and applicable. All agenda items are supported by the relevant information, documents and presentations to enable the Board to take informed decisions.

Company's Board met 4 times during the year under review on 25<sup>th</sup> May, 2016, 12<sup>th</sup> August, 2016, 15<sup>th</sup> November, 2016 and 13<sup>th</sup> February, 2017. 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 Listing Regulations. Details of the Directors, their positions, attendance record at Board meetings and last Annual General Meeting (AGM), other Directorships (excluding Private Limited, Foreign Companies and Alternate Directorships) and the Memberships/ Chairmanships of Board Committees (only Audit Committee and Stakeholders' Relationship Committee) other than your Company as on 31<sup>st</sup> March, 2017 are as follows:

Name of the Board Member	Category	Attendance at the Board of Directors Meeting held on				Attended AGM 12 <sup>th</sup> August, 2016
		25th May, 2016	12th August, 2016	15th November, 2016	13th February, 2017	
Mr. Rajendra S. Shah (Chairman)	Independent - Non Executive	✓	✓	✓	✓	✓
Mr. Bhadrash 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.	✓	✓	L.A.
Mrs. Khushali S. Solanki	Non Independent - Non Executive	✓	✓	✓	✓	✓
Mrs. Bhumika S. Shodhan	Non Independent - Non Executive	✓	✓	✓	L.A.	✓
Mr. Rajan Harivallabhdas	Independent Director	✓	✓	✓	✓	✓

\* L.A. (Leave of Absence)

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

Name of the Director	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Rajendra S. Shah	4	3	1
Mr. Bhadresh K. Shah	1	2	-
Mr. Sanjay S. Majmudar	5	3	3
Dr. S. Srikumar	-	-	-
Mr. Yashwant M. Patel	-	-	-
Mr. Dileep C. Choksi	7	4	4
Mrs. Khushali S. Solanki	1	-	-
Mrs. Bhumika S. Shodhan	-	-	-
Mr. Rajan Harivallabhdas	1	-	-

**(C) 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.

**(D) CODE OF CONDUCT:**

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

The Code lays down the standard of conduct which is expected to be followed by the Board Members and the Senior Management of the Company in particular on matters relating to integrity 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.

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

In Compliance with SEBI Regulation for prohibition of Insider Trading, the Company has formed Model Code of Conduct of Insider Trading Regulations which is applicable to all the Directors, Officers and the Designated Employees 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.

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

In compliance with Section 177 of the Companies Act, 2013 and Regulation 22 of SEBI Listing 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](http://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](mailto:inform@aiaengineering.com).

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

The Company is committed to create a healthy and conducting 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 case was reported under the Policy.

#### **(H) 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 Listing Regulations.

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

#### **Brief description of Terms of Reference:**

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing, with the management, the Annual Financial Statements and Auditors' 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 judgment 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; and
  - g. Modified opinion(s) in the draft Audit Report.

- Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights 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;
- Reviewing and monitoring the Auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
- 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;
- Discussion with Internal Auditors of any significant findings and follow up there on;
- 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;
- 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;

- To look into the reasons for substantial defaults in the payment to the Depositors, Debenture Holders, Shareholders (in case of non-payment of declared dividends) and Creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

#### Other Duties:

- Management discussion and analysis of financial condition and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- Internal Audit Reports relating to internal control weaknesses; and
- The Appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
- To grant omnibus approval for related party transactions which are in the ordinary course of business and on an Arm's Length pricing basis and to review and approve such transactions subject to the approval of the Board.
- Statement of deviations.

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 2016-17, four (4) Audit Committee meetings were held on 25<sup>th</sup> May,



2016, 12<sup>th</sup> August, 2016, 15<sup>th</sup> November, 2016 and 13<sup>th</sup> February, 2017. 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<sup>st</sup> March, 2017, 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<sup>st</sup> March, 2017 together with their attendance are given in the following table.

Name of the Member / Chairman	Category	Attendance at the Audit Committee Meetings held on			
		25th May, 2016	12th August, 2016	15th November, 2016	13th February, 2017
Mr. Rajendra S. Shah - Chairman	Independent	√	√	√	√
Mr. Sanjay S. Majmudar	Independent	√	√	√	√
Mr. Rajan Harivallabhdas	Independent	√	√	√	√
Mr. Bhadresh K. Shah	Executive	√	√	√	√

Mr. Rajendra S. Shah, 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, Executive Director (Finance) 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 Listing Regulations and Section 178 of the Companies Act, 2013 are as under:

- formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other Employees;
- formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- devising a policy on diversity of Board of Directors;
- identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.

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

Meeting and attendance during the year:

Name of the Member / Chairman	Category	Attendance at the Nomination and Remuneration Committee Meetings held on		
		25th May, 2016	4th August, 2016	13th February, 2017
Mr. Sanjay S. Majmudar - Chairman	Independent	✓	✓	✓
Mr. Rajendra S. Shah	Independent	✓	✓	✓
Dr. S. Srikumar	Non-Executive	✓	Leave of Absence	✓

#### c) STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Terms of Reference of the Stakeholders' Relationship Committee cover the matters as under:

- Redressal of Shareholders and Investors complaints like transfer of shares, non-receipt of Annual Reports, non-receipt of declared dividends etc.
- Transfer / transmission of shares of the securities of the Company from time to time;
- Issue of share certificate on dematerialization of shares from time to time;
- Issue of new share certificates against sub-division of shares, renewal, split or consolidation of share certificates
- Approval and monitoring of dematerialization of shares and all matters incidental thereto;
- Monitoring of redressal of Investors' / Stakeholders' grievances; and
- Oversee the performance of the Registrar and Transfer Agents and recommend measures for overall improvement in the quality of investor related services.

#### Composition, Name of Members and Chairperson:

1. Mr. Rajendra S. Shah – Chairman
2. Mr. Bhadresh K. Shah – 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			
		25th May, 2016	12th August, 2016	15th November, 2016	13th February, 2017
Mr. Rajendra S. Shah - Chairman	Independent	✓	✓	✓	✓
Mr. Bhadresh K. Shah	Executive	✓	✓	✓	✓

Number of Shareholders complaints received during the Financial Year:-

During the period under review, Company has not received any Complaint from Shareholders. There is no outstanding complaint as on 31<sup>st</sup> March, 2017.

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

#### 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 have 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<sup>st</sup> March, 2017 and the details of members participation at the meetings of the Committee are as under:

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

1. Mr. Bhadresh K. Shah - Chairman
2. Mr. Sanjay S. Majmudar - Member
3. Mr. Yashwant M. Patel - Member

Meeting and attendance during the year:

During the year under review, two meetings of CSR Committee were held on 4<sup>th</sup> April, 2016 and 25<sup>th</sup> October, 2016 respectively in which all members of CSR Committee were present.

**e) INDEPENDENT DIRECTORS' MEETING:**

As per Secretarial Standard (SS) 1 issued by the Institute of Company Secretaries of India and relevant provisions of the Companies Act, 2013 and Rules made thereunder, the Independent Directors meet once in a calendar year 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 on the website of Company at [http://www.aiaengineering.com/finances/pdf/AIA\\_PolicyfordeterminingMaterialSubsidiaries.pdf](http://www.aiaengineering.com/finances/pdf/AIA_PolicyfordeterminingMaterialSubsidiaries.pdf).

The Company does not have any Unlisted Material Indian Subsidiary.

**IV. RISK MANAGEMENT COMMITTEE:**

Though the provisions of Regulation 21 of SEBI Listing Regulations relating to Risk Management Committee do not apply to the Company, the Board of Directors has constituted a Risk Management Committee, voluntarily.

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:

- Oversight of risk management performed by the executive management;
- Reviewing the Corporate Risk Management Policy and framework within the legal requirements and the SEBI 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.

The Composition of Risk Management Committee as on 31<sup>st</sup> March, 2017 and its Meetings and attendance during the year are as under:

Name of the Member/Chairman	Category	Attendance at the Risk Management Committee Meetings held on		
		2nd August, 2016	7th October, 2016	2nd December, 2016
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 (Finance), V.P. Corporate Planning, Company Secretary and General Manager – Corporate Affairs. 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.

#### 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 Listing Regulations during the Financial Year 2016-17 were in the Ordinary Course of Business and at Arms' Length basis. Suitable disclosures as required under Indian Accounting Standards (Ind AS-24) have been made in the notes to the Financial Statements.

#### VI. DISCLOSURES:

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

The Company has 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 Financial Statements up to and for the year ended 31st March, 2016 were prepared to comply in all material aspects with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the 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.

As these are the first Financial Statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101 'First Time Adoption of Indian Accounting Standards' has been applied. An explanation of how the transition to Ind AS has affected previously reported financial position, financial performance and cash flows of the Company is provided in Note 46.

##### (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:

- 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.
- 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.
- Nomination and Remuneration Committee ensures that the candidate identified for appointment / re-appointment as an Independent Director is not disqualified for appointment / re-appointment under Section 164 of the Companies Act, 2013.



- d. Nomination and Remuneration Committee considers the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director:
  - i. Qualification, expertise and experience of the Directors in their respective fields;
  - ii. Personal, professional or business standing;
  - iii. Diversity of the Board.
- e. Board of Directors take into consideration the performance evaluation of the Directors and their engagement level.

**(2) Remuneration:**

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

- i. A Non-Executive Director shall be entitled to receive sitting fees for each of the meeting of Board or Committee of the Board attended by him as approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- ii. A Non-Executive Director may be paid Commission on an annual basis of such sum as may be approved by the Board on the recommendation of the Nomination and Remuneration Committee;
- iii. In determining the quantum of commission payable to the Directors, the Nomination and Remuneration Committee shall make its recommendations after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director;
- iv. 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 in their Annual General Meeting held on 11<sup>th</sup> September, 2014;
- v. 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 Listing Regulations.

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

- I. In determining the remuneration of the Senior Management Employees, the Nomination and Remuneration Committee shall ensure / consider the following:
  - the relationship of remuneration and performance benchmark;
  - the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
  - the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
  - the remuneration including annual increment and performance bonus is decided based on the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individual performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market.
- II. The Managing Director carry out the individual performance review based on the standard appraisal matrix and take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the Nomination and Remuneration Committee for its review and approval.

**(4) Performance Evaluation:**

In Compliance with the provisions of the Companies Act, 2013 and SEBI Listing 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 year 2016-2017 are given below:

(₹ Lacs)			
Name of the Director and Designation	Salary	Perquisites	Total
Mr. Bhadresh K. Shah, Managing Director	72.00	44.11	116.11
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 Directors for attending Board and Committee meetings during the Financial Year 2016-2017 are given below:

(₹ Lacs)		
Sr. No.	Name of the Director	Sitting Fees Paid
1.	Mr. Rajendra S. Shah	1.00
2.	Mr. Sanjay S. Majmudar*	1.00
3.	Mr. Dileep C. Choksi	0.45
4.	Mr. Rajan Harivallabhdas	1.00
5.	Dr. S. Srikumar	--
6.	Mrs. Khushali S. Solanki	0.60
7.	Mrs. Bhumika S. Shodhan	0.45

\*In addition to sitting fees, ₹ 15.00 Lacs has been paid as Commission during the Financial Year 2016-17.

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:

Mrs. Khushali S. Solanki, Director of the Company will retire by rotation at the ensuing 27<sup>th</sup> Annual General Meeting of the Company and being eligible, has offered herself for re-appointment.

The term of Mr. Yashwant M. Patel as Whole-Time Director came to end on 31 March, 2017. The Board has recommended his re-appointment as Whole-Time Director for a further period of 5(Five) Years.

The brief resumes and other information of the above retiring Director and Whole-Time Director as required to be disclosed under this section are provided in the notice of the Annual General Meeting.

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



(iii) Shareholding of Directors as on 31<sup>st</sup> March, 2017 is as under:

<b>Name of Director</b>	<b>Number of Shares</b>
Mr. Bhadresh K. Shah	58,128,900
Mr. Yashwant M. Patel	NIL
Mr. Rajendra S. Shah	847
Mr. Sanjay S. Majmudar	NIL
Dr. S. Srikumar	NIL
Mr. Dileep C. Choksi	NIL
Mr. Rajan Harivallabhdas	NIL
Mrs. Khushali Samip Solanki	10,010
Mrs. Bhumika Shyamal Shodhan	10,005

#### **(F) COMPLIANCE BY THE COMPANY:**

The Company has complied with all the mandatory requirements of the Listing Agreements with Stock Exchanges, SEBI Listing Regulations as well as regulations and guidelines of SEBI. 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 / EXECUTIVE DIRECTOR (FINANCE) CERTIFICATION:**

The Managing Director and the Executive Director (Finance) of the Company have certified to the Board that the Financial Results of the Company for the year ended 31<sup>st</sup> March, 2017 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 Listing Regulations.

#### **VIII. MEANS OF COMMUNICATION:**

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

#### **IX. GENERAL BODY MEETINGS (LAST THREE YEARS DISCLOSURES):**

##### **Annual General Meeting:**

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

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

<b>Financial Year</b>	<b>Date</b>	<b>Venue</b>	<b>Time</b>
2015-16	12th August, 2016	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.	10.00 A.M.
2014-15	24th September, 2015	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.	10.00 A.M.
2013-14	11th September, 2014	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 12th August, 2016: NIL

Annual General Meeting held on 24<sup>th</sup> September, 2015:

- (i) Approval of Related Party Transaction.
- (ii) Holding of Office or Place of Profit by Mr. Yashwant Patel.

Annual General Meeting held on 11<sup>th</sup> September, 2014:

- (i) Appointment of Mr. Sanjay S. Majmudar as an Independent Director.
- (ii) Appointment of Mr. Rajendra S. Shah as an Independent Director.
- (iii) Authority to Board of Directors to Borrow funds.
- (iv) Payment of Commission to Non-Executive Directors.
- (v) Approval for holding an Office or Place of Profit by Powertec Engineering Pvt. Ltd.

**POSTAL BALLOT:**

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

**X. GENERAL SHAREHOLDERS' INFORMATION:**

Date and Time of 27 <sup>th</sup> AGM	: Monday the 14 <sup>th</sup> August, 2017 at 10.00 a.m.
Venue of AGM	: H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015
Financial Year	: 31 <sup>st</sup> March, 2017
Book Closure Date	: 8 <sup>th</sup> August, 2017 to 14 <sup>th</sup> August, 2017 (both days inclusive)
Registered Office Address	: 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad 382 410
Dividend Payment Date	: On or before 12 <sup>th</sup> September, 2017
Compliance Officer	: Mr. S. N. Jetheliya, Company Secretary
Email for redressal of Investors' Complaints	: <a href="mailto:ric@aiaengineering.com">ric@aiaengineering.com</a>
Website	: <a href="http://www.aiaengineering.com">www.aiaengineering.com</a>
Financial Calendar (subject to change) for Financial Year 2017-18	:
First Quarter Results	: On or before 14 <sup>th</sup> August, 2017
Second Quarter/Half Yearly Results	: On or before 14 <sup>th</sup> November, 2017
Third Quarter Results	: On or before 14 <sup>th</sup> February, 2018
Audited Results for the year 2017-18	: On or before 30 <sup>th</sup> May, 2018

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

<b>Name and Address of the Stock Exchanges</b>	<b>Script Code</b>
--	--------------------

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

The listing fees for the year 2017-18 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 price were as under:

Month	BSE Sensex	BSE Limited		National Stock Exchange of India Limited	
		High (₹)	Low (₹)	High (₹)	Low (₹)
April 16	25606.62	1045.00	940.00	1044.00	936.90
May 16	26667.96	1020.05	914.95	1025.00	914.05
June 16	26999.72	1079.70	938.00	1080.90	941.00
July 16	28051.86	1057.80	990.00	1056.90	980.00
Aug. 16	28452.17	1327.50	1011.00	1329.00	1006.02
Sept. 16	27865.96	1315.80	1150.00	1315.00	1148.00
Oct. 16	27930.21	1355.00	1225.00	1357.00	1235.15
Nov.16	26652.81	1349.00	1188.50	1354.90	1183.90
Dec.16	26626.46	1355.00	1237.95	1355.00	1240.00
Jan.17	27655.96	1436.55	1263.00	1439.00	1257.85
Feb.17	28743.32	1570.00	1295.05	1581.90	1294.00
Mar.17	29620.50	1641.00	1428.00	1675.00	1425.00



#### 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 shareholders:

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. Permanent Account Number (PAN):

Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferee/s, members, surviving joint holders / legal heirs be furnished to the Company while obtaining the services of transfer, transposition, transmission and issue of duplicate Share Certificates.

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 Company / Depository Participant, the Company will issue Dividend Warrants to the members.

b. Unclaimed Dividends:

The Company is required to transfer dividends which have remained unpaid / unclaimed for a period of seven years to the Investor Education & Protection Fund established by the Government. The Company will, in September, 2017 transfer to the said Fund, the unpaid Dividend for the year ended 31<sup>st</sup> March, 2010 which have remained unpaid.

v. Reconciliation of Share Capital:

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 in regard to this is submitted to BSE Limited and the National Stock Exchange of India Limited and has also been placed before Stakeholders' Relationship Committee and the Board of Directors.

#### (c) Registrar & Transfer Agents:

MUMBAI OFFICE:

Link Intime India Private Limited  
C 101, 247 Park, L B S Marg,  
Vikhroli (W),  
Mumbai - 400 083  
Phone No. 022-49186270 Fax No. 022-49186060  
Email : rnt.helpdesk@linkintime.co.in

AHMEDABAD BRANCH OFFICE:

Link Intime India Private Limited  
5<sup>th</sup> Floor 506 to 508, Amarnath Business Centre -1 (ABC-1),  
Besides Gala Business Centre, Nr. St., Xavier's College Corner,  
Off. C. G. Road, Ellisbridge, Ahmedabad 380 006  
Phone – 079-26465179  
Email: ahmedabad@linkintime.co.in

**(d) Distribution of Shareholding:**(i) Shareholding pattern as on 31<sup>st</sup> March, 2017.

Category	No. of Shares held		Total No. of Shares	% of holding
	Physical	Electronic		
Promoters Shareholding	-	5,81,48,920	5,81,48,920	61.6504
Mutual Funds & UTI	-	51,30,648	51,30,648	5.4396
Banks, FI & Insurance Companies	-	80,042	80,042	0.0849
Foreign Portfolio Investor	-	2,62,25,579	2,62,25,579	27.8048
NRIs	-	1,70,004	1,70,004	0.1802
Other Corporate Bodies	-	25,01,549	25,01,549	2.6522
Indian Public	2,630	20,60,998	20,63,628	2.1879
<b>Total</b>	<b>2,630</b>	<b>9,43,17,740</b>	<b>9,43,20,370</b>	<b>100.0000</b>

(ii) Distribution of Shareholding as on 31<sup>st</sup> March, 2017.

No. of Equity Shares	No. of folios	% of total folios	No. of Shares	% of holding
1 to 500	15,654	94.9475	11,33,573	1.2020
501 to 1000	319	1.9349	2,40,765	0.2553
1001 to 2000	170	1.0311	2,41,264	0.2558
2001 to 3000	63	0.3821	1,61,592	0.1713
3001 to 4000	25	0.1516	89,680	0.0951
4001 to 5000	27	0.1638	1,27,092	0.1347
5001 to 10000	53	0.3215	3,90,476	0.4140
10001 & above	176	1.0675	9,19,35,748	97.4718
<b>Grand Total</b>	<b>16,487</b>	<b>100.0000</b>	<b>9,43,20,370</b>	<b>100.0000</b>
Shareholders in Physical Mode	7	0.0424	2,630	0.0028
Shareholders in Electronic Mode	16,480	99.9576	9,43,17,740	99.9972

**(e) Dematerialization of Shares & Liquidity:**

The shares of the Company are compulsorily traded in DEMAT form in the Stock Exchanges where they are listed. The shares are available for dematerialization on both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on 31<sup>st</sup> March, 2017, 9,43,17,740 Equity Shares are in Dematerialized Form representing 99.99% of the total 9,43,20,370 Equity Share Capital 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) Outstanding Shares in Unclaimed Suspense Account of the Company:**

The following Outstanding Shares are lying in the Unclaimed Suspense Account of the Company as on 31<sup>st</sup> March, 2017:

Sr. No.	Particulars	No. of Shareholders	Unclaimed Shares
1	Aggregate No. of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year.	7	700
2	No. of Shareholders approached the Company for transfer of shares from Unclaimed Suspense Account during the year.	—	—
3	No. of Shareholders to whom shares were transferred from Unclaimed Suspense Account during the year.	—	—
4	Aggregate No. of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year.	7	700





**(h) 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, (erstwhile Reclamation Welding Ltd.) Odhav, Ahmedabad – 382 410
- (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, (erstwhile Paramount Centrispun Castings Pvt. Ltd.) Hingna, Nagpur - 440 016
- (g) SF No. 514, 5A1, 5A2, 5A3, (erstwhile DCPL Foundries Ltd.) Thathamangalam Village, Kariamanickam Road, S. Pudur, Samayapuram, Trichy - 621 115
- (h) 103/104/115 to 118, Kerala GIDC Estate, Taluka Bavala, Ahmedabad-382 220.

**(i) Address for Correspondence:**

- a) For transfer / rematerialisation of shares, change of address of members and other queries:

Link Intime India Private Limited  
C 101, 247 Park, L B S Marg,  
Vikhroli (W),  
Mumbai - 400 083

Phone No. 022-49186270 Fax No. 022-49186060  
Email : rnt.helpdesk@linkintime.co.in

Link Intime India Private Limited

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

Phone – 079-26465179

Email: ahmedabad@linkintime.co.in

- b) Any query relating to Dividend, Annual Reports etc.

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

**Registered Office**

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

**Corporate Office:**

11-12, Sigma Corporates, B/h. HOF Showroom,  
Sindhu Bhavan Road, Off. S.G. Highway, Bodakdev,  
Ahmedabad-380 054  
Phone No. 079-66047800  
Fax No. 079-66047848

Details of Non-Compliance:

There was no non-compliance during the year and no penalty has been imposed or stricture has 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 Report to be filed by the Company.

NON-MANDATORY REQUIREMENTS:

**a) Chairman of the Board**

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

**b) Shareholder 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 SECRETARIES CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of  
**AIA Engineering Limited**  
Ahmedabad

In terms of Clause E of Schedule V [Disclosures to be made in the Annual Report] of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we have examined the compliance of conditions of Corporate Governance by AIA ENGINEERING LIMITED for the year ended 31<sup>st</sup> March, 2017 as stipulated in said regulations.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that during the year ended 31<sup>st</sup> March, 2017, no complaint was received and resolved and hence no Investor Complaint is pending against the Company as on 31<sup>st</sup> March, 2017 as per the records maintained by the Company and presented to the Stakeholders Relationship Committee and to us.

We further state that such Compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Tushar Vora & Associates**  
Company Secretaries

Sd/-  
**Tushar M.Vora**  
Proprietor  
C.O.P. No.: 1745

Place : Ahmedabad  
Date : 25<sup>th</sup> May, 2017

The above Corporate Governance Report was adopted by the Board of Directors at its meeting held on 25th May, 2017.

## DECLARATION

In compliance with Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Bhadresh K. Shah, Managing Director of the Company hereby declare 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 2016-17.

Place : Ahmedabad  
Date : 25<sup>th</sup> May, 2017

**(Bhadresh K. Shah)**  
Managing Director  
DIN: 00058177



## MANAGING DIRECTOR / EXECUTIVE DIRECTOR (FINANCE) CERTIFICATION

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

We, the undersigned, in our capacities as the Managing Director and Executive Director (Finance) 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<sup>st</sup> March, 2017 and based on our knowledge and belief, we state that:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Indian Accounting Standards, applicable Laws & Regulations.
- (b) We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
- (c) We accept responsibility for establishing & maintaining Internal Controls for financial reporting and we have evaluated the effectiveness of the Internal Control System of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control system, if any, and that we have taken the required steps to rectify these deficiencies.
- (d) We have indicated, based on our evaluation, wherever applicable, to the Auditors' and the Audit Committee:
  - (i) significant changes, if any, in internal control over financial reporting during the year;
  - (ii) significant changes, if any, in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) instances of fraud which we have become aware and the involvement therein, if any, of management or an employee having significant role in the Company's internal control system over financial reporting.

**Bhadresh K. Shah**

Managing Director  
DIN: 00058177  
Place : Ahmedabad  
Date : 25<sup>th</sup> May, 2017

**Kunal D. Shah**

Executive Director (Finance)  
Place : Ahmedabad  
Date : 25<sup>th</sup> May, 2017



## MANAGEMENT DISCUSSION AND ANALYSIS

### A. INDUSTRY OVERVIEW:

AIA Engineering Ltd. (AIAE) manufactures and markets a wide range of High Chromium consumable wear parts (mill internals) which are used in the process of Crushing/Grinding in the Cement, Mining, Thermal Power and Aggregate Industries. The Company employs alloy-casting process for manufacture of the products, which entails designing and choosing the high-chrome alloy composition in relation to the end application.

AIAE now sells and services customers in more than 120 countries. Most of the growth is now targeted from the large opportunity of converting conventional grinding media used in the mining industry which are manufactured using the forging process and replacing them by cast high chrome grinding media. In line with this mission, Company has grown its presence in the mining space by increasing its sales which includes customers in gold, platinum, iron ore and copper ores.

As a significant development in the FY 2016-17, raw material prices were very volatile. In the last financial year, commodity prices started with soft prices and then towards the end of the financial year, commodity prices moved up significantly in line with increased purchases from China. This is reflected in our quarterly raw material

prices also as they moved up in the 4<sup>th</sup> quarter. Along with raw material prices, shipping rates also saw a significant increase in most sea routes on account of major consolidation in the shipping industry.

On the business front, Cement markets continue to remain flat worldwide in line with trends observed over past many years. In mining segment, as per our internal estimates, the present annual requirement of consumable wear parts is in the region of around 3 million tons per annum. Bulk of this is presently met by forged components, with less than 15% being serviced by high chrome wear parts. The prospect of conversion of the conventional wear parts into high chrome use is a sizeable opportunity available to AIAE.

As far as prospects in India are concerned, GDP growth forecast of 7% in India pre-supposes an improved manufacturing base and infrastructural push, which makes domestic business prospect for AIAE better albeit on a smaller base.

### B. SEGMENTWISE PERFORMANCE:

The Company primarily operates in only one segment i.e. manufacturing of High Chrome Mill Internals. In Fiscal Year 2016-17, 30.51% of its total sales came from India while balance 69.49% came from sales outside India.



### C. OUTLOOK AND PROSPECTS:

AIAE has a strategic direction linked to growth in its market share in the mining segment. In FY 2016-17, significant contribution in your Company's growth has come from the mining industry. The growth prospects are primarily emanating out of the large annual replacement market in this industry. Here, we are currently catering to the requirements of four major metal ore types, viz., Iron, Platinum, Gold and Copper, with total emphasis on the replacement market. Again the Company is now focusing on certain strategic drivers in the Mining Segment over and above the cost reduction due to much lower wear rates owing to High Chrome, viz. improved process efficiencies, reduction in the cost of other consumables (other than high-chrome grinding media), significantly reduced environment hazards and consequentially improved environmental benefits, etc. for providing comprehensive solution to the mining industry. This has helped your Company in creating a unique positioning which augurs well for the consistent and steady growth in this industry over medium to long term. During last few years, we have steadily increased our presence in the major mining groups across the globe with a stronger focus on major mining centers like North America, Latin America, Australia, Africa, and the Far East Asia, etc. Over the coming years your Company has fairly aggressive growth plans so as to capitalize 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 current 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 as much as the cement segment is concerned, the near-term prospects continue to remain flat, although in India it seems that the average capacity utilization levels of cement companies have started to go up. 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. On the whole in near term your Company continues to believe that the overall production and sales will remain flat in this segment.

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 effective capacity reached 3,40,000 Metric Tonnes after successful commission of Phase I of Kerala GIDC brownfield expansion project during FY 2016-17. We are on track for implementing second phase of capital expenditure plan at GIDC Kerala involving augmentation of the total capacity by further 1,00,000 MT, which is expected to be commissioned in FY 2018-19 which will take the total installed capacity to 4,40,000 MT. The incremental Capex required to be incurred for the second phase is estimated around ₹ 350 crores and the same is being funded entirely from internal cash accruals.

### E. RISKS AND CONCERNS:

Given its large exports, the Company is exposed to foreign exchange rate fluctuation risk. The Company closely monitors the Currency movements and has a prudent hedging policy to mitigate this risk.

Another major concern is with regard to fluctuation in the raw material prices. However, the Company has converted major portion of its contracts from fixed price to fluctuating price regime. Again, 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.

The Company is exposed to certain operating business risks, similar to most manufacturing companies, which is mitigated by regular monitoring and corrective actions. To protect itself against debtor defaults, which risk has increased due to the state of global economy and commodity price melt down, the Company has taken a Comprehensive Credit Insurance Policy.

### 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 successfully migrated to the SAP-ERP system which has also helped in further strengthening the Internal Control System.

Again, during the fiscal year 2016-17 your Company has comprehensively reviewed and re-designed the Internal Financial Controls across the organisation encompassing all key functional areas as well as covering the entire gamut of entity/operational level controls commensurate with the nature and size of business.

A qualified and independent Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of Internal Control Systems as well as Internal Financial Controls and suggests improvements for strengthening them. Similarly the Internal Auditors are also monitoring the Internal Control/ Internal Financial Control Systems.

## G. FINANCIAL PERFORMANCE REVIEW:

### I. Consolidated Performance:

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

- PHYSICAL PRODUCTION:

The Production achieved as under: (Qty. in M.T)

Product	F.Y. 2016-17	F.Y. 2015-16
High Chrome Mill Internals	2,33,122	1,89,449

- Sales Turnover (Consolidated):

The Comparative position of sales turnover achieved by the Company is as under: (₹ in Lacs)

Particulars	F.Y. 2016-17	F.Y. 2015-16
Sales in India	65,642.19	63,607.10
Sales Outside India	1,58,281.29	1,49,108.19
<b>Total</b>	<b>2,23,923.48</b>	<b>2,12,715.29</b>

- Key Performance Indicators (Consolidated)

An analysis of the key indicators as percentage to Revenue is given below: (₹ in Lacs)

Sr. No.	Particulars	F.Y. 2016-17	F.Y. 2015-16
1	Revenue from Operations (Net)	2,32,034.30	2,17,238.84
2	Cost of Materials Consumed	83,210.56	67,257.60
	- % of revenue from operations	35.86 %	30.96%
3	Employee Benefits Expense	10,671.07	10,243.04
	- % of revenue from operations	4.60 %	4.72%
4	Other Expenses	77,781.78	67,168.59
	- % of revenue from operations	33.52 %	30.92%
5	EBIDTA	73,901.24	71,124.74
	- % of revenue from operations	31.85 %	32.74%
6	Finance Costs	449.22	487.27
	- % of revenue from operations	0.19%	0.22%
7	Depreciation and Amortization Expense	7,247.71	6,551.60
	- % of revenue from operations	3.12 %	3.02%
8	Profit Before Tax	66,204.31	64,085.87
	- % of revenue from operations	28.53%	29.50%
9	Profit After Tax (after Non Controlling Interest & OCI)	43,890.52	46,070.68
	- % of revenue from operations	18.92%	21.21%



## II. Standalone Performance:

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

- Sales Turnover (Standalone):

The Comparative position of sales turnover achieved by the Company is as under: (₹ in Lacs)

Particulars	F.Y. 2016-17	F.Y. 2015-16
Sales in India	62,981.63	62,545.67
Sales Outside India	1,43,383.31	1,21,400.08
<b>Total</b>	<b>2,06,364.94</b>	<b>1,83,945.75</b>

- Key Performance Indicators (Standalone)

An analysis of the key indicators as percentage to Revenue is given below: (₹ in Lacs)

Sr. No.	Particular	F.Y. 2016-17	F.Y. 2015-16
1	Revenue from Operations (Net)	2,12,239.55	1,88,438.97
2	Cost of Materials Consumed	70,073.88	60,338.88
	- % of revenue from operations	33.02%	32.02%
3	Employee Benefits Expense	7,734.25	7,044.00
	- % of revenue from operations	3.64%	3.74%
4	Other Expenses	59,125.85	51,910.36
	- % of revenue from operations	27.86%	27.55%
5	EBIDTA	69,681.65	87,232.58
	- % of revenue from operations	32.83%	46.29%
6	Finance Costs	446.39	446.82
	- % of revenue from operations	0.21%	0.24%
7	Depreciation and Amortization Expense	7,128.90	6,414.10
	- % of revenue from operations	3.36%	3.40%
8	Profit Before Tax	62,106.36	80,371.66
	- % of revenue from operations	29.26%	42.65%
9	Profit After Tax (after Other Comprehensive Income)	41,562.02	61,794.89
	- % of revenue from operations	19.58%	32.79%

## H. 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.

## INDEPENDENT

# AUDITOR'S REPORT

To  
The Members of  
**AIA Engineering Limited**

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of AIA Engineering Limited ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and

fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of standalone Ind AS financial statement in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.





## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31<sup>st</sup> March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent applicable.
  2. 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 Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of changes in Equity dealt with by this Report are in agreement with the books of account;
    - (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant Rules issued thereunder;
    - (e) on the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 read with Companies (Audit and Auditors) Amendment Rules, 2017, 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 on its financial position in its standalone Ind AS financial statements – Refer Note 40(1)(a) to the standalone Ind AS financial statements;
    - ii. the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 41 to the standalone Ind AS financial statements;
    - 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 Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of account maintained by the Company. Refer Note 15 to the standalone Ind AS financial statements.

**For Talati & Talati**  
Chartered Accountants  
(Firm Regn No: 110758W)

**Anand Sharma**  
(Partner)  
Mem No: 129033

Place : Ahmedabad  
Date : 25<sup>th</sup> May, 2017

# ANNEXURE A

## TO INDEPENDENT AUDITOR'S REPORT

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

- (i) In respect of its fixed assets:
  - (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
  - (b) As explained to us, majority of the fixed assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) Based on our audit procedures and on the basis of information and explanations given to us by the management, the title deeds of immovable properties are held in the name of the Company.
- (ii) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
- (iii) During the year, the Company has not given any loans, secured or unsecured to the companies, firms, LLP or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence, Clause (iii) (a), (b) and (c) are not applicable to the Company.
- (iv) Based on our audit procedures and on the basis of information and explanations given to us by the management, provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security have been complied with.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit and hence the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the Companies (Acceptance of Deposits) Rules, 2014, with regard to the deposits accepted are not applicable to the Company. Therefore, the provisions of Clause (v) of paragraph 3 of the Order are not applicable to the company. According to the information and explanations given to us, no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 prescribed by the Central Government under Section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been so made and maintained. We have, however, not made a detailed examination of the cost records with the view to determine whether they are accurate or complete.
- (vii) In respect of statutory dues:
  - (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and any other statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were in arrears as at 31<sup>st</sup> March, 2017 for a period of more than six months from the date they became payable.



- (b) The disputed statutory dues aggregating to ₹ 13,947.26 lacs, that have not been deposited on account of disputed statutory matters pending before appropriate authorities are as under:

(₹ in lacs)

Name of the statute	Nature of dues	Amt. under dispute not yet deposited as on 31 <sup>st</sup> March, 2017	Periods to which the amount relates(F.Y.)	Forum where the dispute is pending
Central Excise	Excise Duty including interest and penalty as applicable	5.43	Prior to 2006	Gujarat High Court
		2.34	2006-07 to 2008-09	Asst. Commissioner (Nagpur)
		31.39	2006-07 to 2007-08	CESTAT (Ahmedabad)
		1,434.24	2009-10 to 2012-13	DGCEI (Ahmedabad)
		16.08	2011-12 to 2015-16	Deputy Commissioner (Ahmedabad)
Service Tax	Service Tax including interest and penalty as applicable	91.90	2007-08 to 2011-12	CESTAT (Ahmedabad)
		8.55	2009-10	Joint Commissioner (Ahmedabad)
		5.69	2010-11 to 2016-17	Joint Commissioner (Ahmedabad)
		98.18	2010-11 to 2016-17	Commissioner (Appeals) (Ahmedabad)
		153.92	2010-11 to 2016-17	CESTAT (Ahmedabad)
		411.19	2016-17	Principal Commissioner (Ahmedabad)
Sales Tax	Sales Tax including interest and penalty as applicable	19.76	2001-02	Sales Tax- Tribunal (Nagpur)
VAT	VAT including interest and penalty as applicable	9.31	2009-10	Tribunal (Ahmedabad)
		8.57	2010-11	Joint Commissioner (Ahmedabad)
		0.64	2011-12	Joint Commissioner (Ahmedabad)
		9.79	2013-14	Tribunal (Trichy)
Income Tax	Income Tax	407.44	2005-06	Gujarat High Court
		64.45	2005-06	ITAT (Ahmedabad)
		1,100.66	2006-07	Gujarat High Court
		893.05	2007-08	ITAT (Ahmedabad)
		1,832.35	2008-09	ITAT (Ahmedabad)
		1,828.30	2009-10	ITAT (Ahmedabad)
		1,729.92	2010-11	ITAT (Ahmedabad)
		1,610.63	2011-12	CIT (Appeals) (Ahmedabad)
2,173.48	2012-13	CIT (Appeals) (Ahmedabad)		
<b>TOTAL</b>		<b>13,947.26</b>		

- (viii) Based on our audit procedures and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the Financial Institutions, Banks, Government or Debenture Holders.
- (ix) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year under audit. According to the information and explanations given to us, the term loans were applied for the purpose for which they were obtained.
- (x) Based on the audit procedures performed and representation obtained from management we report that, no case of material fraud by the Company or on the Company by its officer or employee has been noticed or reported for the year under audit.
- (xi) Based on our audit procedures and on the basis of information and explanations given to us by the management, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company. Therefore; the provisions of Clause (xii) of paragraph 3 of the Order are not applicable to the Company.

(xiii) Based on our audit procedures and on the basis of information and explanations given to us by the management, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 wherever applicable and the details of such related party transactions have been disclosed in the Standalone Ind AS Financial Statements etc., as required by the applicable accounting standards;

(xiv) Based on our audit procedures and on the basis of information and explanations given to us by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

Therefore, the provisions of Clause (xiv) of paragraph 3 of the Order are not applicable to the Company.

(xv) Based on our audit procedures and on the basis of information and explanations given to us by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Talati & Talati**

*Chartered Accountants*  
(Firm Regn No: 110758W)

**Anand Sharma**

*(Partner)*

Mem No: 129033

Place : Ahmedabad

Date : 25<sup>th</sup> May, 2017



# ANNEXURE B

## TO INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

### **REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")**

We have audited the internal financial controls over financial reporting of AIA Engineering Limited ("the Company") as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 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.

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on audit of internal financial controls over financial reporting and the Standards on Auditing, both issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of

internal financial controls. 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 over financial reporting was 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the 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 system over financial reporting.

### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting 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 financial statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of

changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **OPINION**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2017, based on the internal control over financial reporting 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.

**For Talati & Talati**

*Chartered Accountants*  
(Firm Regn No: 110758W)

**Anand Sharma**

*(Partner)*

Mem No: 129033

Place : Ahmedabad

Date : 25<sup>th</sup> May, 2017



# Balance Sheet as at 31st March, 2017

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>ASSETS</b>				
<b>(1) Non- Current Assets</b>				
(a) Property, Plant and Equipment	4	64,305.44	64,528.15	52,420.28
(b) Capital Work-in-Progress	4	4,243.32	3,780.03	4,647.57
(c) Goodwill	5	460.69	460.69	460.69
(d) Other Intangible Assets	6	216.56	207.64	163.16
<b>(e) Financial Assets</b>				
(i) Investments	7	1,590.03	1,491.53	1,490.53
(ii) Trade Receivables	8	123.23	76.97	117.68
(iii) Loans	9	167.93	163.34	131.66
(iv) Other Financial Assets	10	-	-	306.37
(f) Other Non-Current Assets	11	2,033.66	971.51	2,487.11
<b>(2) Current Assets</b>				
(a) Inventories	12	29,911.15	20,842.39	22,643.25
<b>(b) Financial Assets</b>				
(i) Investments	13	92,505.82	90,835.32	61,682.44
(ii) Trade Receivables	14	66,100.52	40,126.42	22,638.22
(iii) Cash and Cash Equivalents	15	1,727.70	2,901.90	12,098.13
(iv) Bank Balances other than (iii) above	16	605.28	593.44	291.08
(v) Loans	17	132.13	101.66	105.52
(c) Other Current Assets	18	19,299.32	15,386.85	21,323.47
<b>Total Assets</b>		<b>2,83,422.78</b>	<b>2,42,467.84</b>	<b>2,03,007.16</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
(a) Equity Share Capital	19	1,886.41	1,886.41	1,886.41
(b) Other Equity	20	2,40,321.56	2,03,247.27	1,72,184.55
<b>LIABILITIES</b>				
<b>(1) Non-Current Liabilities</b>				
<b>(a) Financial Liabilities</b>				
(i) Borrowings	21	33.57	2,528.76	5,507.39
(b) Provisions	22	504.56	750.54	678.73
(c) Deferred Tax Liabilities (Net)	23	8,708.06	5,542.72	4,183.36
<b>(2) Current Liabilities</b>				
<b>(a) Financial Liabilities</b>				
(i) Borrowings	24	11,545.64	11,103.32	-
(ii) Trade Payables	25	11,090.45	9,567.96	11,286.98
(iii) Other Financial Liabilities	26	2,451.93	3,336.20	3,449.39
(b) Other Current Liabilities	27	4,190.11	3,224.65	3,192.03
(c) Provisions	28	2,690.49	1,280.01	638.32
<b>Total Equity and Liabilities</b>		<b>2,83,422.78</b>	<b>2,42,467.84</b>	<b>2,03,007.16</b>

The accompanying Notes 1 to 46 are integral part of these Financial Statements.

As per our report of even date attached.

For and on behalf of the Board of Directors,

**For TALATI & TALATI**  
Chartered Accountants  
(Firm Regn.No.110758W)

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

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

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

**ANAND SHARMA**  
Partner  
Membership No.129033  
PLACE : AHMEDABAD  
DATE : 25th May, 2017

**KUNAL D. SHAH**  
Executive Director - Finance  
PLACE : AHMEDABAD  
DATE : 25th May, 2017

**S. N. JETHELIYA**  
Company Secretary  
ACS : 5343

# Statement of Profit and Loss for the year ended 31st March, 2017

(₹ in Lacs)

Sr. No.	Particulars	Note No.	Year ended 31st March, 2017	Year ended 31st March, 2016
I	Revenue from Operations	29	2,12,239.55	1,88,438.97
II	Other Income	30	13,897.00	35,791.80
III	<b>Total Income (I+II)</b>		<b>2,26,136.55</b>	<b>2,24,230.77</b>
IV	Expenses			
	Cost of Materials Consumed	31	70,073.88	60,338.88
	Purchases of Stock-in-Trade		19,138.56	11,396.06
	Changes in Inventories of Finished goods, Stock-in-Trade and Work-in-progress	32	(5,282.03)	(75.14)
	Excise Duty on Sales		5,664.39	6,384.03
	Employee Benefits Expense	33	7,734.25	7,044.00
	Finance Costs	34	446.39	446.82
	Depreciation and Amortization Expense	4	7,128.90	6,414.10
	Other Expenses	35	59,125.85	51,910.36
	<b>Total Expenses (IV)</b>		<b>1,64,030.19</b>	<b>1,43,859.11</b>
V	<b>Profit Before Tax ( III- IV )</b>		<b>62,106.36</b>	<b>80,371.66</b>
VI	Tax Expense :			
	(1) Current Tax	36	17,200.00	16,415.04
	(2) Deferred Tax		3,175.01	2,393.80
VII	<b>Profit for the period (V -VI)</b>		<b>41,731.35</b>	<b>61,562.82</b>
VIII	Other Comprehensive Income			
A	(i) Items that will not be reclassified to profit or loss		(151.02)	35.70
B	(i) Items that will be reclassified to profit or loss		(28.00)	348.04
	(ii) Income tax relating to items that will be reclassified to profit or loss		9.69	(151.67)
	<b>Sub-total (A+B)</b>		<b>(169.33)</b>	<b>232.07</b>
IX	<b>Total Comprehensive Income for the period (VII + VIII) (Comprising Profit and Other Comprehensive Income for the period)</b>		<b>41,562.02</b>	<b>61,794.89</b>
X	Earnings per equity share (Face Value of ₹ 2/- each)			
	Basic & Diluted	37	44.24	65.27

The accompanying Notes 1 to 46 are integral part of these Financial Statements.

As per our report of even date attached.

**For TALATI & TALATI**  
Chartered Accountants  
(Firm Regn.No.110758W)

**ANAND SHARMA**  
Partner  
Membership No.129033  
PLACE : AHMEDABAD  
DATE : 25th May, 2017

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

For and on behalf of the Board of Directors,

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

**KUNAL D. SHAH**  
Executive Director - Finance

PLACE : AHMEDABAD  
DATE : 25th May, 2017

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

**S. N. JETHELIYA**  
Company Secretary  
ACS : 5343





# Statement of Changes in Equity for the year ended 31st March, 2017

## A. EQUITY SHARE CAPITAL (₹ in Lacs)

Particulars	Amount
<b>Balance as at 1st April, 2015</b>	<b>1,886.41</b>
Changes during the year	-
<b>Balance as at 31st March, 2016</b>	<b>1,886.41</b>
Changes during the year	-
<b>Balance as at 31st March, 2017</b>	<b>1,886.41</b>

## B. OTHER EQUITY (₹ in Lacs)

Particulars	Reserves and Surplus				Other Comprehensive Income		Total
	Capital Redemption Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Effective portion of Cash Flow Hedge	Other Item of Other Comprehensive Income	
<b>Balance as at 1st April, 2015</b>	<b>1,925.74</b>	<b>26,579.52</b>	<b>16,189.27</b>	<b>1,25,527.95</b>	<b>1,962.07</b>	-	<b>1,72,184.55</b>
Interim Dividend on Equity Shares	-	-	-	(24,523.30)	-	-	(24,523.30)
Tax on Interim Dividend	-	-	-	(4,557.52)	-	-	(4,557.52)
Tax on Dividend (Net of Credit)	-	-	-	220.51	-	-	220.51
Remeasurement of Defined Benefit Plan	-	-	-	-	-	35.70	35.70
Effective portion of gain/ losses for Hedging Instruments	-	-	-	-	(1,675.49)	-	(1,675.49)
Profit for the year	-	-	-	61,562.82	-	-	61,562.82
<b>Balance as at 31st March, 2016</b>	<b>1,925.74</b>	<b>26,579.52</b>	<b>16,189.27</b>	<b>1,58,230.46</b>	<b>286.58</b>	<b>35.70</b>	<b>2,03,247.27</b>
<b>Balance as at 1st April, 2016</b>	<b>1,925.74</b>	<b>26,579.52</b>	<b>16,189.27</b>	<b>1,58,230.46</b>	<b>286.58</b>	<b>35.70</b>	<b>2,03,247.27</b>
Interim Dividend on Equity Shares	-	-	-	(3,772.81)	-	-	(3,772.81)
Tax on Interim Dividend	-	-	-	(655.52)	-	-	(655.52)
Tax on Dividend (Net of Credit)	-	-	-	-	-	-	-
Remeasurement of Defined Benefit Plan	-	-	-	-	-	(151.02)	(151.02)
Amortization of Leasehold Land	-	-	-	(59.40)	-	-	(59.40)
Effective portion of gain/ losses for Hedging Instruments	-	-	-	-	(18.31)	-	(18.31)
Profit for the year	-	-	-	41,731.35	-	-	41,731.35
<b>Balance as at 31st March, 2017</b>	<b>1,925.74</b>	<b>26,579.52</b>	<b>16,189.27</b>	<b>1,95,474.08</b>	<b>268.27</b>	<b>(115.32)</b>	<b>2,40,321.56</b>

# Cash Flow Statement

for the year ended 31st March, 2017

(₹ in Lacs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit Before Tax</b>	62,106.36	80,371.66
Adjustment for		
<b>Add :</b>		
Difference of Provision and payment of Expenses	(231.69)	2,197.16
Interest and Finance Charges	446.39	446.82
Depreciation (Including adjusted to General Reserve)	7,128.90	6,414.10
Loss on Sale of Property, Plant and Equipments	33.74	47.62
Loss on Sale of Investments	-	4.54
	<b>7,377.34</b>	<b>9,110.24</b>
<b>Less :</b>		
Interest Income	194.62	161.00
Dividend on Shares	3,788.29	24,671.65
Dividend on Mutual Fund	-	425.00
Profit on Sale of Property, Plant and Equipments	8.46	53.57
Profit on Sale of Mutual Fund (Current Investment) (Net)	201.65	2,106.94
Unrealised Foreign Rate Fluctuation	197.94	-
Fair Value of Investment	6,415.69	-
Fair Value of Sold Investment	507.60	-
Sundry Balances written back	14.49	-
Fair Value of Forward	231.17	-
	<b>11,559.91</b>	<b>27,418.16</b>
<b>Operating Profit Before Working Capital Changes (Increase) / Decrease in Current Assets</b>	57,923.79	62,063.74
Trade and Other Receivables	(31,342.08)	(11,405.99)
Inventories	(9,068.76)	1,800.87
<b>Increase / (Decrease) in Current Liabilities</b>		
Trade and Other Payables	3,351.10	(1,700.89)
<b>Cash Generated From Operations</b>	<b>20,864.04</b>	<b>50,757.73</b>
Direct Taxes Paid	(16,300.00)	(17,200.00)
<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES (A)</b>	<b>4,564.04</b>	<b>33,557.73</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest Received	194.62	161.00
Dividend Received on Shares	3,788.29	24,671.65
Dividend Received on Mutual Fund	-	425.00
Purchase of Property, Plant and Equipments	(7,494.71)	(17,851.75)
Purchase of Current Investments (Net)	(112.04)	(51,369.84)
Investments in Subsidiary Company	-	(1.00)
Proceeds from Sale of Property, Plant and Equipments	30.84	83.90
Proceeds from Sale of Current Investments	4,857.23	22,711.79
Investments in Other Company	(98.50)	-
<b>NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES (B)</b>	<b>1,165.73</b>	<b>(21,169.25)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Short Term Borrowings	7,495.91	10,787.94
Repayment of Short Term Borrowings	(7,053.59)	-
Repayment of Long Term Borrowings	(2,495.19)	(2,763.16)
Interest and Finance Charges paid	(410.92)	(446.82)
Dividend paid including Tax	(4,428.34)	(28,860.31)
<b>NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES (C)</b>	<b>(6,892.13)</b>	<b>(21,282.35)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(1,162.36)</b>	<b>(8,893.87)</b>
<b>Add : Cash and Cash Equivalents balance as at 1st April</b>	<b>3,495.34</b>	<b>12,389.21</b>
<b>Cash and Cash Equivalents as at 31st March</b>	<b>2,332.98</b>	<b>3,495.34</b>

**Note :** Cash and Cash Equivalents include balances with Scheduled Banks in Unpaid Dividend Accounts ₹ 11.09 Lac (Previous Year ₹ 13.64 Lac) which are not available for the use by the Company.

The accompanying Notes 1 to 46 are integral part of these Financial Statements.

As per our report of even date attached.

For and on behalf of the Board of Directors,

**For TALATI & TALATI**

Chartered Accountants  
(Firm Regn.No.110758W)

**RAJENDRA S. SHAH**

Chairman  
(DIN : 00061922)

**BHADRESH K. SHAH**

Managing Director  
(DIN : 00058177)

**YASHWANT M. PATEL**

Whole-Time Director  
(DIN : 02103312)

**ANAND SHARMA**

Partner  
Membership No.129033  
PLACE : AHMEDABAD  
DATE : 25th May, 2017

**KUNAL D. SHAH**

Executive Director - Finance  
PLACE : AHMEDABAD  
DATE : 25th May, 2017

**S. N. JETHELIYA**

Company Secretary  
ACS : 5343



# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Company Overview & Significant Accounting Policies

### 1. Reporting Entity

AIA Engineering Limited (the 'Company') is a Company domiciled in India, with its registered office situated at 115, G.V.M.M Estate, Odhav Road, Odhav, Ahmedabad-382410, Gujarat, India. The Company has been incorporated under the provisions of Companies Act applicable in India and its equity shares are listed on the National Stock Exchange of India Ltd. (NSE) and BSE Ltd. in India. The Company is primarily involved in manufacturing of High Chrome Mill Internals.

### 2. Basis of preparation

#### (a) Statement of compliance with Ind AS

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

The Company has adopted all the relevant Ind AS and the adoption was carried out in accordance with Ind AS 101, "First Time Adoption of Indian Accounting Standards". The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliation and description of the effect of the transition have been summarized in Note 46.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles.

The financial statements were authorized for issue by the Company's Board of Directors on 25/05/2017

Details of Significant accounting policies are included in the Note 3

#### (b) Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the functional currency. All the amounts have been rounded off to the nearest lacs, unless otherwise indicated.

#### (c) Basis of Measurement

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

Items	Measurement basis
Investments in Mutual Funds	Fair value
Employee Defined Benefit Plans	Plan Assets measured at fair value less present value of defined benefit obligation
Certain Financial Assets & Liabilities (Including Derivative Instruments)	Fair value

#### (d) Use of Estimates and Judgements

In preparing these financial statements, management has made judgements, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

##### Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Revisions to the accounting estimates are recognised prospectively.

##### Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the respective note.

Assumptions and Estimation Uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the respective note.

#### (e) Measurement of Fair Values

The Company has established control framework with respect to the measurement of fair values. The Company regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Company 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 fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Company's Board of Directors.

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 (unadjusted) market prices 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.

Further information about the assumptions made in measuring fair values is included in the respective note.

### 3. Significant Accounting Policies

#### a. Foreign Currency

Transactions in foreign currencies are translated into the functional currency of the Company at exchange rates at the date of transactions or an average rate if the average rate approximates the actual rate at the date of 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 foreign currency are translated at the exchange rate at the date of transaction. Exchange differences are recognised in the profit or loss, except exchange differences arising from the translation of qualifying cash flow hedges to the extent hedges are effective which are recognised in Other Comprehensive Income (OCI).

#### b. Financial Instruments

##### 1. Financial Assets

##### i) Classification

The Company classifies its financial assets in the following measurement categories:

- Those measured at amortized cost and
- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss)

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

- A financial asset is measured at amortized 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 a 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 FVOCI 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.
- 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.

##### ii) Measurement

At initial recognition, the Company measures a financial asset when it becomes a party to the contractual provisions of the instruments and measures at its fair value except trade receivables which are initially measured at transaction price. Transaction costs are incremental costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. A regular way purchase and sale of financial assets are accounted for at trade date.



iii) Subsequent Measurement and Gains and Losses

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

iv) Derecognition

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.

2. Financial Liabilities

i) Classification, Subsequent Measurement and Gains and Losses

Financial liabilities are classified as measured at amortized 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 recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

ii) Derecognition

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

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the profit or loss.

3. Offsetting

Financial assets and financial liabilities are off set 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.

4. Investment in Subsidiaries

Investment in subsidiaries is carried at cost in the separate financial statements.

c. Derivative Instruments and Hedge Accounting

The Company strictly uses foreign currency forward contracts/interest rate swap to hedge its risks associated with foreign currency/interest rate fluctuations relating to certain forecasted transactions. As per Ind AS 109-Financial Instruments- Foreign currency forward contract/interest rate swap derivative instruments 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 recognized in Hedging Reserve (under reserves and surplus) through OCI and the ineffective portion is recognized immediately in the Statement of Profit and Loss.

The accumulated gains/losses on the derivatives accounted in Hedging Reserve are transferred to the Statement of Profit and Loss in the same period in which gains/losses on the underlying item hedged are recognized in the Statement of Profit and Loss.

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 Hedging 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 recognized in Hedging Reserve is transferred to the Statement of Profit and Loss.

d. Property, Plant and Equipment

i. 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, except freehold land which is carried at historical cost.

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.

Useful lives have been determined in accordance with Schedule II to the Companies Act, 2013. The residual values are not more than 5% of the original cost of the asset.

Capital Work-in-progress includes cost of assets at sites and constructions expenditure.

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

ii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

iii. Subsequent Expenditure

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

iv. Depreciation/Amortisation

Depreciation is calculated on cost of items of property, plant and equipment (other than freehold land and properties under construction) less their estimated residual values over their estimated useful lives using the straight-line method and is generally recognised in the statement of profit and loss. Amortization on leasehold land is provided over the period of lease.

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 best represent the period over which management expects to use these 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).

v. Derecognition

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of assets.

e. Intangible Assets

i. Initial Recognition and Classification

Goodwill is not amortised. It is tested annually for impairment.

Other intangible assets including those acquired by the Company are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

ii. Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit or loss as incurred.

iii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 1st April, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

iv. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over the estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and Loss.

The estimated useful lives of software are 6 years. Patents are amortized over a period of 20 years on straight basis as the benefits are generally available to the company for more than 10 years. Goodwill is not amortized and is tested for impairment annually.

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



v. Derecognition

An item of an intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of assets.

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. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Cost of raw materials, stores and spares are determined on weighted average 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.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

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

Excess/shortages if any, arising on physical verification are absorbed in the respective consumption accounts.

g. Impairment

i. Impairment of Financial Assets

The Company recognizes loss allowances for financial assets measured at amortized cost using expected credit loss model.

At each reporting date, the Company assesses whether financial assets carried at amortized cost are 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.

For trade receivables, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

For all other financial assets, the Company measures loss allowances at an amount equal to twelve months expected credit losses unless there has been a significant increase in credit risk from initial recognition in which those are measured at lifetime expected credit risk.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial asset. Twelve months expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the twelve months after the reporting date (or a shorter period if the expected life of the instrument is less than twelve months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due. The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Company in full.

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 (on the basis of availability of the information) 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.

## ii. Impairment of Non-Financial Assets

The Company's non-financial 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

In respect of assets 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

### i. Short Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

### ii. Defined Contribution Plan

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 administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or 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.

### iii. Defined Benefit Plan

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 using market yields at the end of reporting period on government bonds 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.

Remeasurements 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 OCI. 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 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 profit or 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 profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

## i. Provisions (other than Employee Benefits), Contingent Liabilities and Contingent Assets

A provision is recognized when the Company has a present legal obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the financial statements. A contingent asset is neither recognized nor disclosed if inflow of economic benefit is probable.

## j. Revenue Recognition

### i. Sale of Goods:

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.





# Notes

## to the Standalone Financial Statements for the financial year ended 31st March, 2017

The timing of transfers of risks and rewards varies depending on the individual terms of sale, usually in case of domestic, such transfer occurs when the product is sold on ex-works; however, for exports transfer occurs upon loading the goods onto the relevant carrier at the port of seller. Generally for such products buyer has no right to return.

- ii. **Export Benefits**  
Export benefits are recognised as income on all the eligible exports and where there is no significant uncertainty regarding the ultimate collection of relevant exports.
- k. **Recognition of Dividend Income, Interest Income**  
Dividend on financial instruments is recognized as and when realized. Interest is recognized on accrual basis.
- l. **Income Tax**  
Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.
  - i. **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.
  - ii. **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.  
Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on net basis or their tax assets and liabilities will be realised simultaneously.
- m. **Cash and Cash Equivalents**  
Cash and cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value where original maturity is three months or less.
- n. **Borrowing Cost**  
Borrowing cost are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of cost of asset until such time the assets are substantially ready for their intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.
- o. **Earnings Per Share**  
Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is calculated by dividing net profit attributable to equity shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year plus potential equity shares.
- p. **Cash Flow Statement**  
Cash flows are reported using the indirect method whereby the profit before tax is adjusted for the effect of the transactions of a non cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Note - 4. PROPERTY, PLANT, EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

### Property, Plant and Equipment

(₹ in Lacs)

Sr. No.	Particulars	Freehold Land	Leasehold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Others *	Total
<b>1</b>	<b>Deemed Cost of Assets</b>									
	As at 1st April, 2015	2,272.53	2,940.63	22,379.44	46,550.01	1,482.62	287.00	214.56	1,253.75	77,380.54
	Addition	-	57.99	6,862.17	11,031.78	142.55	34.81	83.39	324.51	18,537.20
	Disposal / Adjustments	-	-	1.12	588.86	7.70	45.53	4.80	12.84	660.85
	As at 31st March, 2016	2,272.53	2,998.62	29,240.49	56,992.93	1,617.47	276.28	293.15	1,565.42	95,256.89
	Addition	490.02	-	3,176.91	2,932.50	167.20	3.28	89.08	94.91	6,953.90
	Disposal / Adjustments	-	-	43.75	8.95	1.56	22.32	6.38	16.72	99.68
	<b>As at 31st March, 2017</b>	<b>2,762.55</b>	<b>2,998.62</b>	<b>32,373.65</b>	<b>59,916.48</b>	<b>1,783.11</b>	<b>257.24</b>	<b>375.85</b>	<b>1,643.61</b>	<b>1,02,111.11</b>
<b>2</b>	<b>Depreciation</b>									
	As at 1st April, 2015	-	-	3,471.29	19,845.28	611.77	113.00	136.14	782.78	24,960.26
	Charge for the year	-	-	829.58	5,188.78	148.96	31.31	31.07	121.67	6,351.37
	Disposal / Adjustments	-	-	0.53	524.52	6.87	34.57	4.44	11.96	582.89
	As at 31st March, 2016	-	-	4,300.34	24,509.54	753.86	109.74	162.77	892.49	30,728.74
	Charge for the period	-	16.86	1,144.73	5,444.89	191.89	29.32	67.28	165.33	7,060.30
	Disposal / Adjustments #	-	(59.40)	1.56	6.98	1.09	11.20	6.06	15.88	(16.63)
	<b>As at 31st March, 2017</b>	<b>-</b>	<b>76.26</b>	<b>5,443.51</b>	<b>29,947.45</b>	<b>944.66</b>	<b>127.86</b>	<b>223.99</b>	<b>1,041.94</b>	<b>37,805.67</b>
<b>3</b>	<b>Net Block</b>									
	As at 1st April, 2015	2,272.53	2,940.63	18,908.15	26,704.73	870.85	174.00	78.42	470.97	52,420.28
	As at 31st March, 2016	2,272.53	2,998.62	24,940.15	32,483.39	863.61	166.54	130.38	672.93	64,528.15
	<b>As at 31st March, 2017</b>	<b>2,762.55</b>	<b>2,922.36</b>	<b>26,930.14</b>	<b>29,969.03</b>	<b>838.45</b>	<b>129.38</b>	<b>151.86</b>	<b>601.67</b>	<b>64,305.44</b>
	<b>Capital work-in-progress</b>									
	As at 1st April, 2015									4,647.57
	As at 31st March, 2016									3,780.03
	<b>As at 31st March, 2017</b>									<b>4,243.32</b>

- a. The previous period's figures have been re-grouped /re-classified wherever required to current year's classification.
- b. Identified Plant & Machineries installed at Moraiya Unit hypothecated to Citi Bank N.A. for availing External Commercial Borrowing facility.
- # Amortization of Leasehold land (under perpetual lease) includes ₹59.40 lacs for earlier years.
- \* Others include Laboratory Equipments and Computer Hardware.

## Note - 5. GOODWILL

(₹ in Lacs)

Sr. No.	Particulars	Amount
<b>1</b>	<b>Deemed Cost of Assets</b>	
	As at 1st April, 2015	767.81
	Addition	-
	Disposal / Adjustments	-
	As at 31st March, 2016	767.81
	Addition	-
	Disposal / Adjustments	-
	<b>As at 31st March, 2017</b>	<b>767.81</b>
<b>2</b>	<b>Amortization</b>	
	As at 1st April, 2015	307.12
	Charge for the year	-
	Disposal / Adjustments	-
	As at 31st March, 2016	307.12
	Charge for the period	-
	Disposal / Adjustments	-
	<b>As at 31st March, 2017</b>	<b>307.12</b>
<b>3</b>	<b>Net Block</b>	
	As at 1st April, 2015	460.69
	As at 31st March, 2016	460.69
	<b>As at 31st March, 2017</b>	<b>460.69</b>

Goodwill is not amortised. It is tested annually for impairment.



# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Note - 6. OTHER INTANGIBLE ASSETS

(₹ in Lacs)

Sr. No.	Particulars	Computer Software	Patents and Copyrights	Total
<b>1</b>	<b>Deemed Cost of Assets</b>			
	As at 1st April, 2015	442.92	33.65	476.57
	Addition	105.62	1.59	107.21
	Disposal / Adjustments	-	-	-
	As at 31st March, 2016	548.54	35.24	583.78
	Addition	74.52	3.00	77.52
	Disposal / Adjustments	-	-	-
	<b>As at 31st March, 2017</b>	<b>623.06</b>	<b>38.24</b>	<b>661.30</b>
<b>2</b>	<b>Amortization</b>			
	As at 1st April, 2015	307.97	5.44	313.41
	Charge for the year	60.94	1.79	62.73
	Disposal / Adjustments	-	-	-
	As at 31st March, 2016	368.91	7.23	376.14
	Charge for the period	66.86	1.74	68.60
	Disposal / Adjustments	-	-	-
	<b>As at 31st March, 2017</b>	<b>435.77</b>	<b>8.97</b>	<b>444.74</b>
<b>3</b>	<b>Net Block</b>			
	As at 1st April, 2015	134.95	28.21	163.16
	As at 31st March, 2016	179.63	28.01	207.64
	<b>As at 31st March, 2017</b>	<b>187.29</b>	<b>29.27</b>	<b>216.56</b>

## Note - 7. INVESTMENTS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	<b>Non-Current Investments</b>			
	Trade Investments (valued at cost)			
<b>A</b>	<b>Investment in Equity Instruments</b>			
<b>1</b>	<b>Investment in Subsidiary Companies</b>			
	(a) Fully paid Equity Shares (Quoted)			
	4,77,661 Equity Shares of Welcast Steels Ltd. of ₹10/- each fully paid up. (31st March, 2016 4,77,661 Equity Shares) (1st April, 2015 4,77,661 Equity Shares)	1,341.05	1,341.05	1,341.05
	(b) Fully paid Equity Shares (Unquoted)			
	(i) 32,500 equity shares of Vega Industries (Middle East) FZC, U.A.E. of US\$ 10/- each fully paid up (31st March, 2016 32,500 Equity Shares) (1st April, 2015 32,500 Equity Shares)	149.39	149.39	149.39
	(ii) 10,000 Equity Shares of AIA CSR Foundation of ₹10/- each fully paid up. (31st March, 2016 10,000 Equity Shares) (1st April, 2015 Nil Equity Shares)	1.00	1.00	-
<b>2</b>	<b>Investment in other Company (Unquoted)</b>			
	(a) 25 Equity Shares of Koramangla Properties.Ltd. of ₹100/-each fully paid up (31 st March, 2016 25 Equity Shares) (1st April, 2015 25 Equity Shares)	0.03	0.03	0.03
	(b) 9,85,045 Equity Shares of Arkay Energy (Rameshwarm) Ltd. of ₹10/- each fully paid up (31 st March, 2016 Nil Equity Shares) (1st April, 2015 Nil Equity Shares)	98.50	-	-
<b>B</b>	<b>Investment in Government Securities</b>			
<b>1</b>	National Savings Certificates (Unquoted)	0.06	0.06	0.06
	<b>Total</b>	<b>1,590.03</b>	<b>1,491.53</b>	<b>1,490.53</b>
	Aggregate Cost of Quoted Investments	1,341.05	1,341.05	1,341.05
	Aggregate Market Value of Quoted Investments	2,804.83	2,024.33	2,784.76
	Aggregate Cost of Unquoted Investments	248.98	150.48	149.48

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Note - 8. TRADE RECEIVABLES

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Non-Current Trade Receivables</b>				
1	Unsecured, Considered Good	123.23	76.97	117.68
<b>Total</b>		<b>123.23</b>	<b>76.97</b>	<b>117.68</b>

Receivables are hypothecated to secure working capital facilities from State Bank of India and Citi Bank N.A.

## Note - 9. LOANS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Non-current loans</b>				
<b>Secured, Considered Good</b>				
1	Loans to Staff	100.20	87.13	0.00
<b>Unsecured, Considered Good</b>				
2	Loans to Staff	67.73	76.21	131.66
<b>Total</b>		<b>167.93</b>	<b>163.34</b>	<b>131.66</b>

## Note - 10. OTHER FINANCIAL ASSETS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	Bank FDs with more than 12 months maturity and interest receivable thereon	-	-	306.37
<b>Total</b>		<b>-</b>	<b>-</b>	<b>306.37</b>

## Note - 11. OTHER NON-CURRENT ASSETS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	<b>Capital Advances</b>	979.99	530.29	2,668.44
2	<b>Advances other than Capital Advances</b>			
	Advance Income Tax (Net of Provision)	1,053.67	441.22	(181.33)
<b>Total</b>		<b>2,033.66</b>	<b>971.51</b>	<b>2,487.11</b>

## Note - 12. INVENTORIES

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>As taken, valued &amp; certified by the Management</b>				
<b>At lower of Cost or Net Realisable Value</b>				
1	Raw Materials	6,685.00	4,329.34	6,117.36
2	Raw Materials in transit	1,468.51	1,145.60	1,426.17
3	Work in Progress	14,104.12	8,822.09	8,746.95
4	Stores and Spares	7,410.43	6,382.49	6,045.66
5	Stores and Spares in transit	243.09	162.87	307.11
<b>Total</b>		<b>29,911.15</b>	<b>20,842.39</b>	<b>22,643.25</b>

Inventories are hypothecated to secure working capital facilities from State Bank of India and Citi Bank N.A.



# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Note - 13. INVESTMENTS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	<b>Current Investments</b>			
	<b>Investment in Mutual Fund (Unquoted)</b>			
	Measured at fair value			
1	HDFC Cash Management Fund Savings Plan Growth 3,88,747.018 Units NAV of ₹3,379.2278 each (3,88,747.018 Units NAV of ₹3,154.7902 each as at 31st March, 2016) (3,88,74,701.840 Units NAV of ₹29.1838 each as at 1st April, 2015)	13,136.64	12,264.15	11,345.12
2	HDFC Liquid Fund Growth Plan 3,06,876.356 Units NAV of ₹3,199.6399 each (4,76,998.232 Units NAV of ₹2,984.5463 each as at 31st March, 2016) (NIL Units NAV of ₹NIL each as at 1st April, 2015)	9,818.94	14,236.23	-
3	HDFC GILT Fund Long Term Growth 67,83,523.394 Units NAV of ₹33.7388 each (67,83,523.394 Units NAV of ₹30.2544 each as at 31st March, 2016) (NIL Units NAV of ₹NIL each as at 1st April, 2015)	2,288.68	2,052.32	-
4	HDFC GILT Fund Long Term Direct Plan 1,01,04,003.880 Units NAV of ₹34.3165 each (1,01,04,003.880 Units NAV of ₹30.6339 each as at 31st March, 2016) (NIL Units NAV of ₹NIL each as at 1st April, 2015)	3,467.34	3,095.25	-
5	HDFC FMP 1167D JAN-2016 (1) 50,00,00,000 Units NAV of ₹11.1506 each (50,00,00,000 Units NAV of ₹10.0377 each as at 31st March, 2016) (NIL Units NAV of ₹NIL each as at 1st April, 2015)	5,575.30	5,018.85	-
6	ICICI Prudential Liquid Regular Plan Growth 1,06,64,344.969 Units NAV of ₹240.1565 each (1,06,64,344.969 Units NAV of ₹223.8540 each as at 31st March, 2016) (54,02,034.328 Units NAV of ₹206.857 each as at 1st April, 2015)	25,611.12	23,872.56	11,174.49
7	ICICI Prudential FMP Series 73-391 Days NIL Units NAV of ₹NIL each (NIL Units NAV of ₹NIL each as at 31st March, 2016) (5,00,00,007 Units NAV of ₹10.4352 each as at 1st April, 2015)	-	-	5,217.60
8	State Bank of India Premier Liquid Fund Plan DDR NIL Units NAV of ₹NIL each (NIL Units NAV of ₹NIL each as at 31st March, 2016) (10,57,501.684 Units NAV of ₹1,003.25 each as at 1st April, 2015)	-	-	10,609.38
9	State Bank of India Debt Fund Series A-11 385 Days NIL Units NAV of ₹NIL each (NIL Units NAV of ₹NIL each as at 31st March, 2016) (5,00,00,073.827 Units NAV of ₹10.4182 each as at 1st April, 2015)	-	-	5,209.11
10	State Bank of India Premier Liquid Fund Growth 3,10,320.261 Units NAV of ₹2,545.6896 each (3,10,320.261 Units NAV of ₹2,376.0805 each as at 31st March, 2016) (3,10,320.261 Units NAV of ₹2,195.7218 each as at 1st April, 2015)	7,899.79	7,373.46	6,813.77

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
11	Birla Sunlife Cash Plus Growth Regular Plan 77,17,367.058 Units NAV of ₹260.5132 each (77,17,367.058 Units NAV of ₹242.7740 each as at 31st March, 2016) (50,44,034.769 Units NAV of ₹224.2841 each as at 1st April, 2015)	20,104.76	18,735.76	11,312.97
12	L&T Liquid Fund - Growth 2,01,845.699 Units NAV of ₹2,224.7676 each (2,01,845.699 Units NAV of ₹2,074.2297 each as at 31st March, 2016) (NIL Units NAV of ₹NIL each as at 1st April, 2015)	4,490.60	4,186.74	-
13	UTI Liquid Cash Plan Institutional Growth 1,275.992 Units NAV of ₹2,656.6519 each (NIL Units NAV of ₹NIL each as at 31st March, 2016) (NIL Units NAV of ₹NIL each as at 1st April, 2015)	33.90	-	-
14	IDFC Cash Fund Growth Regular Plan 3,995.614 Units NAV of ₹1,970.9284 each (NIL Units NAV of ₹NIL each as at 31st March, 2016) (NIL Units NAV of ₹NIL each as at 1st April, 2015)	78.75	-	-
	<b>Total</b>	<b>92,505.82</b>	<b>90,835.32</b>	<b>61,682.44</b>
	Aggregate Cost of Quoted Investments	-	-	-
	Aggregate Market Value of Quoted Investments	-	-	-
	Aggregate Cost of Unquoted Investments	80,538.76	85,283.95	60,074.86
	Aggregate Market Value of Unquoted Investments	92,505.82	90,835.32	61,682.44

## Note - 14. TRADE RECEIVABLES

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	<b>Current Trade Receivables</b>			
1	<b>Unsecured, Considered Good</b>			
	(a) Outstanding for more than six months	1,109.93	737.37	1,294.78
	(b) Others (Refer Note 38.3 for dues from related parties)	64,990.59	39,389.05	21,343.44
	<b>Total</b>	<b>66,100.52</b>	<b>40,126.42</b>	<b>22,638.22</b>

Receivables are hypothecated to secure working capital facilities from State Bank of India and Citi Bank N.A.

## Note - 15. CASH & CASH EQUIVALENTS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	Balances with Banks	1,709.66	2,884.68	8,980.57
2	Cash on Hand	8.72	8.56	9.57
3	Others			
	(a) In Fixed Deposits	9.32	8.66	3,107.99
	<b>Total</b>	<b>1,727.70</b>	<b>2,901.90</b>	<b>12,098.13</b>



# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## As required by MCA notification G.S.R. 308(E) dated 30th March, 2017

The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 is provided in the table below.

(₹)			
Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 8th November, 2016*	14,18,500.00	340.00	14,18,840.00
Add: Permitted receipts	-	46,13,320.00	46,13,320.00
Less: Permitted payments	-	40,21,074.00	40,21,074.00
Less: Amount deposited in banks	14,18,500.00	-	14,18,500.00
Closing cash in hand as on 30th December, 2016	-	5,92,586.00	5,92,586.00

\* Includes ₹1,40,500/- held by employees as travelling advance.

### Note - 16. OTHER BANK BALANCES

(₹ in Lacs)				
Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	Fixed Deposits with Bank			
	(a) Less than 12 months	594.19	579.80	286.47
	(b) More than 12 months	-	-	298.99
		594.19	579.80	585.46
	Less: Bank FD more than 12 months transferred to Other Financial Assets	-	-	(298.99)
		594.19	579.80	286.47
2	Earmarked Balances with Banks (Unpaid Dividend)	11.09	13.64	4.61
	<b>Total</b>	<b>605.28</b>	<b>593.44</b>	<b>291.08</b>

### Note - 17. LOANS

(₹ in Lacs)				
Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>1</b>	<b>Secured, Considered Good</b>			
	(a) Others			
	(i) Loans to Staff	18.47	14.40	-
<b>2</b>	<b>Unsecured, Considered Good</b>			
	(a) Others			
	(i) Loans to Staff	113.66	87.26	105.52
	<b>Total</b>	<b>132.13</b>	<b>101.66</b>	<b>105.52</b>

### Note - 18. OTHER CURRENT ASSET

(₹ in Lacs)				
Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>1</b>	<b>Advances other than Capital Advances</b>			
	(a) Security Deposits	524.32	630.87	618.58
	(b) Other Advances			
	(i) Advances to Supplier's ( Refer Note 38.3 for Advances to related parties)	1,928.43	1,319.68	1,752.79
	(ii) Prepaid Expenses	216.69	154.11	131.94
	(iii) Balance with Statutory / Government authorities	15,459.98	13,150.45	15,809.18
	(iv) Advances to Staff	8.97	24.79	35.29
<b>2</b>	<b>Others</b>			
	(a) Hedging Instruments	1,149.56	62.50	2,964.08
	(b) Interest Accrued on Investments	11.37	44.45	11.61
	<b>Total</b>	<b>19,299.32</b>	<b>15,386.85</b>	<b>21,323.47</b>

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Note - 19. SHARE CAPITAL

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>1</b>	<b>Authorized Share Capital</b>			
	23,00,00,000 Equity Shares of ₹2/- each			
	(As at 31st March, 2016 23,00,00,000 Equity Shares of ₹2/-each)	4,600.00	4,600.00	4,600.00
	(As at 1st April, 2015 23,00,00,000 Equity Shares of ₹2/-each)			
	<b>Total</b>	<b>4,600.00</b>	<b>4,600.00</b>	<b>4,600.00</b>
<b>2</b>	<b>Issued, Subscribed &amp; Fully Paid Up Capital</b>			
	9,43,20,370 Equity Shares of ₹2/-each fully paid up	1,886.41	1,886.41	1,886.41
	(As at 31st March, 2016 9,43,20,370 Equity Shares of ₹2/-each fully paid up)			
	(As at 1st April, 2015 9,43,20,370 Equity Shares of ₹2/-each fully paid up)			
	<b>Total</b>	<b>1,886.41</b>	<b>1,886.41</b>	<b>1,886.41</b>

### 19.1 The reconciliation of the number of Equity Shares outstanding and amount of share capital as at 31st March, 2017, 31st March, 2016 and 1st April, 2015 is set out below :

(₹ in Lacs)

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	9,43,20,370.00	1,886.41	9,43,20,370.00	1,886.41	9,43,20,370.00	1,886.41
Add: Shares issued during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	9,43,20,370.00	1,886.41	9,43,20,370.00	1,886.41	9,43,20,370.00	1,886.41

### 19.2 Rights, preferences and restrictions attached to Equity Shares :

The company has one class of equity shares having a par value of ₹2 each. 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. 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.

During the financial year 2016-17, the Company has declared and paid an interim dividend of ₹4 (200%) per share on 9,43,20,370 equity shares of the face value of ₹2 each amounting to ₹3,772.81 lacs on 13th February, 2017.

The Board of Directors in their meeting dated 25th May, 2017 has recommended a Final dividend of ₹4 (200%) per Equity Share of the face value of ₹2 each amounting to ₹3,772.81 lacs, thereby making aggregate dividend of ₹8 per share (400%) for the financial year 2016-17

### 19.3 Details of the shareholders holding more than 5% shares are set out below :

	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Bhadresh K. Shah	5,81,28,900	61.63%	5,81,28,900	61.63%	5,81,28,900	61.63%
Nalanda India Equity Fund Ltd.	91,27,809	9.68%	91,27,809	9.68%	79,18,845	8.40%





# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Note - 20. OTHER EQUITY

(₹ in Lacs)

Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>1</b>	<b>Other Reserves</b>			
(a)	Capital Redemption Reserve	1,925.74	1,925.74	1,925.74
(b)	Others			
(i)	Securities Premium Reserve	26,579.52	26,579.52	26,579.52
(ii)	General Reserve			
	Balance as per last Financial year	16,189.27	16,189.27	12,202.98
	<b>Less:</b> Adjustment relating to Property, Plant and Equipment	-	-	(159.71)
	<b>Add :</b> Transferred from Statement of Profit and Loss	-	-	4,146.00
		16,189.27	16,189.27	16,189.27
<b>2</b>	<b>Retained Earnings</b>			
	Balance as per last Financial year	1,58,230.46	1,25,527.95	87,627.79
	<b>Add:</b> Profit for the year	41,731.35	61,562.82	41,457.19
	Adjustment as per Ind AS			
	Fair Value of Investments	-	-	1,607.58
	<b>Less:</b> Appropriations			
	Transferred to General Reserve	-	-	(4,146.00)
	Amortization of Leasehold Land	(59.40)	-	-
	DTA created as per Fair Value of Investments	-	-	(556.35)
	Difference as per Ind AS 109	-	-	(462.26)
	Interim Dividend on Equity Shares (Dividend per share ₹4) (For the period ended 31st March, 2016 ₹18)	(3,772.81)	(24,523.30)	-
	Tax on Interim Dividend	(655.52)	(4,557.52)	-
	Tax on Dividend	-	220.51	-
		1,95,474.08	1,58,230.46	1,25,527.95
<b>3</b>	<b>Other Comprehensive Income</b>			
(a)	Remeasurements of Defined Benefit Plans			
	Balance as per last Financial year	35.70	-	-
	Adjustments during the year	(151.02)	35.70	-
		(115.32)	35.70	-
(b)	Effective Portion of Gains and Losses on Hedging Instruments in Cash Flow Hedge			
	Balance as per last Financial year	286.58	1,962.07	946.45
	<b>Add/ (Less) :</b>			
	Mark to Market of Hedging Instruments designated and effective as Hedges of			
	Future Cash Flow	855.89	(1,715.49)	2,017.63
	Foreign Debtor Reinstatement	(883.89)	191.67	36.40
	DTL on Reserve Balance	9.69	(151.67)	(1,038.41)
		268.27	286.58	1,962.07
<b>Total</b>		<b>2,40,321.56</b>	<b>2,03,247.27</b>	<b>1,72,184.55</b>

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Note - 21. BORROWINGS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Non-Current Borrowings</b>				
1	Term Loan (Secured)			
	(a) From Banks			
	(i) External Commercial Borrowings	-	2,477.71	5,437.39
2	Deferred Payment Liabilities * (Unsecured)	33.57	51.05	70.00
	<b>Total</b>	<b>33.57</b>	<b>2,528.76</b>	<b>5,507.39</b>

### 21.1 Terms of repayment for External Commercial Borrowings:

External Commercial Borrowings (ECB) of US \$ 1,87,00,000 is secured by hypothecation of identified plant and machineries procured from proceeds of the borrowings and installed at Moraiya Unit (M1) of the Company mentioned in Hypothecation Agreement. The Loan is repayable in 15 equal quarterly instalments of US \$ 12,46,667 after a moratorium period of 18 months from the date of first draw-down i.e. 3rd October, 2012. The loan carries a floating interest rate of 285 bps 3M LIBOR to be reset at every 3 months. We have entered in to an interest rate swap to convert the loan to 4.1% fixed rate of interest. The first instalment was due on 3rd April, 2014 and the loan will be fully re-paid on 3rd October, 2017.

### 21.2 Terms of repayment for deferred payment liabilities are as set out below :

#### Deferred Sales tax under Package Scheme of Incentives 1993

(₹ in Lacs)

2018-19	13.72
2019-20	19.85

\* Deferred Sales tax under Package Scheme of Incentives 1993 of Maharashtra for erstwhile Paramount Centrispun Castings Pvt.Ltd.

## Note - 22. PROVISIONS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Non-Current Provisions</b>				
1	<b>Provision for Employee Benefits</b>			
	(a) Provision for Leave Encashment	22.26	419.58	450.08
	(b) Provision for Gratuity	141.51	146.88	124.63
2	<b>Provision for Product Warranties Claims *</b>	340.79	184.08	104.02
	<b>Total</b>	<b>504.56</b>	<b>750.54</b>	<b>678.73</b>

### \* Movement in Provision for Product Warranties Claim (Also refer Note - 28)

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Opening Balance	380.65	301.02	185.00
Less: Utilized during the year	(39.86)	(116.94)	(80.98)
Add: Created / provided for the year#	201.00	196.57	197.00
<b>Closing Balance</b>	<b>541.79</b>	<b>380.65</b>	<b>301.02</b>

# Provision for Product Warranties created considering historical experience @ 0.35% of Domestic Sales



# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Note - 23. DEFERRED TAX LIABILITY (NET)

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>1</b>	<b>Deferred Tax Liabilities</b>			
	(Arising on account of timing difference)			
(a)	Assets: Impact of difference between Tax Depreciation and Depreciation / amortization charged for the financial reporting	4,451.68	3,580.75	2,762.91
(b)	Fair Valuation of Current Investments	4,141.56	1,921.20	556.35
(c)	Reversal of Goodwill Amortisation	-	53.14	-
(d)	On Hedge Reserve Balance	141.98	151.67	1,038.41
	<b>Total Deferred Tax Liabilities ( A )</b>	<b>8,735.22</b>	<b>5,706.76</b>	<b>4,357.67</b>
<b>2</b>	<b>Deferred Tax Assets</b>			
	(Arising on account of timing difference)			
(a)	Leave Encashment	26.07	162.32	172.00
(b)	Others	1.09	1.72	2.31
	<b>Total Deferred Tax Assets ( B )</b>	<b>27.16</b>	<b>164.04</b>	<b>174.31</b>
	<b>Total (A - B)</b>	<b>8,708.06</b>	<b>5,542.72</b>	<b>4,183.36</b>

### Reconciliation of Deferred Tax Liabilities(Net):

(₹ in Lacs)

Particulars	31st March, 2017	31st March, 2016
Opening Balance	5,542.72	4,183.36
Tax Income/(Expense) during the period recognised in Profit or Loss	3,175.03	2,393.80
Tax Income/(Expense) during the period recognised in Other Comprehensive Income	(9.69)	151.67
Tax Income/(Expense) during the period recognised directly in Other Equity	-	(1,186.11)
<b>Closing balance</b>	<b>8,708.06</b>	<b>5,542.72</b>

### Movements in DTA:

(₹ in Lacs)

Particulars	Leave Encashment	Others	Total
At 1st April, 2015	172.00	2.31	174.31
(Charged)/Credited:			
to Profit or Loss	(9.68)	(0.59)	(10.27)
to Other Comprehensive Income			
At 31st March, 2016	162.32	1.72	164.04
(Charged)/Credited:			
to Profit or Loss	(136.25)	(0.63)	(136.88)
to Other Comprehensive Income			
<b>At 31st March, 2017</b>	<b>26.07</b>	<b>1.09</b>	<b>27.16</b>

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Movements in DTL:

(₹ in Lacs)

Particulars	Assets : Impact of difference between Tax Depreciation and Depreciation / amortization charged for the financial reporting	Fair Valuation of Current Investments	Reversal of Goodwill Amortisation	On Hedge Reserve Balance	Total
<b>At 1st April, 2015</b>	<b>2,762.91</b>	<b>556.35</b>	-	<b>1,038.41</b>	<b>4,357.67</b>
(Charged)/Credited:	-	-	-	-	-
to Profit or Loss	817.84	1,512.55	53.14	-	2,383.53
to Other Comprehensive Income directly to Equity	-	-	-	151.67	151.67
	-	(147.70)	-	(1,038.41)	(1,186.11)
<b>At 31st March, 2016</b>	<b>3,580.75</b>	<b>1,921.20</b>	<b>53.14</b>	<b>151.67</b>	<b>5,706.76</b>
(Charged)/Credited:	-	-	-	-	-
to Profit or Loss	870.93	2,220.36	(53.14)	-	3,038.15
to Other Comprehensive Income directly to Equity	-	-	-	(9.69)	(9.69)
	-	-	-	-	-
<b>At 31st March, 2017</b>	<b>4,451.68</b>	<b>4,141.56</b>	-	<b>141.98</b>	<b>8,735.22</b>

## Note - 24. BORROWINGS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	<b>Current Borrowings</b>			
<b>1</b>	<b>Loans Repayable on Demand (Secured)</b>			
	- From Banks*	4,295.91	3,000.00	-
<b>2</b>	<b>Loans Repayable on Demand (Unsecured)</b>			
	- From Banks	7,249.73	8,103.32	-
	<b>Total</b>	<b>11,545.64</b>	<b>11,103.32</b>	-

\* Secured by the pari-passu charge over inventories and book debts.

Pre shipment Credit in Foreign Currency (PCFC) borrowing is a short term working capital finance denominated in foreign currency and disbursed in INR using the prevailing exchange rate. The interest on the loan is linked to LIBOR with a margin spread. The Loan is repayable from export proceeds.

### The total outstanding of loans repayable on demand is under:

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Secured Borrowings</b>			
State Bank of India Pre-Shipment Credit in Foreign Currency (PCFC)	1,295.91	-	-
Citi Bank N.A. Pre shipment Credit in Foreign Currency (PCFC)	3,000.00	3,000.00	-
<b>Total Secured (A)</b>	<b>4,295.91</b>	<b>3,000.00</b>	-
<b>Unsecured Borrowings</b>			
Citi Bank N.A. Pre-Shipment Credit in Foreign Currency (PCFC)	1,049.73	5,618.98	-
Citi Bank N.A. Export Packing Credit (EPC) in INR	500.00	-	-
The Hongkong and Shanghai Banking Corporation Limited Pre-shipment Credit in Foreign Currency (PCFC)	-	2,484.34	-
The Hongkong and Shanghai Banking Corporation Limited Export Packing Credit (EPC) in INR	5,700.00	-	-
<b>Total Unsecured (B)</b>	<b>7,249.73</b>	<b>8,103.32</b>	-
<b>Total (A + B)</b>	<b>11,545.64</b>	<b>11,103.32</b>	-



# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Note - 25. TRADE PAYABLES

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	Other than Micro, Small and Medium Enterprises* (Refer Note 38.3 for dues to related parties)	11,090.45	9,567.96	11,286.98
	<b>Total</b>	<b>11,090.45</b>	<b>9,567.96</b>	<b>11,286.98</b>

\* The Company has not received information from the Suppliers regarding their status under The Micro, Small and Medium Enterprises Development Act, 2006. Hence, disclosures, if any relating to amounts unpaid as at the balance sheet date together with interest paid or payable as per the requirement under the said Act, have not been made.

## Note - 26. OTHER FINANCIAL LIABILITIES

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	Other Current Financial Liabilities			
1	Current maturity of Long Term Debt	2,440.84	3,322.56	3,444.78
2	Unpaid Dividend *	11.09	13.64	4.61
	<b>Total</b>	<b>2,451.93</b>	<b>3,336.20</b>	<b>3,449.39</b>

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

## Note - 27. OTHER CURRENT LIABILITIES

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	Revenue received in Advance	3,438.59	2,725.01	2,632.35
2	Other			
	(a) Other Payables*	751.52	499.64	559.68
	<b>Total</b>	<b>4,190.11</b>	<b>3,224.65</b>	<b>3,192.03</b>

\*Includes Statutory dues

## Note - 28. PROVISIONS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>1</b>	<b>Provision for Employee Benefits</b>			
	(a) Provision for Bonus (Refer Note 28.1)	512.87	485.59	443.18
	(b) Provision for Gratuity	162.00	135.74	118.92
	(c) Provision for Leave Encashment	53.06	49.46	55.95
<b>2</b>	<b>Others</b>			
	(a) Provision for Expenses	795.69	1,021.04	513.69
	(b) Provision for Product Warranties Claims (Refer Note - 22)	201.00	196.57	197.00
	(c) Provision for Income Tax (Net of Advance Tax)	965.87	(608.39)	(690.42)
	<b>Total</b>	<b>2,690.49</b>	<b>1,280.01</b>	<b>638.32</b>

### 28.1 Reconciliation of Provision for Bonus

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Opening Balance	485.59	443.18	402.62
Payment made during the year	(491.14)	(440.88)	(402.52)
Utilised / Provided during the year	518.42	483.29	443.08
<b>Closing Balance</b>	<b>512.87</b>	<b>485.59</b>	<b>443.18</b>

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Note - 29. REVENUE FROM OPERATIONS

(₹ in Lacs)

Sr. No.	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>1</b>	<b>Revenue from Operations</b>		
	<b>(a) Sale of products - High Chrome Mill Internals ( Castings )</b>		
	(i) Domestic Sales (including Excise Duty)	62,981.63	62,545.67
	(ii) Export Sales	1,43,383.31	1,21,400.08
		2,06,364.94	1,83,945.75
<b>2</b>	<b>Other Operating Revenue</b>		
	(a) Exports Incentives	5,874.61	4,493.22
	<b>Total</b>	<b>2,12,239.55</b>	<b>1,88,438.97</b>

## Note - 30. OTHER INCOME

(₹ in Lacs)

Sr. No.	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>1</b>	<b>Interest Income from Financial Assets at Amortized Cost*</b>	194.62	161.00
<b>2</b>	<b>Dividend Income</b>		
	(a) Dividend from Mutual Funds (Current Investment)	-	425.00
	(b) Dividend from Subsidiary (Trade Investment)	3,788.29	24,671.65
<b>3</b>	<b>Other Non Operating Income</b>		
	(a) Gain on Exchange Rate Fluctuation	2,208.66	4,384.97
	(b) Profit on sale of Mutual Fund Units (Current Investment) (Net)	201.65	1,675.69
	(c) Fair Value of Investment	6,415.69	4,370.51
	(d) Fair Value of sold Investment	507.60	-
	(e) Fair Value of Forward	231.17	(184.08)
	(f) Insurance Claim Received	41.92	29.87
	(g) Miscellaneous Receipts	248.13	58.98
	(h) Profit on Sale of Property, Plant and Equipment	8.46	53.57
	(i) Service Tax Drawback Income	36.32	97.07
	(j) Income Tax Refund	-	4.93
	(k) Sales Tax Refund	-	25.87
	(l) Sundry Balances Written Back	14.49	16.77
	<b>Total</b>	<b>13,897.00</b>	<b>35,791.80</b>

\*Interest amount mainly includes interest on fixed deposits, staff loan and refund of income tax.

## Note - 31. COST OF MATERIALS CONSUMED

(₹ in Lacs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Opening Stock	5,474.94	7,543.53
Add: Purchases	72,752.45	58,270.29
Sub Total	78,227.39	65,813.82
Less: Closing Stock	8,153.51	5,474.94
<b>Total</b>	<b>70,073.88</b>	<b>60,338.88</b>



# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Note - 32. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS (₹ in Lacs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>Work in Progress</b>		
Opening Stock	8,822.09	8,746.95
Less: Closing Stock	14,104.12	8,822.09
<b>Total</b>	<b>(5,282.03)</b>	<b>(75.14)</b>

## Note - 33. EMPLOYEE BENEFITS EXPENSE (₹ in Lacs)

Sr. No.	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
1	Salaries, Wages and Bonus	7,048.19	6,236.51
2	Contribution to Provident Fund / ESIC / Gratuity	615.47	754.48
3	Staff Welfare Expenses	70.59	53.01
	<b>Total</b>	<b>7,734.25</b>	<b>7,044.00</b>

### 33.1 As per Ind AS 19 "Employee Benefits", the disclosures of employee benefits as defined in the Indian Accounting Standard are given below:

#### Defined Contribution Plan

Contribution to Defined Contribution Plan, recognized as expense for the year is as under: (₹ in Lacs)

Particulars	2016-17	2015-16
Employer's Contribution to Provident Fund	351.64	326.38

#### Defined Benefit Plan

The Employees' Gratuity Fund scheme managed by a Trust is a Defined Benefit Plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes 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 obligation for leave encashment is recognized in the same manner as gratuity.

#### Gratuity

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

#### Plan Features

Benefits offered	15 / 26 x Salary X Duration of Service
Salary definition	Basic Salary
Benefit ceiling	Benefit ceiling of ₹10 lacs is not applied
Vesting conditions	5 years of continuous service ( Not applicable in case of death / disability)
Benefit eligibility	Upon death or Resignation / Withdrawl or Retirement
Retirement age	58,60,62,65 or 70 years

#### Leave Encashment :

The benefits are governed by the Company's Leave Policy.

#### Key Features

Salary for Encashment	Basic Salary
Benefit event	Death or Resignation or Retirement or Availment
Maximum accumulation	98 Days
Benefit Formula	(Leave Days ) x (Basic Salary) / ( Leave Denominator )
Leave Denominator	Employee 30
Leave Credited Annually	Employee 30
Retirement Age	58,60,62,65 or 70 years

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Risks associated to the Plan (Gratuity and Leave Encashment)

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 company and as result strain on the cashflow 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.

## Key Assumptions considered (Gratuity and Leave Encashment)

Actuarial Assumptions	
A.	Discount Rate
B.	Salary Growth Rate
C.	Rate of Interest on Plan Assets
D.	Mortality
E.	Withdrawal Rate
Financial Assumptions	
A.	Discount Rate
B.	Salary Growth Rate
Demographic Assumptions	
A.	Withdrawal Rate
B.	Mortality Rate

## Reconciliation of opening and closing balances of Defined Benefit Obligation

(₹ in Lacs)

Particulars	2016-17	2015-16	2016-17	2015-16
	Gratuity (Funded)		Leave Encashment (Funded)	Leave Encashment (Unfunded)
Defined Benefit Obligation at beginning of the year	1,747.68	1,414.10	469.04	506.03
Current Service Cost	135.74	118.62	77.17	70.91
Interest Cost	128.06	104.72	34.66	37.29
Actuarial ( Gain ) / Losses recognised in Other Comprehensive Income				
Due to Change in demographic assumption	-	-	-	-
Due to Change in financial assumptions	161.17	-	-	-
Due to Experience adjustments	13.49	(2.04)	32.18	22.44
Benefits paid	(83.25)	(63.05)	(99.83)	(167.63)
Prior year Charge	-	175.33	-	-
Defined Benefit Obligation at year end	2,102.89	1,747.68	513.22	469.04





# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Reconciliation of opening and closing balances of fair value of plan assets

(₹ in Lacs)

Particulars	2016-17	2015-16	2016-17	2015-16
	Gratuity (Funded)		Leave Encashment (Funded)	Leave Encashment (Unfunded)
Fair value of Plan Assets at beginning of the year	1,465.07	1,170.70	-	-
Expenses Deducted from the Fund	-	(10.01)	-	-
Expected return on Plan Assets	111.31	90.37	-	-
Return on Plan Assets recognised in Other Comprehensive Income	151.02	(35.70)	-	-
Actuarial Gain / ( Loss )	23.64	33.66	-	-
Employer Contribution	282.62	243.40	437.90	-
Benefits paid	(83.25)	(63.05)	-	-
Fair Value of Plan Assets at year end	1,799.39	1,465.07	437.90	-
Actual return on Plan Assets	134.95	124.03	-	-

## Reconciliation of fair value of assets and obligations

(₹ in Lacs)

Particulars	2016-17	2015-16	2016-17	2015-16
	Gratuity (Funded)		Leave Encashment (Funded)	Leave Encashment (Unfunded)
Fair value of Plan Assets	1,799.39	1,465.07	437.90	-
Present value of Obligation	2,102.89	1,747.68	513.22	469.04
Deficit / (Surplus) amount of Plans recognised in Balance Sheet	303.50	282.61	75.32	469.04

## Expense recognized during the year

(₹ in Lacs)

Particulars	2016-17	2015-16	2016-17	2015-16
	Gratuity (Funded)		Leave Encashment (Funded)	Leave Encashment (Unfunded)
Current Service Cost	135.74	118.62	77.17	70.91
Interest Cost	16.75	14.35	34.66	37.29
Expenses deducted from the fund	-	10.02	-	-
Prior year Changes / Net Value of Plan Assets	-	175.33	-	-
Net Cost	152.49	318.32	111.83	108.20

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Investment Details

Particulars	2016-17	2015-16	2016-17	2015-16
	Gratuity (Funded)		Leave Encashment (Funded)	Leave Encashment (Unfunded)
<b>Debt Instruments</b>				
Government of India Securities	3%	-	-	-
High Quality Corporate Bonds	2%	5%	-	-
State Government Securities	2%	8%	-	-
<b>Cash and Cash Equivalents</b>				
Fixed Deposits	1%	-	-	-
Bank Balances	2%	2%	-	-
Special Deposit Scheme	-	-	100%	-
<b>Investment Funds</b>				
Insurance Policies	90%	84%	-	-
<b>Others</b>	-	1%	-	-

## Actuarial assumptions

Particulars	2016-17	2015-16	2016-17	2015-16
	Gratuity (Funded)		Leave Encashment (Funded)	Leave Encashment (Unfunded)
Mortality Table	LIC (2006-08)	LIC (2006-08)	LIC (2006-08)	LIC (2006-08)
Discount Rate	7.35%	7.80%	7.80%	7.80%
Expected Rate of Return	-	-	-	-
Rate of escalation in Salary	8.50%	8.00%	8.00%	8.00%

## Sensitivity Analysis

Particulars	Changes in Assumption	Impact On Defined Benefit Obligation (Gratuity)					
		Increase in assumption			Decrease in assumption		
		Increase / Decrease by	31st March, 2017	31st March, 2016	Increase / Decrease by	31st March, 2017	31st March, 2016
Discount Rate	0.50%	Decrease by	4.20%	3.97%	Increase by	4.50%	4.27%
Salary Growth Rate	0.50%	Increase by	4.40%	4.24%	Decrease by	4.10%	3.98%

Particulars	Changes in Assumption	Impact On Defined Benefit Obligation (Leave Encashment)					
		Increase in assumption			Decrease in assumption		
		Increase / Decrease by	31st March, 2017	31st March, 2016	Increase / Decrease by	31st March, 2017	31st March, 2016
Discount Rate	0.50%	Decrease by	5.06%	5.05%	Increase by	5.52%	5.51%
Salary Growth Rate	0.50%	Increase by	5.48%	5.47%	Decrease by	5.07%	5.06%

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

Gratuity and Leave benefits liabilities of the Company are funded. There are no minimum funding requirements for Leave benefits plans in India and there is no compulsion on the part of the Company to fully pre fund the liability of the Plan. The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.



# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Maturity Profile of the Defined Benefit Obligation

(₹ in Lacs)

Particulars	2016-17	2015-16	2016-17	2015-16
	Gratuity (Funded)		Leave Encashment (Funded)	Leave Encashment (Unfunded)
<b>(I) Age wise distribution of Defined Benefit Obligation</b>				
Age in years				
Less than 30	70.14	55.72	37.20	39.10
31 to 40	407.07	291.90	163.73	140.08
41 to 50	641.86	569.15	154.77	149.17
51 and above	983.82	830.91	157.52	140.69
Accrued Gratuity for left employees	-	-	-	-
<b>Total</b>	<b>2,102.89</b>	<b>1,747.68</b>	<b>513.22</b>	<b>469.04</b>
<b>(II) Past service wise distribution of Defined Benefit Obligation</b>				
0 to 4	37.47	31.24	39.05	36.60
4 to 10	449.21	387.29	210.20	218.69
10 to 15	239.22	102.56	79.82	36.78
15 and above	1,376.99	1,226.59	184.15	176.97
Accrued Gratuity for left employees	-	-	-	-
<b>Total</b>	<b>2,102.89</b>	<b>1,747.68</b>	<b>513.22</b>	<b>469.04</b>

## Amount for the current and previous year as follows

(₹ in Lacs)

Particulars	31st March, 2017	31st March, 2016
<b>(1) Gratuity (Funded)</b>		
Defined Benefit Obligation	2,102.89	1,747.68
Plan Assets	1,799.39	1,465.07
Surplus / (Deficit)	303.50	282.61
Experience adjustments on Plan Liability	13.49	(2.04)
Experience adjustments on Plan Assets	(23.64)	(33.66)
<b>(2) Leave encashment</b>		
Defined Benefit Obligation	513.22	469.04
Experience adjustments on Plan Liability	32.18	22.44

Company's estimate of Contributions expected to be paid during Financial Year 2017-18 is as under:

### (i) Defined Contribution Plan :

(a) Employer's contribution to Provident Fund 12% of Basic Salary

### (ii) Defined Investment Plan :

(a) Gratuity (₹ in Lacs) 228.63

(b) Leave Encashment (₹ in Lacs) 53.06

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.

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Note - 34. FINANCE COSTS

(₹ in Lacs)

Sr. No.	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>1</b>	<b>Interest Costs</b>		
(a)	Interest and Finance charges on Financial Liability not at fair value through Profit or Loss	307.65	322.61
(b)	Exchange difference adjustment to Borrowing Costs	58.18	-
(c)	For Income Tax	80.00	122.00
(d)	For Others	0.56	2.21
	<b>Total</b>	<b>446.39</b>	<b>446.82</b>

## Note - 35. OTHER EXPENSES

(₹ in Lacs)

Sr. No.	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>1</b>	<b>Manufacturing Expenses</b>		
	<b>Consumption of Stores</b>		
	Opening Stock	6,545.36	6,352.77
	Add: Purchases	21,913.84	18,243.46
	= Sub Total	28,459.20	24,596.23
	Less : Closing Stock	7,653.52	6,545.36
		20,805.68	18,050.87
	Power and Fuel	21,420.25	19,371.47
	Labour Charges	6,014.33	5,267.11
	Freight inward, octroi, coolies and cartages	1,525.20	1,137.90
	<b>Repairs and Maintenance</b>		
	- To Buildings	221.66	146.24
	- To Plant and Machineries	430.50	422.90
	- To Other Assets	301.00	196.47
	Rent Expenses	7.45	24.61
<b>2</b>	<b>Selling and Distribution Expenses</b>		
	Freight Outward, Coolies and Cartages	3,566.92	3,025.75
	Commission Expenses	115.06	86.33
	<b>Travelling Expenses</b>		
	- For Directors	28.88	31.18
	- For Staff and Guests	389.78	395.56
	Sales Promotion / Gift Expenses	14.82	29.42
	Advertisement Expenses	10.60	28.27
	Product Warranty Expenses	201.00	196.57
	Late Delivery Charges	7.81	44.03
	Bad Debts	-	63.88
	Central Excise Duty and CVD	144.49	72.31
	Sales Tax	36.90	2.25
	Tender Fees	2.81	2.90



# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

Sr. No.	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>3</b>	<b>Administrative Expenses</b>		
	Insurance Premium Expenses	481.66	337.15
	Rent Expenses	112.19	102.44
	Rates and Taxes	38.02	47.02
	Service Charges	1.63	4.30
	Directors' Sitting Fees	4.50	4.70
	<b>Payments to Auditors</b>		
	- As Auditor		
	Statutory Audit fees	15.00	13.00
	Tax Audit Fees	1.50	1.50
	For Other Services	8.64	2.06
	Legal and Professional Consultancy Fees	963.81	822.03
	Bank Commission Charges	166.25	160.11
	Printing and Stationery Expenses	31.95	26.76
	Postage,Telephones,Courier,Internet & E-mail	116.09	108.07
	Computer Expenses	10.01	4.20
	Vehicle Repairs and Maintenance	74.36	81.71
	Conveyance Expenses	290.68	231.76
	Security Expenses	359.42	382.40
	Subscription and Membership Fees	10.43	14.67
	Entertainment Expenses	13.02	13.40
	Donation Expenses	41.07	31.56
	Seminar Expenses	11.97	37.50
	License Fees	13.87	8.88
	Inspection Charges	44.56	23.39
	Water Charges	54.67	53.81
	Office Expenses	30.72	38.81
	Electricity Expenses	18.60	20.49
	Service Tax	149.22	76.14
	Garden Expenses	23.96	19.63
	Festival Celebration Expenses	46.47	18.67
	Factory GVMM / GIDC Administrative Charges	13.41	11.96
	CSR Expenses	618.63	495.76
	Recruitment and Training Expenses	13.13	9.56
	Loss on Sale of Property,Plant and Equipment	33.74	47.62
	General / Miscellaneous Expenses	67.53	63.28
	<b>Total</b>	<b>59,125.85</b>	<b>51,910.36</b>

## Note - 36. CURRENT TAX

(₹ in Lacs)

Sr. No.	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
1	Current Tax	17,200.00	16,330.32
2	Excess Provision for earlier years	-	84.72
	<b>Total</b>	<b>17,200.00</b>	<b>16,415.04</b>

# Notes

## to the Standalone Financial Statements for the financial year ended 31st March, 2017

Reconciliation of the Income Tax Expense (Current tax + Deferred tax) amount considering the enacted Income Tax Rate and effective Income Tax rate of the Company as follows.

Particulars	(₹ in Lacs)	
	<b>31st March, 2017</b>	31st March, 2016
Accounting Profit before Income Tax	62,106.36	80,371.66
At India's Statutory Income Tax Rate of 34.608%	21,493.77	27,815.02
Due to Income exempt from Taxation	(1,311.05)	(8,685.45)
Non-Deductible Expenses for Tax purposes	3,742.65	3,347.97
Deductible Expenses for Tax purposes	(3,680.17)	(4,489.67)
Income not chargeable for Tax purpose	(133.13)	63.71
Effects of Excess/(Less) Tax for Tax purpose on Capital Gain/Loss	245.46	727.60
Others	17.48	29.66
Income Tax expense reported in the Statement of Profit and Loss	20,375.01	18,808.84

### Note - 37. EARNINGS PER SHARE

(₹ in Lacs)

Sr. No.	Particulars	<b>Year ended 31st March, 2017</b>	Year ended 31st March, 2016
1	Net Profit attributable to the Equity Shareholders (A)	41,731.35	61,562.82
2	Weighted average number of Equity Shares outstanding during the period (B)	9,43,20,370	9,43,20,370
3	Nominal value of Equity Shares (₹)	2	2
4	Basic/Diluted Earnings per Share (₹) (A/B)	44.24	65.27

### Note - 38. RELATED PARTY DISCLOSURES

#### 38.1 List of Related Parties

##### (A) Subsidiaries:

Sr. No.	Name	Place of Business & Country of Incorporation	Ownership Interest held by the Company directly or indirectly		
			As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	Welcast Steels Limited	India	74.85%	74.85%	74.85%
2	Vega Industries (Middle East) FZC	U.A.E.	100%	100%	100%
3	Vega Industries Limited, U.K.	U.K.	100% owned subsidiary of Vega Industries (Middle East) FZC	100% owned subsidiary of Vega Industries (Middle East) FZC	100% owned subsidiary of Vega Industries (Middle East) FZC
4	Vega Industries Limited, U.S.A.	U.S.A.	100% owned subsidiary of Vega Industries Limited, U.K.	100% owned subsidiary of Vega Industries Limited, U.K.	100% owned subsidiary of Vega Industries Limited, U.K.
5	Vega Steel Industries (RSA) Proprietary Limited	South Africa	100% owned subsidiary of Vega Industries (Middle East) FZC	100% owned subsidiary of Vega Industries (Middle East) FZC	100% owned subsidiary of Vega Industries (Middle East) FZC
6	Wuxi Vega Trade Co. Limited	China	100% owned subsidiary of Vega Industries (Middle East) FZC	100% owned subsidiary of Vega Industries (Middle East) FZC	100% owned subsidiary of Vega Industries (Middle East) FZC
7	PT. Vega Industries Indonesia	Indonesia	99% owned by Vega Industries (Middle East) FZC & 1% to be subscribed by AIA Engineering Ltd.	99% owned by Vega Industries (Middle East) FZC & 1% to be subscribed by AIA Engineering Ltd.	-
8	AIA CSR Foundation	India	100%	100%	-



# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

**(B) Key Management Personnel:**

Sr. No.	Name	Designation
1	Mr. Bhadresh K. Shah	Managing Director
2	Mr. Yashwant M. Patel	Whole-Time Director
3	Mr. Rajendra S. Shah	Chairman
4	Dr. S. Srikumar	Non Executive Director
5	Mr. Kunal Dilip Shah	Executive Director- Finance
6	Mr. S.N.Jetheliya	Company Secretary

**(C) Other Related Parties:**

Sr. No.	Particulars	Nature of Relationship
1	AIA Employees' Gratuity Trust Fund, India	Post Employment benefit plan of AIA Engineering Ltd.
2	Mrs. Giraben K. Shah	Relatives of Key Management Personnel
3	Mrs. Gitaben B. Shah	
4	Mrs. Khushali Samip Solanki	
5	Mrs. Bhumika Shyamal Shodhan	
6	AB Tradelink Limited	
7	Powertec Engineering Private Limited	Entities on which Key Management Personnel have significant influence
8	Powertec Infrastructure Private Limited	
9	Vee Connect Travels Private Limited	
10	Discus IT Private Limited	
11	Harsha Engineers Limited	
12	RNCA & Associates	

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## 38.2 Disclosures of Transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2017 :

(₹ in Lacs)

Sr. No.	Nature of Transaction	Subsidiaries		Key Management Personnel		Other Related Parties	
		Year ended 31st March, 2017	Year ended 31st March, 2016	Year ended 31st March, 2017	Year ended 31st March, 2016	Year ended 31st March, 2017	Year ended 31st March, 2016
1	Revenue from Operations	1,42,246.01	1,21,339.69	-	-	-	-
2	Freight Charges recovered	2,503.08	2,983.64	-	-	-	-
3	Miscellaneous receipt of Income	204.02	40.84	-	-	-	-
4	Purchase of Goods	20,837.87	12,434.05	-	-	2,170.40	2,026.24
5	Investment in Equity Shares	-	1.00	-	-	-	-
6	Recovery of Travelling Expenses	153.31	220.94	-	-	-	-
7	CSR Expenses	480.00	370.00	-	-	-	-
8	Commission Expense on Purchases	-	-	-	-	80.12	48.81
9	Legal and Professional Consultancy Fees	-	6.87	-	-	53.75	47.95
10	SAP ERP Functional and Technical Support	-	-	-	-	71.63	18.15
11	Salary, Bonus and Perquisites	-	-	109.10	64.75	1.54	1.68
12	Contribution to Gratuity Fund	-	-	-	-	152.49	282.62
13	Rent, Rates & Taxes Expenses	-	-	-	-	2.36	1.46
14	Repairs & Maintenance of Equipments	-	-	-	-	17.69	15.98
15	Travelling Expenses	-	-	-	-	151.35	153.42
16	Telephone Expenses	2.47	-	-	-	-	-
17	Professional Tax	0.09	0.09	-	-	-	-
18	Dividend Received	3,788.28	24,671.65	-	-	-	-
19	Directors' Remuneration and perquisites	-	-	130.83	118.59	-	-
	<b>GRAND TOTAL</b>	<b>1,70,215.13</b>	<b>1,62,068.77</b>	<b>239.93</b>	<b>183.34</b>	<b>2,701.33</b>	<b>2,596.31</b>
	Balance Outstanding at the year end (Receivable)	49,402.05	27,083.71	-	-	-	2.83
	As at 1st April, 2015	-	9,139.58	-	-	-	-
	Balance Outstanding at the year end (Payable)	613.31	462.46	-	-	121.20	128.30
	As at 1st April, 2015	-	746.77	-	-	-	17.37





# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

### 38.3 The details of amounts due to or due from related parties as at 31<sup>st</sup> March, 2017, 31<sup>st</sup> March, 2016 and 1<sup>st</sup> April, 2015 are as follows:

(₹ in Lacs)				
Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>1</b>	<b>Trade Receivables</b>			
	(a) From Subsidiaries			
	Vega Industries (Middle East) FZC, U.A.E.	49,372.98	27,067.15	9,074.09
	Wuxi Vega Trade Co.Limited, China	9.63	-	-
	Vega Industries Limited, U.K.	16.20	16.56	55.30
	Welcast Steels Limited	3.24	-	10.19
	<b>Total Trade Receivables from Related Parties</b>	<b>49,402.05</b>	<b>27,083.71</b>	<b>9,139.58</b>
<b>2</b>	<b>Trade Payables</b>			
	(a) From Subsidiaries			
	Welcast Steels Limited	613.31	462.46	746.77
	<b>Sub Total (a)</b>	<b>613.31</b>	<b>462.46</b>	<b>746.77</b>
	(b) Other Related Parties			
	AB Tradelink Limited	2.37	-	1.83
	RNCA & Associates	2.28	1.06	-
	Harsha Engineers Limited	108.65	120.55	-
	Vee Connect Travels Private Limited	7.90	6.69	15.54
	<b>Sub Total (b)</b>	<b>121.20</b>	<b>128.30</b>	<b>17.37</b>
	<b>Total Trade Payable to Related Parties (a + b)</b>	<b>734.51</b>	<b>590.76</b>	<b>764.14</b>
<b>3</b>	<b>Advances</b>			
	(a) Other Related Parties			
	AB Tradelink Limited	-	0.59	-
	Discus IT Private Limited	-	2.24	-
	<b>Total advance given to related parties</b>	<b>-</b>	<b>2.83</b>	<b>-</b>

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## 38.4 Disclosures in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:

(₹ in Lacs)

Sr. No.	Nature of Transaction	Related Parties	Year ended 31st March, 2017	Year ended 31st March, 2016
1	Revenue from Operations	Vega Industries (Middle East) FZC	1,42,192.27	1,20,897.64
		Welcast Steels Limited	53.74	442.05
2	Freight Charges recovered	Vega Industries (Middle East) FZC	2,503.08	2,983.64
3	Miscellaneous receipt of Income	Vega Industries (Middle East) FZC	178.19	24.28
		Vega Industries Limited, U.K.	16.20	16.56
		Wuxi Vega Trade Co. Limited, China	9.63	-
4	Purchase of Goods	Welcast Steels Limited	20,837.87	12,434.05
		Harsha Engineers Limited	2,170.40	2,026.24
5	Investment in Equity Shares	AIA CSR Foundation	-	1.00
6	Recovery of Travelling Expenses	Vega Industries (Middle East) FZC	153.31	220.94
7	CSR Expenses	AIA CSR Foundation	480.00	370.00
8	Commission Expense on Purchases	AB Tradelink Limited.	80.12	48.81
9	Legal and Professional Consultancy Fees	Welcast Steels Limited	-	6.87
		Powertec Engineering Private Limited	23.00	41.48
		Powertec Infrastructure Private Limited	23.05	-
		RNCA & Associates	7.70	6.47
10	SAP ERP Functional and Technical Support	Discus IT Private Limited	71.63	18.15
11	Salary, Bonus and Perquisites	Mrs. Gitaben B. Shah	1.54	1.68
		Mr. Kunal Dilip Shah	60.32	34.33
		Mr. S. N. Jetheliya	48.78	30.42
12	Contribution to Gratuity Fund	AIA Employees' Gratuity Trust Fund	152.49	282.62
13	Rent, Rates & Taxes Expenses	Mrs. Giraben K. Shah	2.36	1.46
14	Repairs & Maintenance of Equipments	Powertec Engineering Private Limited	8.86	15.98
		Powertec Infrastructure Private Limited	8.83	-
15	Travelling Expenses	Vee Connect Travel Private Limited	148.30	149.88
		AB Tradelink Limited	3.05	3.54
16	Telephone Expenses	Welcast Steels Limited	2.47	-
17	Professional tax	Welcast Steels Limited	0.09	0.09
18	Dividend received	Vega Industries (Middle East) FZC	3,788.28	24,662.10
		Welcast Steels Limited	-	9.55
19	Directors' Remuneration and perquisites	Mr. Bhadresh K. Shah	116.11	103.87
		Mr. Yashwant M. Patel	14.72	14.72



# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## 38.5 Breakup of compensation paid to Key Management Personnel (₹ in Lacs)

Sr. No.	Particulars	Key management personnel	Year ended 31st March, 2017	Year ended 31st March, 2016
1	Short-Term Employee Benefits	Mr. Bhadresh K. Shah	116.11	103.87
		Mr. Yashwant M. Patel	14.72	14.72
		Mr. Kunal Dilip Shah	60.32	34.33
		Mr. S. N. Jetheliya	47.51	29.32
2	Post-Employment Benefits	Mr. Bhadresh K. Shah	-	-
		Mr. Yashwant M. Patel	-	-
		Mr. Kunal Dilip Shah	-	-
		Mr. S. N. Jetheliya	1.27	1.10
<b>Total</b>			<b>239.93</b>	<b>183.34</b>

**38.6** All transactions during the year with related parties are at arm's length and unsecured. No amount has been recognised as bad or doubtful in respect of transactions with the related parties.

## 39. 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.

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>Revenues</b>		
India	78,760.94	78,127.75
Other Countries	1,47,375.61	1,46,103.02

Particulars	As at 31st March, 2017	As at 31st March, 2016
<b>Non-Current Assets</b>		
India	71,259.67	69,948.02
Other Countries	-	-

### (A) Breakup of Revenues : (₹ in Lacs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Revenue from Operations	2,12,239.55	1,88,438.97
Other Income	13,897.00	35,791.80

### (B) Non-Current Assets :

Non Current-Assets exclude Financial Instruments and Deferred Tax Assets.

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Note - 40. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>1. Contingent Liabilities</b>			
a. Claims against the Company not acknowledged as Debts			
i) Central Excise & Service Tax	3,227.41	2,576.98	1,714.84
ii) Income Tax	11,640.28	7,834.13	5,932.31
iii) Sales Tax / Central Sales Tax	57.24	57.24	19.77
b. Guarantees			
i) Bank Guarantees Outstanding	14,605.11	12,919.34	12,365.53
ii) Corporate Guarantees Outstanding to Customers	579.94	624.83	713.65
iii) Guarantees given by the Company on behalf of Subsidiaries	8,423.44	7,949.87	3,621.31
iv) Corporate Guarantees given by the Company on behalf of Subsidiaries	-	-	2,632.28
v) Letter of Credit (L/C)	1,017.88	-	33.55
c. Others	595.09	595.08	650.05
<b>2. Commitments :</b>			
a. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for.	565.47	430.16	2,782.82
<b>Total</b>	<b>40,711.86</b>	<b>32,987.63</b>	<b>30,466.11</b>

- (a) Most of the issue of litigation pertaining to Central Excise/ Service tax / Income tax 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. As such no material impact on the financials of the Company is envisaged.
- (b) 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 minor impact if any, shall be given in the year of final outcome of respective matter in appeal.

## Note - 41. DERIVATIVE INSTRUMENTS

### a) Derivatives outstanding as at the Balance Sheet date

Currency	Exposure to Buy / Sell	No. of Contracts	As at 31st March, 2017	
			Amount (₹ in Lacs)	Foreign currency
EUR / USD		17	2,942.33	42,50,000
USD / INR		113	18,304.79	2,82,50,000
ZAR / INR	Sell	49	4,761.83	9,84,50,000
(As at 31st March, 2016)		(102)	(20,840.08)	(9,15,75,000)
(As at 1st April, 2015)		(477)	(87,140.48)	(29,92,50,000)



# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

**b) Foreign currency exposure at the year end not hedged by derivative instruments.** (₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Payables against import of Goods and Services</b>			
₹ in Lacs	101.41	61.60	10.53
US Dollar	1,39,871	91,394	-
Euro	6,814	-	15,726
GBP	4,933	-	-
<b>Advance payment to Suppliers and for Expenses</b>			
₹ in Lacs	1,192.75	710.33	17.06
US Dollar	10,05,850	7,48,703	26,327
Euro	7,36,831	2,71,214	978
GBP	15,023	20,242	-
CHF	-	16,883	-

The Company enters in to derivative contracts strictly for hedging purposes and not for trading or speculation.

**Note - 42.**

**(A) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**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.

# Notes

## to the Standalone Financial Statements for the financial year ended 31st March, 2017

This note explains the sources of risk which the Company is exposed to and how the Company manages the risk in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and Cash equivalents, trade receivables, financial assets measured at amortized cost	Ageing analysis Credit rating	Credit limit set and Ageing analysis protect Company from potential losses due to excess credit to the customers.
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 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 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 when there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorizes a loan or receivable for write off when a debtor fails to make contractual payments greater than one year past due. 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 recognized in profit or loss.



# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Provision for expected credit losses:

Description of category	Category	Basis for recognition of expected credit loss provision		
		Investments	Loans and Deposits	Trade Receivables
Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	High-quality assets, negligible credit risk	12 month expected credit losses	12 month expected credit losses	Life time expected credit losses (simplified approach)
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	Quality assets, low credit risk	12 month expected credit losses	12 month expected credit losses	
Assets where the probability of default is moderate and where the capacity of counter-party to meet the obligations is not strong.	Standard assets, moderate credit risk	12 month expected credit losses	12 month expected credit losses	
Assets where there has been a significant increase in credit risk since initial recognition where payments are more than 360 days past due	Substandard assets, relatively high credit risk	Life time expected credit losses	Life time expected credit losses	
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.	Low quality assets, very high credit risk	Life time expected credit losses	Life time expected credit losses	
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.	Doubtful assets, credit impaired	Asset is written off		

## Expected credit loss for loans and deposits:

As at 31<sup>st</sup> March, 2017

(₹ in Lacs)

Particulars	Description of category	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	300.06	-	-	300.06
		Deposits	594.19	-	-	594.19
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	-	-	-	-

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## As at 31<sup>st</sup> March, 2016

(₹ in Lacs)

Particulars	Description of category	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	265.00	-	-	265.00
		Deposits	579.80	-	-	579.80
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 1<sup>st</sup> April, 2015

(₹ in Lacs)

Particulars	Description of category	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans	237.18	-	-	237.18
		Deposits	585.46	-	-	585.46
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

### Debtors' Ageing:

(₹ in Lacs)

Due from date of invoice	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
0-3 Months	58,016.56	39,024.67	21,800.24
3-6 Months	7,244.93	745.91	488.97
6-12 Months	453.51	136.91	178.04
Beyond 12 Months	508.75	295.90	288.65
Gross carrying amount	66,223.75	40,203.39	22,755.90
Expected Credit Loss	-	-	-
Net carrying amount	66,223.75	40,203.39	22,755.90

## 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.





# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Financing arrangements

**The Company had access to following undrawn borrowing facilities at end of reporting period:** (₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Borrowing-Cash Credit	1,454.36	1,896.68	10,000.00

**Contractual maturity pattern of borrowings and Trade Payables:** (₹ in Lacs)

As at 31 <sup>st</sup> March, 2017	0-1 years	1-5 years	Total
Long Term Borrowings (including current maturity of Long Term Debt)	2,440.84	-	2,440.84
Short Term Borrowings	11,545.64	-	11,545.64
Trade Payables	11,090.45	-	11,090.45
<b>Total</b>	<b>25,076.93</b>	<b>-</b>	<b>25,076.93</b>

(₹ in Lacs)

As at 31 <sup>st</sup> March, 2016	0-1 years	1-5 years	Total
Long Term Borrowings (including current maturity of Long Term Debt)	3,322.56	2,477.71	5,800.27
Short Term Borrowings	11,103.32	-	11,103.32
Trade Payables	9,567.96	-	9,567.96
<b>Total</b>	<b>23,993.84</b>	<b>2,477.71</b>	<b>26,471.55</b>

(₹ in Lacs)

As at 1 <sup>st</sup> April, 2015	0-1 years	1-5 years	Total
Long Term Borrowings (including current maturity of Long Term Debt)	3,444.78	5,437.39	8,882.17
Short Term Borrowings	-	-	-
Trade Payables	11,286.98	-	11,286.98
<b>Total</b>	<b>14,731.76</b>	<b>5,437.39</b>	<b>20,169.15</b>

## Market Risk-Interest Rate Risk

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.

**Exposure to interest rate risk** (₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Borrowings bearing fixed rate of interest	2,440.84	5,800.27	8,882.17
Borrowings bearing variable rate of interest	11,545.64	11,103.32	-

## Interest rate sensitivity

A change of 50 bps in interest rates would have following impact on Profit Before Tax (₹ in Lacs)

Movement-Effects on Profit & Loss	2016-17	2015-16
50 bps increase-decrease in profits	(57.73)	(55.52)
50 bps decrease-increase in profits	57.73	55.52

## 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.

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Foreign Currency Exposure

Particulars	As at 31st March, 2017					As at 31st March, 2016			
	USD	EURO	ZAR	GBP	CAD	USD	EURO	ZAR	CAD
Trade Receivables (Net of hedge) (a)	3,03,18,970	31,27,631	4,01,62,233	-	-	1,07,78,492	14,95,747	-	11,01,773
Bank balances in EEFC accounts (b)	14,99,299	1,50,647	3,20,786	-	42	83,270	21,05,780	50,67,961	-
Exposure to Foreign Currency risk (Assets) (a+b)	3,18,18,269	32,78,278	4,04,83,019	-	42	1,08,61,762	36,01,527	50,67,961	11,01,773
Trade Payables (c)	1,39,871	6,814	-	4,933	-	91,394	-	-	-
Foreign Currency Loans (d)	1,19,90,000	-	-	-	-	2,54,86,667	-	-	-
Exposure to Foreign Currency Risk (Liabilities) (c+d)	1,21,29,871	6,814	-	4,933	-	2,55,78,061	-	-	-

## Foreign Currency Risk Sensitivity

(₹ in Lacs)

Particulars	Movement (%)		Impact on Profit & Loss		Impact on Cost of Assets	
	31 <sup>st</sup> March,		31 <sup>st</sup> March,		31 <sup>st</sup> March,	
	2017	2016	2017	2016	2017	2016
USD sensitivity						
INR \ USD- increase by	1	1	151.81	(39.68)	(24.23)	(57.81)
INR \ USD- decrease by	1	1	(151.81)	39.68	24.23	57.81
Euro sensitivity						
INR \ Euro- increase by	1	1	22.65	27.18	-	-
INR \ Euro- decrease by	1	1	(22.65)	(27.18)	-	-
ZAR sensitivity						
INR \ ZAR- increase by	1	1	19.58	2.28	-	-
INR \ ZAR- decrease by	1	1	(19.58)	(2.28)	-	-
GBP sensitivity						
INR \ GBP- increase by	1	1	(0.04)	-	-	-
INR \ GBP- decrease by	1	1	0.04	-	-	-
CAD sensitivity						
INR \ CAD- increase by	1	1	-	5.63	-	-
INR \ CAD- decrease by	1	1	-	(5.63)	-	-



# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forwards and interest rate swaps to mitigate the risk of changes in exchange rate on foreign currency exposures. The counterparty for these contracts is generally banks. These derivative financial instruments are value based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

## Commodity Risk

Principal Raw Material for Company's products is 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 vis a vis 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 and commitments.
- (iii) Well planned procurement & 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 Scrap and Ferro Chrome:

Particulars	2016-17 (Qty in MT)	2015-16 (Qty in MT)
Scrap	1,56,042	1,31,704
Ferro Chrome	46,945	38,420

## Commodity Price Sensitivity:

Increase (Decrease) in prices of scrap/ferro chrome by ₹ 1 per kg would have following impact on Profit Before Tax

(₹ in Lacs)

Movement-Effects on Profit & Loss	2016-17	2015-16
₹ 1 increase-decrease in profits	(2,029.87)	(1,701.24)
₹ 1 decrease-increase in profits	2,029.87	1,701.24

## (B) CAPITAL RISK 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 Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Debt	14,031.14	16,968.28	8,956.78
Total Equity	2,42,207.97	2,05,133.68	1,74,070.96
Debt to Total Equity	0.06	0.08	0.05

Debt includes borrowings and other financial liabilities.

### Company believes in conservative leverage policy.

Company's moderate capex plan over the medium term shall be largely funded through internal accruals and suppliers' credit.

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

- 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.

Company's Dividend policy is to distribute 10-25% of its net profit as dividend (including Dividend Distribution Tax)

## Note - 43. FINANCIAL INSTRUMENTS :

The Company uses the following hierarchy for determining the fair value of financial instruments by valuation technique :

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

### A. Financial Assets :

(₹ in Lacs )

Particulars	Note	Instruments carried at			Total carrying amt.	Total fair value	Hierarchy Level
		At Cost	Fair Value	Amortized cost			
			FVTPL	Carrying amount			
As at 1st April, 2015							
Investments	7	1,490.53	-	-	1,490.53	1,490.53	LEVEL 1
Investments in Mutual Funds	13	-	61,682.44	-	61,682.44	61,682.44	
Trade Receivables	8, 14	-	-	22,755.90	22,755.90	22,755.90	
Loans	9, 17	-	-	237.18	237.18	237.18	
Other Financial Assets	10	-	-	306.37	306.37	306.37	
Cash and Cash Equivalents	15	-	-	12,098.13	12,098.13	12,098.13	
Bank balances other than above	16	-	-	291.08	291.08	291.08	
<b>Total</b>		<b>1,490.53</b>	<b>61,682.44</b>	<b>35,688.66</b>	<b>98,861.63</b>	<b>98,861.63</b>	
As at 31st March, 2016							
Investments	7	1,491.53	-	-	1,491.53	1,491.53	LEVEL 1
Investments in Mutual Funds	13	-	90,835.32	-	90,835.32	90,835.32	
Trade Receivables	8, 14	-	-	40,203.39	40,203.39	40,203.39	
Loans	9, 17	-	-	265.00	265.00	265.00	
Cash and Cash Equivalents	15	-	-	2,901.90	2,901.90	2,901.90	
Bank balances other than above	16	-	-	593.44	593.44	593.44	
<b>Total</b>		<b>1,491.53</b>	<b>90,835.32</b>	<b>43,963.73</b>	<b>1,36,290.58</b>	<b>1,36,290.58</b>	
As at 31st March, 2017							
Investments	7	1,590.03	-	-	1,590.03	1,590.03	LEVEL 1
Investments in Mutual Funds	13	-	92,505.82	-	92,505.82	92,505.82	
Trade Receivables	8, 14	-	-	66,223.75	66,223.75	66,223.75	
Loans	9, 17	-	-	300.06	300.06	300.06	
Cash and Cash Equivalents	15	-	-	1,727.70	1,727.70	1,727.70	
Bank balances other than above	16	-	-	605.28	605.28	605.28	
<b>Total</b>		<b>1,590.03</b>	<b>92,505.82</b>	<b>68,856.79</b>	<b>1,62,952.64</b>	<b>1,62,952.64</b>	



# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## B. Financial Liabilities :

(₹ in Lacs)

Particulars	Note	Instruments carried at			Total carrying amt.	Total fair value
		At Cost	Fair Value	Amortized cost		
			FVTPL	Carrying amount		
As at 1st April, 2015						
Borrowings	21, 24	-	-	5,507.39	5,507.39	5,507.39
Trade Payables	25	-	-	11,286.98	11,286.98	11,286.98
Other Financial Liabilities	26	-	-	3,449.39	3,449.39	3,449.39
<b>Total</b>		-	-	<b>20,243.76</b>	<b>20,243.76</b>	<b>20,243.76</b>
As at 31st March, 2016						
Borrowings	21, 24	-	-	13,632.08	13,632.08	13,632.08
Trade Payables	25	-	-	9,567.96	9,567.96	9,567.96
Other Financial Liabilities	26	-	-	3,336.20	3,336.20	3,336.20
<b>Total</b>		-	-	<b>26,536.24</b>	<b>26,536.24</b>	<b>26,536.24</b>
As at 31st March, 2017						
Borrowings	21, 24	-	-	11,579.21	11,579.21	11,579.21
Trade Payables	25	-	-	11,090.45	11,090.45	11,090.45
Other Financial Liabilities	26	-	-	2,451.93	2,451.93	2,451.93
<b>Total</b>		-	-	<b>25,121.59</b>	<b>25,121.59</b>	<b>25,121.59</b>

### Note - 44. NOTE ON CORPORATE SOCIAL RESPONSIBILITY :

Based on the Guiding Notes on Accounting for Expenditure on Corporate Social Responsibility (CSR) Activities 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 during the Financial Year 2016-17:

(₹ in Lacs)

Sr. No.	Particulars	Amount	Amount
1.	Prescribed CSR Expenditure (2% of Avg. Net Profit)		969.08
2.	Details of CSR Expenditure during the financial year 2016-17		
	Cl. (i) Promoting Healthcare including preventing Health care	80.00	
	Cl. (iii) Promoting Education	45.00	
	Cl. (iv) Ensuring Environmental Sustainability	3.63	
	Cl. (v) Eradicating Hunger and Development of Children	10.00	
	Cl. AIA CSR Foundation as per Schedule VII of the Companies Act, 2013	480.00	
	<b>Total Amount Spent during the financial year 2016-17</b>		<b>618.63</b>
3.	Amount Unspent, if any.		350.45

### Note - 45.

Previous Year's figures have been regrouped / reclassified wherever necessary to confirm to current year presentation.

### Note - 46. FIRST TIME ADOPTION OF IND AS

As stated in Significant Accounting Policies these are the first Financial Statements prepared in accordance with Ind AS. For the year ended 31st March, 2016 the Company had prepared its Financial Statements in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules, 2014 and the other relevant provisions of the Act.

The accounting policies set out in Significant Accounting Policies have been applied in preparing these Financial Statements for the year ended 31st March, 2017 including the comparative information for the year ended 31st March, 2016 and the opening Ind AS Balance Sheet on the date of transition i.e 1st April, 2015.

In preparing its Ind AS Balance Sheet as at 1st April, 2015 and in presenting the comparative information for the year ended 31st March, 2016, the Company has adjusted amounts reported previously in Financial Statements prepared in accordance with IGAAP. This note explains the principal adjustments made by the Company in restating its Financial Statements prepared in accordance with IGAAP and how the transition from IGAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

# Notes

## to the Standalone Financial Statements for the financial year ended 31st March, 2017

Set out below are the applicable Ind AS 101 Optional Exemptions and Mandatory Exceptions applied in the transition from IGAAP to Ind AS.

### A. Optional Exemptions availed :

#### 1 Business Combinations :

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the date of transition of 1st April, 2015. Consequently,

- i. The Company has kept the same classification for the past business combinations as in its IGAAP Financial Statements.
- ii. The Company has tested the goodwill for impairment at the date of transition based on the conditions as of the date of transition.
- iii. Goodwill previously included within intangible assets under IGAAP has been recognised separately in the opening Balance Sheet in accordance with Ind AS 103.
- iv. Goodwill represents the amount recognized under the IGAAP subject to specific adjustments as prescribed under Ind AS 101.

#### 2 Deemed Cost - Property, Plant and Equipment and Intangible Assets:

As permitted by Ind AS 101, the Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of 1st April, 2015 (date of transition) measured as per the IGAAP and used that carrying value as its deemed cost as of the date of transition.

#### 3 Cumulative Translation Differences on foreign operations:

As per Ind AS 101, an entity may deem that the cumulative translation differences for all foreign operation to be zero as at the date of transition by transferring any such cumulative difference to retained earnings. The Company has elected to avail of this exemption.

#### 4 Long Term Foreign Currency Monetary Items:

The Company has opted for the exemption given in para D-13 AA of Ind AS 101 in respect of long term foreign currency monetary items. The exchange differences arising on reporting of long term foreign currency items at rates different from those at which they were initially recorded during the period, or reported in previous Financial Statements, in so far as they relate to the acquisition of a depreciable capital asset are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset.

### B. Mandatory Exceptions:

#### 1 Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS presented in the entity's first Ind AS Financial Statements as the case may be, should be consistent with estimates made for the same date in accordance with the IGAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under IGAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS Balance Sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirements. Key estimates considered in preparation of the Financial Statements that were not required under the previous GAAP are listed below.

- i. Fair valuation of financial instruments carried at FVTPL and/or FVOCI.
- ii. Impairment of financial assets based on the expected credit loss model.
- iii. Determination of the discounted value for financial instruments carried at amortized cost.

#### 2 Derecognition of Financial Assets and Liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 101, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS.

However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the derecognition principles of Ind AS 109 prospectively.

#### 3 Classifications and Measurement of Financial Assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exist at the date of transition to Ind AS.



# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Effects of Ind AS adoption on Balance Sheet as at 31st March, 2016 and 1st April, 2015

(₹ in Lacs)

Particulars	Note no	As at 31st March, 2016 (End of last period presented as per IGAAP)			As at 1st April, 2015 (Date of Transition)		
		As per IGAAP*	Adjustments on transition to Ind AS	As per Ind AS	As per IGAAP*	Adjustments on transition to Ind AS	As per Ind AS
<b>ASSETS</b>							
<b>(1) Non- Current Assets</b>							
(a) Property, Plant and Equipment		64,528.15	-	64,528.15	52,420.28	-	52,420.28
(b) Capital Work-in-Progress		3,780.03	-	3,780.03	4,647.57	-	4,647.57
(c) Goodwill	a	307.13	153.56	460.69	460.69	-	460.69
(d) Other Intangible Assets		207.64	-	207.64	163.16	-	163.16
<b>(e) Financial Assets</b>							
(i) Investments		1,491.53	-	1,491.53	1,490.53	-	1,490.53
(ii) Trade Receivables		76.97	-	76.97	117.68	-	117.68
(iii) Loans		163.34	-	163.34	131.66	-	131.66
(iv) Other Financial Assets		-	-	-	306.37	-	306.37
(f) Other Non-Current Assets		971.51	-	971.51	2,487.11	-	2,487.11
<b>(2) Current Assets</b>							
(a) Inventories		20,842.39	-	20,842.39	22,643.25	-	22,643.25
<b>(b) Financial Assets</b>							
(i) Investments	b	85,283.95	5,551.37	90,835.32	60,074.86	1,607.58	61,682.44
(ii) Trade Receivables		40,126.42	-	40,126.42	22,638.22	-	22,638.22
(iii) Cash and Cash Equivalents		2,901.90	-	2,901.90	12,098.13	-	12,098.13
(iv) Bank Balances other than (iii) above		593.44	-	593.44	291.08	-	291.08
(v) Loans		101.66	-	101.66	105.52	-	105.52
(c) Other Current Assets	c	15,385.00	1.85	15,386.85	21,509.90	(186.43)	21,323.47
<b>Total Assets</b>		<b>2,36,761.06</b>	<b>5,706.78</b>	<b>2,42,467.84</b>	<b>2,01,586.01</b>	<b>1,421.15</b>	<b>2,03,007.16</b>

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

Particulars	Note no	As at 31st March, 2016 (End of last period presented as per IGAAP)			As at 1st April, 2015 (Date of Transition)		
		As per IGAAP*	Adjustments on transition to Ind AS	As per Ind AS	As per IGAAP*	Adjustments on transition to Ind AS	As per Ind AS
<b>EQUITY AND LIABILITIES</b>							
<b>EQUITY</b>							
(a) Equity Share Capital		1,886.41	-	1,886.41	1,886.41	-	1,886.41
(b) Other Equity	a,b,c, d,e,g	1,99,666.50	3,580.77	2,03,247.27	1,63,278.36	8,906.19	1,72,184.55
<b>LIABILITIES</b>							
(1) Non-Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings		2,528.76	-	2,528.76	5,507.39	-	5,507.39
(b) Provisions		750.54	-	750.54	678.73	-	678.73
(c) Deferred Tax Liabilities (Net)		3,416.71	2,126.01	5,542.72	2,588.60	1,594.76	4,183.36
(2) Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings		11,103.32	-	11,103.32	-	-	-
(ii) Trade Payables		9,567.96	-	9,567.96	11,286.98	-	11,286.98
(iii) Other Financial Liabilities		3,336.20	-	3,336.20	3,449.39	-	3,449.39
(b) Other Current Liabilities		3,224.65	-	3,224.65	3,192.03	-	3,192.03
(c) Provisions	e	1,280.01	-	1,280.01	9,718.12	(9,079.80)	638.32
<b>Total Equity and Liabilities</b>		<b>2,36,761.06</b>	<b>5,706.78</b>	<b>2,42,467.84</b>	<b>2,01,586.01</b>	<b>1,421.15</b>	<b>2,03,007.16</b>

\*The IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

## Statement of Reconciliation of Equity (Shareholders' Funds) as at 31<sup>st</sup> March, 2016 and 1<sup>st</sup> April, 2015:

(₹ in Lacs)

Particulars	Note No	As at 31st March, 2016	As at 1st April, 2015
<b>Total Equity(Shareholders' Fund) as per IGAAP</b>		<b>2,01,552.91</b>	<b>1,65,164.77</b>
Accounting of Financial Instruments at fair value	c	1,226.69	(1,188.45)
Fair valuation of Investments	b	3,943.80	1,607.59
Amortisation of Goodwill reversed	a	153.56	-
Tax Adjustments including deferred tax	d	(1,569.68)	(556.35)
Reversal of dividend and tax thereon	e	(9,079.80)	9,079.80
Others		8,906.20	(36.40)
<b>Total Equity as per Ind AS</b>		<b>2,05,133.68</b>	<b>1,74,070.96</b>





# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Effects of Ind AS adoption on Standalone Statement of Profit & Loss for the year ended 31st March, 2016

(₹ in Lacs)

Sr. No	Particulars	Note No	Year ended 31st March, 2016 (End of last period presented as per IGAAP)		
			As per IGAAP*	Adjustments on transition to Ind AS	As per Ind AS
I	Revenue from Operations		1,88,438.97	-	1,88,438.97
	Less: Central Excise duty	f	(6,384.03)	6,384.03	-
	Revenue from Operations (Net)		1,82,054.94	6,384.03	1,88,438.97
II	Other Income	b,c	31,695.53	4,096.27	35,791.80
III	Total Income (I +II)		2,13,750.47	10,480.30	2,24,230.77
IV	Expenses				
	Cost of Materials Consumed		60,338.88	-	60,338.88
	Purchases of Stock-in-Trade		11,396.06	-	11,396.06
	Changes in Inventories of Finished goods, Stock-in-Trade and Work-in-Progress		(75.14)	-	(75.14)
	Excise duty on Sales	f	-	6,384.03	6,384.03
	Employee Benefits Expense	g	7,008.30	35.70	7,044.00
	Finance Costs		446.82	-	446.82
	Depreciation and Amortization Expense	a	6,567.66	(153.56)	6,414.10
	Other Expenses		51,910.36	-	51,910.36
	Total Expenses (IV)		1,37,592.94	6,266.17	1,43,859.11
V	Profit before tax ( III- IV )		76,157.53	4,214.13	80,371.66
VI	Tax expense :				
	(1) Current Tax	d	16,562.72	(147.68)	16,415.04
	(2) Deferred Tax	d	828.11	1,565.69	2,393.80
VII	Profit for the period ( V -VI )		58,766.70	2,796.12	61,562.82
VIII	Other Comprehensive Income				
	A (i) Items that will not be reclassified to Profit or Loss	g	-	35.70	35.70
	B (i) Items that will be reclassified to Profit or Loss	c	-	348.04	348.04
	(ii) Income tax relating to items that will be reclassified to Profit or Loss	d	-	(151.67)	(151.67)
	Sub-Total		-	232.07	232.07
IX	Total Comprehensive Income for the period (VII + VIII) (Comprising Profit and Other Comprehensive Income for the period)		58,766.70	3,028.19	61,794.89
X	Earnings per Equity Share (Face Value of ₹ 2/- each)				
	Basic & Diluted		62.31	2.96	65.27

\*The IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

## Statement of Reconciliation of total comprehensive income for the year ended 31st March, 2016 (₹ in Lacs)

Particulars	Note No.	Year ended 31st March, 2016 (End of last period presented as per IGAAP)
<b>Net Profit after Tax as per previous Indian GAAP</b>		<b>58,766.70</b>
Add:		
1) Excise Duty	f	6,384.03
2) Adjustment on account of Fair Value of Investments	b	4,280.35
3) Effect of Current Tax	d	147.68
4) Impact of Amortisation Written Back on Goodwill	a	153.56
5) Adjustment on account of Hedge Accounting	c	(184.08)
<b>SUB TOTAL</b>		<b>10,781.54</b>
Less:		
1) Excise Duty	f	6,384.03
2) Remeasurements of Defined Benefit Plans	g	35.70
3) Effect of Deferred Tax	d	1,565.69
<b>SUB TOTAL</b>		<b>7,985.42</b>
<b>Net Profit after Tax before OCI as per Ind AS</b>		<b>61,562.82</b>
Other Comprehensive Income		232.07
<b>Total Comprehensive Income as per IND AS</b>		<b>61,794.89</b>

## Effects of Ind AS adoption on Standalone Cash Flow statement for the year ended 31st March, 2016 (₹ in Lacs)

Particulars	As at 31st March, 2016 (End of last period presented as per IGAAP)		
	As per IGAAP*	Adjustments on transition to Ind AS	As per Ind AS
Net Cash Inflow (Outflow) from Operating Activities	27,931.47	5,626.26	33,557.73
Net Cash Inflow (Outflow) from Investing Activities	(15,542.99)	(5,626.26)	(21,169.25)
Net Cash Inflow (Outflow) from Financing Activities	(21,282.35)	-	(21,282.35)
Net Cash Inflow (Outflow)	(8,893.87)	-	(8,893.87)
<b>Cash and Cash Equivalents as at 1st April, 2015</b>	<b>12,389.21</b>	-	<b>12,389.21</b>
<b>Cash and Cash Equivalents as at 31st March, 2016</b>	<b>3,495.34</b>	-	<b>3,495.34</b>

\*The IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

### Notes to first time adoption

#### a. Goodwill :

Under previous GAAP Goodwill had been amortized. Under Ind AS Goodwill is not amortized and is tested annually for impairment.

Accordingly, amortized amount of Goodwill is written back.

#### b. Investment :

Under previous GAAP, investment in Mutual Funds were classified in to current Investments. Current Investment were carried at lower of cost or fair value. Under Ind AS these Investments are required to be measured at Fair Value either Through OCI (FVTOCI) or through Profit & Loss (FVTPL). The Company has opted to Fair Value these Investments Through Profit & Loss (FVTPL). Accordingly, resulting fair value change of these Investments have been recognised in retained earnings as at the date of transition and subsequently in the Profit & Loss account for the year ended 31st March, 2016.



# Notes

to the Standalone Financial Statements for the financial year ended 31st March, 2017

**c. Hedging Instruments :**

Under the previous GAAP, Company had used principle of AS – 30 to the extent it does not conflict with Accounting Standards specified under Section 133 of Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules, 2014 i.e. AS-11. Now under Ind AS-109, all Derivatives are recognised at fair value and are re-measured at subsequent reporting dates. Hence, there is change in accounting treatment of Derivatives which had earlier been recognised under AS-11.

**d. Deferred Taxes :**

Under previous GAAP, Deferred Taxes were recognised based on Profit & Loss approach i.e. tax impact on difference between the accounting income and taxable income. Under Ind AS, Deferred Tax is recognised by following Balance Sheet approach i.e. tax impact on temporary difference between the carrying value of assets and liabilities in the books and their respective tax base.

**e. Proposed Dividend :**

Under the previous GAAP, Dividend proposed by the Board of Directors after the Balance Sheet date but before the approval of the Financial Statements were considered as subsequent events. Accordingly, provision for Proposed Dividend including Distribution Tax was recognised as liability. Under Ind AS, such Dividends are recognised when the same is approved by the shareholders in the general meeting.

**f. Excise Duty :**

Under the previous GAAP, revenue from sale of goods was presented exclusive of Excise Duty. Under Ind AS, revenue from Sale of Goods is presented inclusive of Excise Duty. The Excise Duty paid is presented on the face of the Statement of Profit and Loss as part of expenses.

**g. Remeasurement of Post Employment Benefit Obligations :**

Under the previous GAAP, cost relating to Post Employment Benefit Obligations including actuarial gain / losses were recognised in Profit & Loss. Under Ind AS, actuarial gain / losses on the net Defined Benefit Liability are recognised in Other Comprehensive Income instead of Profit & Loss.

As per our report of even date attached.

**For TALATI & TALATI**  
Chartered Accountants  
(Firm Regn.No.110758W)

**ANAND SHARMA**  
Partner  
Membership No.129033  
PLACE : AHMEDABAD  
DATE : 25th May, 2017

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

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

**KUNAL D. SHAH**  
Executive Director - Finance

PLACE : AHMEDABAD  
DATE : 25th May, 2017

For and on behalf of the Board of Directors,

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

**S. N. JETHELIYA**  
Company Secretary  
ACS : 5343

## INDEPENDENT

# AUDITOR'S REPORT

### To the Members of AIA Engineering Limited

#### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of AIA Engineering Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31<sup>st</sup> March, 2017, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated changes in equity 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 read with relevant rules issued thereunder. The respective 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 the Group 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind



AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Group, as at 31<sup>st</sup> March, 2017 and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

#### Other Matters

- i. We did not audit the Financial Statements of Subsidiaries viz. Welcast Steels Limited, India, Vega Industries (Middle East) FZC, U.A.E., Vega Industries Limited, U.K., Vega Industries Limited, U.S.A, Vega Steel Industries (RSA) Proprietary Limited, South Africa, Wuxi Vega Trade Co. Limited, China, Pt. Vega Industries Indonesia, Indonesia and AIA CSR Foundation, India (Refer Note 3(H) to the consolidated Ind AS financial statements) whose financial statements reflect total assets of ₹90,011.33 Lacs as at 31<sup>st</sup> March, 2017, total revenues of ₹1,81,753.02 Lacs and net cash inflow amounting to ₹13,534.41 Lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit after tax ₹8,681.31 Lacs and total comprehensive income of ₹7,019.84 Lacs for the year ended 31<sup>st</sup> March, 2017, as considered in the consolidated financial statements, whose financial statements have not been audited by us. These financial statements 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-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

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 statements certified by the management.

#### Report on Other Legal and Regulatory Requirements

1. 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 of the aforesaid consolidated Ind AS financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books.
  - (c) The consolidated balance sheet, the Consolidated Statement of profit and loss, the Consolidated Statement of cash flows and Consolidated Statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
  - (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2017 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<sup>st</sup> March, 2017 from being appointed as a Director of that company in terms of Section 164(2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A" of our report of even date; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 read with Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:
- i. the consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 41(1)(a) to the consolidated Ind AS financial statements;
  - ii. provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivatives contracts. Refer Note 42 to the consolidated financial statements;
  - iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India; and
  - iv. the Company has provided requisite disclosures in its consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 15 to the consolidated Ind AS financial statements.

**For Talati & Talati**

*Chartered Accountants*  
(Firm Regn No: 110758W)

**Anand Sharma**

*(Partner)*

Mem No: 129033

Place : Ahmedabad

Date : 25<sup>th</sup> May, 2017



# ANNEXURE A

## TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date)

### REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the Internal Financial Controls over financial reporting of AIA Engineering Limited ("the Holding Company") and its subsidiary Company which is Company incorporated in India as of 31<sup>st</sup> March, 2017 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The management of the Holding Company and its Subsidiary Company, which is incorporated in India, are responsible for establishing and maintaining Internal Financial Controls based on the internal control over financial reporting 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 ("ICAI"). 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 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.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of

India. 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 over financial reporting was 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, including the assessment of the risks of material misstatement of the 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 system over financial reporting.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **OPINION**

In our opinion, the Holding Company and its Subsidiary Company, which is Company incorporated in India has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting 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.

#### **For Talati & Talati**

*Chartered Accountants*  
(Firm Regn No: 110758W)

#### **Anand Sharma**

*(Partner)*

Mem No: 129033

Place : Ahmedabad

Date : 25<sup>th</sup> May, 2017





## Consolidated Balance Sheet as at 31st March, 2017

(₹ in Lacs)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>ASSETS</b>				
<b>1 Non- current Assets</b>				
(a) Property, Plant and Equipment	4	64,818.61	65,046.44	53,034.27
(b) Capital Work-in-Progress	4	4,259.05	3,780.03	4,647.57
(c) Goodwill	5	460.69	460.69	460.69
(d) Goodwill on consolidation	5	1,501.84	1,504.88	1,492.37
(e) Other Intangible Assets	6	218.41	208.78	165.09
(f) Financial Assets				
(i) Investments	7	99.59	1.10	0.10
(ii) Trade Receivables	8	123.23	76.97	117.68
(iii) Loans	9	167.93	163.34	131.66
(iv) Other Financial Assets	10	-	5.94	306.46
(g) Other Non-Current Assets	11	2,653.34	1,822.96	3,203.74
<b>2 Current assets</b>				
(a) Inventories	12	53,405.96	38,912.16	45,946.40
(b) Financial Assets				
(i) Investments	13	95,862.37	94,642.74	65,303.29
(ii) Trade Receivables	14	49,482.78	43,044.62	39,375.49
(iii) Cash and Cash Equivalents	15	24,169.38	11,808.85	18,394.77
(iv) Bank balances other than (iii) above	16	609.97	598.45	284.57
(v) Loans	17	150.68	188.32	105.52
(c) Other Current Assets	18	21,025.59	16,200.20	22,631.96
<b>Total Assets</b>		<b>3,19,009.42</b>	<b>2,78,466.47</b>	<b>2,55,601.63</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
(a) Equity Share capital	19	1,886.41	1,886.41	1,886.41
(b) Other Equity	20	2,69,838.90	2,30,379.25	2,15,829.72
(c) Non-Controlling Interest		801.98	759.41	774.38
<b>LIABILITIES</b>				
<b>1 Non-Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	21	33.57	2,528.76	5,507.39
(b) Provisions	22	783.97	1,046.93	1,002.28
(c) Deferred Tax Liabilities (Net)	23	7,123.32	4,955.71	3,612.86
<b>2 Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	24	11,545.64	12,526.31	905.28
(ii) Trade Payables	25	12,065.15	9,826.47	11,909.51
(iii) Other Financial Liabilities	26	2,456.62	3,341.21	3,459.98
(b) Other Current Liabilities	27	6,872.42	6,907.84	6,727.30
(c) Provisions	28	5,601.44	4,308.17	3,986.52
<b>Total Equity and Liabilities</b>		<b>3,19,009.42</b>	<b>2,78,466.47</b>	<b>2,55,601.63</b>

The accompanying Notes 1 to 49 are integral part of these Financial Statements.

As per our report of even date attached.

For and on behalf of the Board of Directors,

**For TALATI & TALATI**  
Chartered Accountants  
(Firm Regn.No.110758W)

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

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

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

**ANAND SHARMA**  
Partner  
Membership No.129033  
PLACE : AHMEDABAD  
DATE : 25th May, 2017

**KUNAL D. SHAH**  
Executive Director - Finance  
PLACE : AHMEDABAD  
DATE : 25th May, 2017

**S. N. JETHELIYA**  
Company Secretary  
ACS : 5343

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2017

(₹ in Lacs)

Sr. No.	Particulars	Note No.	Year ended 31st March, 2017	Year ended 31st March, 2016
I	Revenue from Operations	29	2,32,034.30	2,17,238.84
II	Other Income	30	10,444.23	10,193.80
III	<b>Total Income (I +II)</b>		<b>2,42,478.53</b>	<b>2,27,432.64</b>
IV	<b>Expenses:</b>			
	Cost of Materials Consumed	31	83,210.56	67,257.60
	Purchases of Stock-in-Trade		-	-
	Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress	32	(10,519.02)	4,238.97
	Excise Duty on Sales		7,432.90	7,399.70
	Employee Benefits Expense	33	10,671.07	10,243.04
	Finance Costs	34	449.22	487.27
	Depreciation and Amortization Expense	4	7,247.71	6,551.60
	Other Expenses	35	77,781.78	67,168.59
	<b>Total Expenses (IV)</b>		<b>1,76,274.22</b>	<b>1,63,346.77</b>
V	<b>Profit Before Tax ( III- IV )</b>		<b>66,204.31</b>	<b>64,085.87</b>
VI	<b>Tax Expense :</b>			
	(1) Current Tax	36	17,366.59	16,476.47
	(2) Deferred Tax		3,116.40	1,929.98
VII	<b>Profit for the period ( V -VI )</b>		<b>45,721.32</b>	<b>45,679.42</b>
VIII	<b>Other Comprehensive Income</b>			
A	(i) Items that will not be reclassified to profit or loss		(2,707.93)	22.81
B	(i) Items that will be reclassified to profit or loss		(28.00)	509.01
	(ii) Income tax relating to items that will be reclassified to profit or loss		947.44	(151.67)
	Sub-total (A+B)		(1,788.49)	380.15
IX	<b>Total Comprehensive Income for the period (VII + VIII) (Comprising Profit and Other Comprehensive Income for the period)</b>		<b>43,932.83</b>	<b>46,059.57</b>
	<b>Profit for the year attributable to:</b>			
-	Owners of the Company		45,676.93	45,687.29
-	Non-controlling interests		44.39	(7.87)
	<b>Total Comprehensive Income for the year attributable to:</b>			
-	Owners of the Company		43,890.52	46,070.68
-	Non-controlling interests		42.31	(11.11)
	Earnings per Equity Share (Face Value of ₹ 2/- each)			
	Basic & Diluted	37	48.43	48.44

The accompanying Notes 1 to 49 are integral part of these Financial Statements.

As per our report of even date attached.

**For TALATI & TALATI**

Chartered Accountants  
(Firm Regn.No.110758W)

**ANAND SHARMA**

Partner  
Membership No.129033  
PLACE : AHMEDABAD  
DATE : 25th May, 2017

**RAJENDRA S. SHAH**

Chairman  
(DIN : 00061922)

For and on behalf of the Board of Directors,

**BHADRESH K. SHAH**

Managing Director  
(DIN : 00058177)

**KUNAL D. SHAH**

Executive Director - Finance

**YASHWANT M. PATEL**

Whole-Time Director  
(DIN : 02103312)

**S. N. JETHELIYA**

Company Secretary  
ACS : 5343

PLACE : AHMEDABAD

DATE : 25th May, 2017



## Consolidated Statement of Changes in Equity

for the year ended 31st March, 2017

### A. EQUITY SHARE CAPITAL (₹ in Lacs)

Particulars	Amount
Balance as at 1st April, 2015	1,886.41
Changes during the year	-
Balance as at 31st March, 2016	1,886.41
Changes during the year	-
<b>Balance as at 31st March, 2017</b>	<b>1886.41</b>

### B. OTHER EQUITY (₹ in Lacs)

Particulars	Reserves and Surplus				Other Comprehensive Income			Attributable to the owners of the parent	Non-Controlling interests	Total
	Capital Redemption Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Effective portion of Cash Flow Hedge	Exchange differences on translating the financial statements of a foreign operation	Remeasurements of Defined Benefit Plans			
<b>Balance as at 1st April, 2015</b>	<b>1,925.74</b>	<b>26,627.31</b>	<b>16,561.13</b>	<b>169,511.78</b>	<b>1,962.07</b>	-	-	<b>215,829.72</b>	<b>758.31</b>	<b>216,588.03</b>
Interim Dividend on Equity Shares	-	-	-	(24,539.27)	-	-	-	(24,536.06)	(3.21)	(24,539.27)
Tax on Interim Dividend	-	-	-	(4,560.77)	-	-	-	(4,560.12)	(0.65)	(4,560.77)
Tax on Dividend (Net of Credit)	-	-	-	220.51	-	-	-	220.51	-	220.51
Other Comprehensive Income (Net of Tax)	-	-	-	(446.54)	(1,675.49)	(160.97)	22.81	(2,256.94)	(3.25)	(2,260.19)
Profit for the year	-	-	-	45,671.56	-	-	-	45,679.42	(7.86)	45,671.56
Prior Period Adjustments	-	-	-	2.72	-	-	-	2.72	-	2.72
<b>Balance as at 31st March, 2016</b>	<b>1,925.74</b>	<b>26,627.31</b>	<b>16,561.13</b>	<b>185,859.99</b>	<b>286.58</b>	<b>(160.97)</b>	<b>22.81</b>	<b>230,379.25</b>	<b>743.34</b>	<b>231,122.59</b>
Interim Dividend on Equity Shares	-	-	-	(3,772.81)	-	-	-	(3,772.81)	-	(3,772.81)
Tax on Interim Dividend	-	-	-	(655.52)	-	-	-	(655.52)	-	(655.52)
Tax on Dividend (Net of Credit)	-	-	-	-	-	-	-	-	-	-
Other Comprehensive Income (Net of Tax)	-	-	-	-	(18.31)	(1,610.90)	(159.28)	(1,786.41)	(2.08)	(1,788.49)
Amortisation of Leasehold Land	-	-	-	(59.40)	-	-	-	(59.40)	-	(59.40)
Profit for the year	-	-	-	45,765.71	-	-	-	45,721.32	44.39	45,765.71
Prior Period Adjustment	-	-	-	12.73	-	-	-	12.47	0.26	12.73
<b>Balance as at 31st March, 2017</b>	<b>1,925.74</b>	<b>26,627.31</b>	<b>16,561.13</b>	<b>227,150.70</b>	<b>268.27</b>	<b>(1,771.87)</b>	<b>(136.47)</b>	<b>269,838.90</b>	<b>785.91</b>	<b>270,624.81</b>

Note : Total Non-Controlling interest comprises of ₹ 785.91 Lacs (previous year ₹ 743.34 Lacs) of other Equity and ₹ 16.07 Lacs (previous year ₹ 16.07 Lacs) of Share Capital of Subsidiary.

# Consolidated Cash Flow Statement for the year ended 31st March, 2017

(₹ in Lacs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net Profit Before Tax</b>	66,204.31	64,085.87
Adjustment for		
<b>Add :</b>		
Difference of Provision and payment of Expenses	(465.32)	278.83
Interest and Finance Charges	449.22	487.27
Depreciation (Including adjusted to General Reserve)	7,247.71	6,551.60
Loss on Sale of Property, Plant and Equipment	33.74	47.62
	7,265.35	7,365.32
<b>Less :</b>		
Interest Income	522.84	470.63
Dividend on Shares	-	9.55
Dividend on Mutual Fund	-	425.00
Profit on Sale of Property, Plant and Equipment	8.46	54.74
Profit on Sale of Investments	201.65	1,675.66
Fair Value of Investments	6,413.25	-
Fair Value of Investment sold	507.60	-
Fair Value of Forward	231.17	-
Sundry Balances Written Back	14.49	-
	7,899.46	2,635.58
<b>Operating Profit Before Working Capital Changes (Increase) / Decrease in Current Assets</b>	<b>65,570.20</b>	<b>68,815.61</b>
Trade and Other Receivables	(13,931.22)	3,295.73
Inventories	(14,493.80)	7,034.20
<b>Increase / (Decrease) in Current Liabilities</b>		
Trade and Other Payables	2,192.17	(2,221.62)
<b>Cash Generated From Operations</b>	<b>39,337.35</b>	<b>76,923.92</b>
Direct Taxes Paid	(16,378.15)	(17,425.00)
<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES (A)</b>	<b>22,959.20</b>	<b>59,498.92</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Interest Received	522.84	470.63
Dividend Received on Shares	-	9.55
Dividend Received on Mutual Fund	-	425.00
Purchase of Property, Plant and Equipment	(7,612.26)	(17,820.37)
Purchase of Current Investments	(112.04)	(45,818.48)
Investments in Other Company	(98.50)	(1.00)
Change in Minority Interest	-	-
Proceed from Investments in Joint Venture	-	-
Proceeds from Sale of Property, Plant & Equipment	91.34	75.06
Proceeds from Sale of Current Investments	4,857.23	17,727.96
Proceeds from Sale of Investment in Subsidiary	-	-
<b>NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES (B)</b>	<b>(2,351.39)</b>	<b>(44,931.65)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Borrowings	-	11,621.03
Repayment of Borrowings	(4,360.45)	(3,106.40)
Interest and Finance Charges paid	522.84	(487.27)
Dividend Paid including Tax	(4,431.20)	(28,866.67)
Advances Given	(4.59)	-
Proceeds from Advances Recovered/Advances Given	37.64	-
<b>NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES (C)</b>	<b>(8,235.76)</b>	<b>(20,839.31)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>12,372.05</b>	<b>(6,272.04)</b>
<b>Add : Cash and Cash Equivalents as at 1st April</b>	<b>12,407.30</b>	<b>18,679.34</b>
<b>Cash and Cash Equivalents as at 31st March</b>	<b>24,779.35</b>	<b>12,407.30</b>

Note :Cash and Cash Equivalents include balances with Scheduled Banks in Unpaid Dividend Accounts ₹ 15.78 Lacs (Previous Year ₹ 18.65 Lacs) which are not available for the use by the Company.

The accompanying Notes 1 to 49 are integral part of these Financial Statements.

As per our report of even date attached.

For and on behalf of the Board of Directors,

**For TALATI & TALATI**

Chartered Accountants  
(Firm Regn.No.110758W)

**RAJENDRA S. SHAH**

Chairman  
(DIN : 00061922)

**BHADRESH K. SHAH**

Managing Director  
(DIN : 00058177)

**YASHWANT M. PATEL**

Whole-Time Director  
(DIN : 02103312)

**ANAND SHARMA**

Partner  
Membership No.129033  
PLACE : AHMEDABAD  
DATE : 25th May, 2017

**KUNAL D. SHAH**

Executive Director - Finance

PLACE : AHMEDABAD  
DATE : 25th May, 2017

**S. N. JETHELIYA**

Company Secretary  
ACS : 5343



# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## 1. REPORTING ENTITY

AIA Engineering Limited (the 'Group') is a company domiciled in India, with its registered office situated at 115, G.V.M.M Estate, Odhav Road, Odhav, Ahmedabad-382410, Gujarat, India. The Group has been incorporated under the provisions of Companies Act applicable in India and its equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India. These consolidated financial statements comprise the Group and its subsidiaries (referred to collectively as the 'Group'). The Group is primarily involved in manufacturing High Chrome Mill Internals.

## 2. BASIS OF PREPARATION

### (a) Statement of compliance with Ind AS

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

The Group has adopted all the relevant Ind AS standards and the adoption was carried out in accordance with Ind AS 101, "First Time Adoption of Indian Accounting Standards". The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliation and description of the effect of the transition have been summarized in Note 49.

The transition to Ind AS has resulted in changes in the presentation of the consolidated financial statements, disclosures in the notes thereto and accounting policies and principles.

The consolidated financial statements were authorized for issue by the Group's Board of Directors on 25-05-2017.

Details of Group's Significant accounting policies are included in the Note 3.

### (b) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the functional currency. All the amounts have been rounded off to the nearest lacs, unless otherwise indicated.

### (c) Basis of Measurement

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

Items	Measurement basis
Investments in mutual funds	Fair value
Employee defined benefits plans	Plan Assets measured at Fair value less present value of defined benefit obligation
Certain Financial Assets & Liabilities (Including Derivative Instruments)	Fair value

### (d) 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, incomes and expenses. Actual results may differ from these estimates.

#### Estimates:

Estimates and underlying assumptions are reviewed on an ongoing basis. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. Revisions to the accounting estimates are recognised prospectively.

# Notes

## to the Consolidated Financial Statements for the financial year ended 31st March, 2017

### Judgements:

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the respective note.

### Assumptions and Estimation Uncertainties:

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the respective note.

### (e) Measurement of Fair Values :

The Group has established control framework with respect to the measurement of fair values. The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group 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 fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Board of Directors.

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

- A. Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- B. 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).
- C. 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 categorized 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 recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the respective note.

## 3. SIGNIFICANT ACCOUNTING POLICIES

### Basis for Consolidation

#### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### Transactions eliminated on consolidation

The Consolidated financial statements have been prepared on the following basis:

- I. The consolidated financial statements of the Subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Indian Accounting Standard-(Ind AS).
- II. In case of Foreign Subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the yearend; any exchange difference arising on same is recognized in "Foreign Currency Translation Reserve".



# Notes

## to the Consolidated Financial Statements for the financial year ended 31st March, 2017

- III. The difference between the costs of investments in the subsidiaries over the net assets at the time of acquisition of the investment in the subsidiaries is recognized in the consolidated financial statements as Goodwill or Capital Reserve as the case may be.
- IV. Non-controlling interest's share of net profit/loss of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to Shareholders of the Group.
- V. Non-controlling interest's share of net assets of consolidated subsidiaries for the year is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Group's Shareholder.
- VI. As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations if any have been made in the consolidated financial statements.

### A. Foreign Currency

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Foreign Exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary-assets and liabilities denominated in foreign currency at year end exchange rate are generally recognised in profit or loss. A Monetary item for which settlement is neither planned nor likely to occur in the foreseeable future is considered as a part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit or loss, within finance costs.

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 foreign currency are translated at the exchange rate at the date of transaction. Exchange differences are recognised in the profit or loss, except exchange differences arising from the translation of qualifying cash flow hedges to the extent hedges are effective which are recognised in Other Comprehensive Income (OCI).

### B. Financial Instruments

#### 1. Financial Assets:

##### i) Classification

The Group classifies its financial assets in the following measurement categories:

- Those measured at amortized cost and
- Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss)

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

- A financial asset is measured at amortized 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 a financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# Notes

## to the Consolidated Financial Statements for the financial year ended 31st March, 2017

- A debt investment is measured at FVOCI 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.
- 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.

### ii) Measurement

At initial recognition, the company measures a financial asset when it becomes a party to the contractual provisions of the instruments and measures at its fair value except trade receivables which are initially measured at transaction price. Transaction costs are incremental costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. A regular way purchase and sale of financial assets are accounted for at trade date.

### iii) Subsequent measurement and gains and losses

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

### iv) Derecognition

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 derecognized.

## 2. Financial Liabilities:

### i) Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized 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 recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

### ii) Derecognition

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire.





# Notes

## to the Consolidated Financial Statements for the financial year ended 31st March, 2017

The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in the profit or loss.

### 3. Offsetting

Financial assets and financial liabilities are off set 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 realize the asset and settle the liability simultaneously.

### 4. Investment in Subsidiaries

Investment in subsidiaries is carried at cost in the separate financial statements.

## C. Derivative Instruments and Hedge Accounting

The Group strictly uses foreign currency forward contracts / interest rate swap to hedge its risks associated with foreign currency / Interest rate fluctuations relating to certain forecasted transactions. As per Ind AS 109-Financial Instruments- Foreign currency forward contract / interest rate swap derivative instruments 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 recognized in Hedging Reserve (under reserves and surplus) through OCI and the ineffective portion is recognized immediately in the Statement of Profit and Loss.

The accumulated gains / losses on the derivatives accounted in Hedging Reserve are transferred to the Statement of Profit and Loss in the same period in which gains / losses on the underlying item hedged are recognized in the Statement of Profit and Loss.

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 Hedging 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 recognized in Hedging Reserve is transferred to the Statement of Profit and Loss.

## D. Property, Plant and Equipment

### i. 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, except freehold land which is carried at historical cost.

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.

Useful lives have been determined in accordance with Schedule II to the Companies Act, 2013. The residual values are not more than 5% of the original cost of the asset.

# Notes

## to the Consolidated Financial Statements for the financial year ended 31st March, 2017

Capital Work-in-progress includes cost of assets at sites and constructions expenditure.

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

### ii. Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

### iii. Subsequent Expenditure

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

### iv. Depreciation:

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss. Amortization on leasehold land is provided over the period of lease.

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.

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).

Depreciation method followed by subsidiaries is as under:

	Name of Subsidiaries	Basis of Depreciation
1	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 (except for Plant & Machinery for which useful life determined as per technical estimate) of Companies Act, 2013
2	Vega Industries (Middle East) F.Z.C, U.A.E.	Equal annual installments over estimated useful lives of the assets.
3	Vega Industries Limited, U.S.A.	Straight-line method over the estimated useful lives of the assets.
4	Vega Industries Limited, U.K.	Written Down Value Method over the estimated useful lives of the assets.
5	Wuxi Vega Trade Co. Ltd., China	Straight-line method over the estimated useful lives of the assets.
6	Vega Steel Industries (RSA) Proprietary Limited, South Africa	Straight-line method over the estimated useful lives of the assets.

### v. Derecognition

An item of Property, Plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of assets.

## E. Intangible Assets

### a. Initial Recognition and Classification

Goodwill is not amortised and tested annually for impairment.

Other Intangible assets including those acquired by the Group are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.



# Notes

## to the Consolidated Financial Statements for the financial year ended 31st March, 2017

### b. Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures are recognised in profit or loss as incurred.

### c. Transition to Ind AS

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its intangible assets recognised as at 1 April, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

### d. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over the estimated useful lives using the straight line method, and is included in depreciation and amortisation in statement of profit and loss.

The estimated useful lives of software are 6 years. Patents are amortized over a period of 20 years on straight basis as the benefits are generally available to the Group for more than 10 years. Goodwill is not amortized and is tested for impairment annually.

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

### e. Derecognition

An item of an intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of assets.

## 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. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of fixed production overheads based on normal operating capacity.

Cost of raw materials, stores and spares are determined on weighted average 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.

Raw materials, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value.

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

Excess/shortages if any, arising on physical verification are absorbed in the respective consumption accounts.

## G. Impairment

### i. Impairment of Financial Assets

The Group recognizes loss allowances for financial assets measured at amortized cost Using expected credit loss model.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are 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.

# Notes

## to the Consolidated Financial Statements for the financial year ended 31st March, 2017

For trade receivables, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

For all other financial assets, the Group measures loss allowances at an amount equal to twelve months expected credit losses unless there has been a significant increase in credit risk from initial recognition in which those are measured at lifetime expected credit risk.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial asset. Twelve months expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the twelve months after the reporting date (or a shorter period if the expected life of the instrument is less than twelve months)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full.

### 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 (on the basis of availability of the information) 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.

## ii. Impairment of Non-Financial Assets

The Group's non-financial 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets 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.



# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## H. The list of Subsidiary Companies included in consolidation with AIA Engineering Limited

(AIA) and AIA's shareholding therein is as under:

Name of Subsidiaries	Country of Incorporation	Ownership Interest held by the group			Proportion of ownership interests and voting rights held by non-controlling interests		
		31-03-2017	31-03-2016	01-04-2015	31-03-2017	31-03-2016	01-04-2015
Welcast Steels Limited	India	74.85%	74.85%	74.85%	25.15%	25.15%	25.15%
Vega Industries (Middle East) F.Z.C	U.A.E.	100%	100%	100%	-	-	-
Vega Industries Limited <sup>(1)</sup>	U.K.	100%	100%	100%	-	-	-
Vega Industries Limited <sup>(2)</sup>	U.S.A.	100%	100%	100%	-	-	-
Vega Steel Industries (RSA) Proprietary Limited <sup>(3)</sup>	South Africa	100%	100%	100%	-	-	-
Wuxi Vega Trade Co. Ltd. <sup>(4)</sup>	China	100%	100%	100%	-	-	-
PT .Vega Industries Indonesia <sup>(5)</sup>	Indonesia	99% by Vega ME & 1% (to be subscribed) by AIA	99% (Pending allotment) by Vega ME & 1% (to be subscribed) by AIA	-	-	-	-
AIA CSR Foundation <sup>(6)</sup>	India	100%	100%	-	-	-	-

<sup>(1)</sup> Wholly owned subsidiary of Vega Industries (Middle East) FZC,UAE

<sup>(2)</sup> Wholly owned subsidiary of Vega Industries Limited,U.K.

<sup>(3)</sup> Wholly owned subsidiary of Vega Industries (Middle East) FZC,UAE

<sup>(4)</sup> Wholly owned subsidiary of Vega Industries (Middle East) FZC,UAE

<sup>(5)</sup> Wholly owned subsidiary of Vega Industries (Middle East) FZC,UAE

<sup>(6)</sup> Company has made an investment in AIA CSR Foundation (Wholly Owned Subsidiary), a Section 8 Company under the Companies Act 2013, wherein the profits will be applied for promoting its objects. Accordingly, the financial statements of AIA CSR Foundation are not consolidated in these consolidated financial statements, since the Holding Group will not derive any economic benefits from its investments in AIA CSR Foundation.

## I. Employee Benefits

### i. Short Term Employee Benefits

Short Term Employee Benefit Obligations are measured on an undiscounted basis and are expensed as the related service is provided.

# Notes

## to the Consolidated Financial Statements for the financial year ended 31st March, 2017

### ii. Defined Contribution Plan

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 profit or 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.

### iii. Defined Benefit Plan

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 using market yields at the end of reporting period on government bonds 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.

Remeasurements 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 OCI. 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 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 profit or 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 profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

### J. Provisions (other than Employee Benefits), Contingent Liabilities and Contingent Assets

A provision is recognized when the Group has a present legal obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the Current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the Financial Statements. A contingent asset is neither recognized nor disclosed if inflow of economic benefit is probable.

### K. Revenue Recognition

#### i. Sale of Goods:

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.



# Notes

## to the Consolidated Financial Statements for the financial year ended 31st March, 2017

The timing of transfers of risks and rewards varies depending on the individual terms of sale, usually in case of domestic, such transfer occurs when the product is sold on ex-works; however, for exports transfer occurs upon loading the goods onto the relevant carrier at the port of seller. Generally for such products buyer has no right to return.

### ii. Export Benefits

Export Benefits are recognised as income on all the eligible exports and where there is no significant uncertainty regarding the ultimate collection of relevant exports.

### L. Recognition of Dividend Income, Interest Income

Dividend on Financial Instruments is recognized as and when realized. Interest is recognized on accrual basis.

### M. Income Taxes:

The Group and other Indian subsidiaries:

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income.

#### i) 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.

#### Foreign Companies:

Foreign Companies recognize tax liabilities and assets in accordance with the local laws.

#### ii) 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 recognizes 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.

Deferred tax assets or liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend to settle current tax liabilities and assets on net basis or their tax assets and liabilities will be realised simultaneously.

# Notes

## to the Consolidated Financial Statements for the financial year ended 31st March, 2017

### N. Cash and Cash Equivalents

Cash and Cash equivalents include cash and cheques in hand, bank balances, demand deposits with banks and other short term highly liquid investments that are readily convertible to know amounts of cash and which are subject to an insignificant risk of changes in value where original maturity is three months or less.

### O. Borrowing Cost

Borrowing Cost are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest cost) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of cost of asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

### P. Lease

Lease arrangements, where the risks and rewards incident to ownership of an asset substantially vests with the Lessor, are recognized as operating lease. Lease rentals under operating lease are recognized in the statement of Profit and Loss.

### Q. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Group by the weighted average number of Equity Shares outstanding during the year. Diluted earnings per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year plus potential equity shares

### R. Cash Flow Statement

Cash flows are reported using the indirect method whereby the profit before tax is adjusted for the effect of the transactions of a non cash nature, any deferrals or accruals of past and future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.





# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## NOTE - 4. PROPERTY, PLANT, EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

### Property, Plant and Equipment

(₹ in Lacs)

Sr. No.	Particulars	Freehold Land	Leasehold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Others *	Total
<b>1</b>	<b>Deemed Cost of Assets</b>									
	As at 1st April, 2015	2,275.78	2,940.63	23,016.83	49,990.24	1,585.11	400.67	379.56	1,433.55	82,022.37
	Addition	-	57.99	6,862.17	11,033.47	144.89	34.81	102.01	345.17	18,580.51
	Disposal / Adjustments	-	-	1.12	588.86	8.58	54.18	6.12	34.17	693.03
	As at 31st March, 2016	2,275.78	2,998.62	29,877.88	60,434.85	1,721.42	381.30	475.45	1,744.55	99,909.85
	Addition	490.02	-	3,181.77	2,980.97	168.72	6.51	116.30	109.45	7,053.74
	Disposal / Adjustments	-	-	43.75	8.95	4.99	24.97	10.29	22.98	115.93
	<b>As at 31st March, 2017</b>	<b>2,765.80</b>	<b>2,998.62</b>	<b>33,015.90</b>	<b>63,406.87</b>	<b>1,885.15</b>	<b>362.84</b>	<b>581.46</b>	<b>1,831.02</b>	<b>1,06,847.66</b>
<b>2</b>	<b>Depreciation</b>									
	As at 1st April, 2015	-	-	3,897.19	23,008.33	688.63	198.83	273.84	921.28	28,988.10
	Charge for the year	-	-	850.32	5,246.14	156.51	51.69	45.90	137.31	6,487.87
	Disposal / Adjustments	-	-	0.53	524.52	(4.43)	45.09	21.92	24.93	612.56
	As at 31st March, 2016	-	-	4,746.98	27,729.95	849.57	205.43	297.82	1,033.66	34,863.41
	Charge for the year	-	16.86	1,162.87	5,489.32	194.53	45.08	89.37	179.82	7,177.85
	Disposal / Adjustments #	-	(59.40)	0.87	6.98	15.63	38.43	(1.59)	11.29	12.21
	<b>As at 31st March, 2017</b>	<b>-</b>	<b>76.26</b>	<b>5,908.98</b>	<b>33,212.29</b>	<b>1,028.47</b>	<b>212.08</b>	<b>388.78</b>	<b>1,202.19</b>	<b>42,029.05</b>
<b>3</b>	<b>Net Block</b>									
	As at 1st April, 2015	2,275.78	2,940.63	19,119.64	26,981.91	896.48	201.84	105.72	512.27	53,034.27
	As at 31st March, 2016	2,275.78	2,998.62	25,130.90	32,704.90	871.85	175.87	177.63	710.89	65,046.44
	<b>As at 31st March, 2017</b>	<b>2,765.80</b>	<b>2,922.36</b>	<b>27,106.92</b>	<b>30,194.58</b>	<b>856.68</b>	<b>150.76</b>	<b>192.68</b>	<b>628.83</b>	<b>64,818.61</b>

### Capital work-in-progress:

As at 1st April, 2015	4,647.57
As at 31st March, 2016	3,780.03
As at 31st March, 2017	4,259.05

- a. The previous period's figures have been re-grouped /re-classified wherever required to current year's classification.
- b. Identified Plant & Machineries installed at Moraiya Unit hypothecated to Citi Bank N.A. for availing External Commercial Borrowing facility.
- # Amortization of Leasehold land (under perpetual lease) includes ₹59.40 lacs for earlier years.
- \* Others include Laboratory Equipments and Computer Hardware.

## NOTE - 5. GOODWILL

(₹ in Lacs)

Sr No.	PARTICULARS	Goodwill on consolidation	Goodwill	TOTAL
<b>1</b>	<b>Deemed Cost of Assets</b>			
	As at 1st April, 2015	1,489.35	767.81	2,257.16
	Addition	-	-	-
	Disposal / Adjustments	-	-	-
	As at 31st March, 2016	1,489.35	767.81	2,257.16
	Addition	-	-	-
	Disposal / Adjustments	-	-	-
	<b>As at 31st March, 2017</b>	<b>1,489.35</b>	<b>767.81</b>	<b>2,257.16</b>
<b>2</b>	<b>Depreciation</b>			
	As at 1st April, 2015	(3.02)	307.12	304.10
	Charge for the year	-	-	-
	Disposal / Adjustments	12.51	-	12.51
	As at 31st March, 2016	(15.53)	307.12	291.59
	Charge for the year	-	-	-
	Disposal / Adjustments	(3.04)	-	(3.04)
	<b>As at 31st March, 2017</b>	<b>(12.49)</b>	<b>307.12</b>	<b>294.63</b>
<b>3</b>	<b>Net Block</b>			
	As at 1st April, 2015	1,492.37	460.69	1,953.06
	As at 31st March, 2016	1,504.88	460.69	1,965.57
	<b>As at 31st March, 2017</b>	<b>1,501.84</b>	<b>460.69</b>	<b>1,962.53</b>

# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## NOTE - 6. OTHER INTANGIBLE ASSETS

(₹ in Lacs)

Sr. No.	Particulars	Computer Software	Patents and Copyrights	Total
<b>1</b>	<b>Deemed Cost of Assets</b>			
	As at 1st April, 2015	447.67	33.65	481.32
	Addition	105.83	1.59	107.42
	Disposal / Adjustments	-	-	-
	As at 31st March, 2016	553.50	35.24	588.74
	Addition	76.51	3.00	79.51
	Disposal / Adjustments	-	-	-
	<b>As at 31st March, 2017</b>	<b>630.01</b>	<b>38.24</b>	<b>668.25</b>
<b>2</b>	<b>Depreciation</b>			
	As at 1st April, 2015	310.79	5.44	316.23
	Charge for the year	61.94	1.79	63.73
	Disposal / Adjustments	-	-	-
	As at 31st March, 2016	372.73	7.23	379.96
	Charge for the year	68.14	1.74	69.88
	Disposal / Adjustments	-	-	-
	<b>As at 31st March, 2017</b>	<b>440.87</b>	<b>8.97</b>	<b>449.84</b>
<b>3</b>	<b>Net Block</b>			
	As at 1st April, 2015	136.88	28.21	165.09
	As at 31st March, 2016	180.77	28.01	208.78
	<b>As at 31st March, 2017</b>	<b>189.14</b>	<b>29.27</b>	<b>218.41</b>

## NOTE - 7. INVESTMENTS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Trade Investments (Valued at Cost)</b>				
<b>A</b>	<b>INVESTMENT IN EQUITY INSTRUMENT</b>			
	10000 Equity Shares of AIA CSR Foundation of ₹10/- each fully paid up. (31st March, 2016 10000 equity shares) (1st April, 2015 NIL equity shares)	1.00	1.00	-
<b>B</b>	<b>INVESTMENT IN OTHER COMPANY : (Unquoted)</b>			
	25 Equity Shares of Koramangla Properties.Ltd.of ₹100/-each fully paid up (31st March, 2016 25 equity shares) (1st April, 2015 25 equity shares)	0.03	0.03	0.03
	985045 Equity Shares of Arkay Energy (Rameshwarm) Ltd. of ₹10/-each fully paid up (31st March, 2016 NIL equity shares) (1st April, 2015 NIL equity shares)	98.50	-	-
<b>C</b>	<b>INVESTMENT IN GOVERNMENT SECURITIES : (Unquoted)</b>			
	National Savings Certificates	0.06	0.07	0.07
	<b>Total</b>	<b>99.59</b>	<b>1.10</b>	<b>0.10</b>
	Aggregate Cost of Quoted Investments	-	-	-
	Aggregate Market Value of Quoted Investments	-	-	-
	Aggregate Cost of Unquoted Investments	99.59	1.10	0.10



# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## NOTE - 8. TRADE RECEIVABLES

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	<b>Non-Current Trade Receivables</b>			
1	Unsecured, Considered Good	123.23	76.97	117.68
	<b>Total</b>	<b>123.23</b>	<b>76.97</b>	<b>117.68</b>

Receivables are hypothecated to secure working capital facilities from State Bank of India and Citi Bank N.A.

## NOTE - 9. LOANS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	<b>Non-Current Loans</b>			
	<b>Secured, Considered Good</b>			
1	Loans to Staff	100.20	87.13	-
	<b>Unsecured, Considered Good</b>			
1	Loans to Staff	67.73	76.21	131.66
	<b>Total</b>	<b>167.93</b>	<b>163.34</b>	<b>131.66</b>

## NOTE - 10. OTHER FINANCIAL ASSETS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	Bank FDs with more than 12 months maturity and interest receivable thereon	-	5.94	306.46
	<b>Total</b>	<b>-</b>	<b>5.94</b>	<b>306.46</b>

## NOTE - 11. OTHER NON-CURRENT ASSETS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	<b>Capital Advances</b>	1,168.39	718.69	2,856.84
2	Security Deposits			
	Earnestmoney Deposits	2.27	2.72	2.72
	Other Deposits	423.18	430.27	425.92
	Deposit in Postoffice Savings bank accounts	0.09	-	-
3	<b>Advances other than Capital Advances</b>			
	Advance Income tax (Net of Provision)	1,053.67	671.28	(81.74)
4	<b>Preliminary Expenses not written off</b>	5.74	-	-
	<b>Total</b>	<b>2,653.34</b>	<b>1,822.96</b>	<b>3,203.74</b>

## NOTE - 12. INVENTORIES

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	(As taken, valued & certified by the Management)			
	(At lower of cost or Net Realisable Value)			
1	Raw Materials	7,369.36	4,727.84	7,113.16
2	Raw Materials in Transit	1,468.51	1,145.60	1,426.17
3	Work in Progress	14,591.12	9,127.54	9,126.47
4	Stores & Spares	7,960.92	6,945.91	6,690.43
5	Stores and Spares in Transit	243.09	162.87	307.11
6	Finished Goods	21,772.96	16,802.40	21,283.06
	<b>Total</b>	<b>53,405.96</b>	<b>38,912.16</b>	<b>45,946.40</b>

Inventories are hypothecated to secure working capital facilities from State Bank of India and Citi Bank N.A.

# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## NOTE - 13. INVESTMENTS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	<b>Current investments</b>			
	<b>Investment in Mutual Fund (Unquoted)</b>			
	Measured at fair value			
1	HDFC Cash Management Fund Savings Plan Growth 3,88,747.018 Units NAV of ₹3,379.2278 each (3,88,747.018 Units NAV of ₹3,154.7902 each as at 31st March, 2016) (3,88,74,701.840 Units NAV of ₹29.1838 each as at 1st April, 2015)	13,136.64	12,264.16	11,345.14
2	HDFC Liquid Fund Growth Plan 3,06,876.356 Units NAV of ₹3,199.6399 each (4,76,998.232 Units NAV of ₹2,984.5463 each as at 31st March, 2016) (NIL Units NAV of ₹NIL each as at 1st April, 2015)	9,818.94	14,236.23	-
3	HDFC GILT Fund Long Term Growth 67,83,523.394 Units NAV of ₹33.7388 each (67,83,523.394 Units NAV of ₹30.2544 each as at 31st March, 2016) (NIL Units NAV of ₹NIL each as at 1st April, 2015)	2,288.68	2,052.32	-
4	HDFC GILT Fund Long Term Direct Plan 1,01,04,003.880 Units NAV of ₹34.3165 each (1,01,04,003.880 Units NAV of ₹30.6339 each as at 31st March, 2016) (NIL Units NAV of ₹NIL each as at 1st April, 2015)	3,467.34	3,095.25	-
5	HDFC FMP 1167D JAN-2016 (1) 50,00,00,000 Units NAV of ₹11.1506 each (50,00,00,000 Units NAV of ₹10.0377 each as at 31st March, 2016) (NIL Units NAV of ₹NIL each as at 1st April, 2015)	5,575.30	5,018.85	-
6	ICICI Prudential Liquid Regular Plan Growth 1,06,64,344.969 Units NAV of ₹240.1565 each (1,06,64,344.969 Units NAV of ₹223.8540 each as at 31st March, 2016) (54,02,034.328 Units NAV of ₹206.857 each as at 1st April, 2015)	25,611.12	23,872.56	11,174.49
7	ICICI Prudential FMP Series 73-391 Days NIL Units NAV of ₹NIL each (NIL Units NAV of ₹NIL each as at 31st March, 2016) (5,00,00,007 Units NAV of ₹10.4352 each as at 1st April, 2015)	-	-	5,217.60
8	State Bank of India Premier Liquid Fund Plan DDR NIL Units NAV of ₹NIL each (NIL Units NAV of ₹NIL each as at 31st March, 2016) (10,57,501.684 Units NAV of ₹1,003.25 each as at 1st April, 2015)	-	-	10,609.38
9	State Bank of India Debt Fund Series A-11 385 Days NIL Units NAV of ₹NIL each (NIL Units NAV of ₹NIL each as at 31st March, 2016) (5,00,00,073.827 Units NAV of ₹10.4182 each as at 1st April, 2015)	-	-	5,209.11
10	State Bank of India Premier Liquid Fund Growth 3,10,320.261 Units NAV of ₹2,545.6896 each (3,10,320.261 Units NAV of ₹2,376.0805 each as at 31st March, 2016) (3,10,320.261 Units NAV of ₹2,195.7218 each as at 1st April, 2015)	7,899.79	7,373.46	6,813.77



# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
11	Birla Sunlife Cash Plus Growth Regular Plan 77,17,367.058 Units NAV of ₹260.5132 each (77,17,367.058 Units NAV of ₹242.7740 each as at 31st March, 2016) (50,44,034.769 Units NAV of ₹224.2841 each as at 1st April, 2015)	20,104.76	18,735.76	11,312.97
12	L&T Liquid Fund - Growth 2,01,845.699 Units NAV of ₹2,224.7676 each (2,01,845.699 Units NAV of ₹2,074.2297 each as at 31st March, 2016) (NIL Units NAV of ₹NIL each as at 1st April, 2015)	4,490.60	4,186.74	-
13	UTI Liquid Cash Plan Institutional Growth 1,275.992 Units NAV of ₹2,656.6519 each (NIL Units NAV of ₹NIL each as at 31st March, 2016) (NIL Units NAV of ₹NIL each as at 1st April, 2015)	33.90	-	-
14	IDFC Cash Fund Growth Regular Plan 3,995.614 Units NAV of ₹1,970.9284 each (NIL Units NAV of ₹NIL each as at 31st March, 2016) (NIL Units NAV of ₹NIL each as at 1st April, 2015)	78.75	-	-
15	Investment in Bonds	3,356.55	3,807.41	3,620.83
<b>Total</b>		<b>95,862.37</b>	<b>94,642.74</b>	<b>65,303.29</b>
Aggregate Cost of Quoted Investments		-	-	-
Aggregate Market Value of Quoted Investments		-	-	-
Aggregate Cost of Unquoted Investments		83,815.67	88,952.71	63,525.37
Aggregate Market Value of Unquoted Investments		<b>95,862.37</b>	<b>94,642.74</b>	<b>65,303.29</b>

## NOTE - 14. TRADE RECEIVABLES

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Current trade receivables</b>				
<b>1</b>	<b>Unsecured, Considered Good</b>			
(a)	Outstanding for more than six months	1,109.93	766.20	1,342.10
(b)	Others	48,372.85	42,278.42	38,033.39
<b>Total</b>		<b>49,482.78</b>	<b>43,044.62</b>	<b>39,375.49</b>

Receivables are hypothecated to secure working capital facilities from State Bank of India and Citi Bank N.A.

## NOTE - 15. CASH & CASH EQUIVALENTS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	Balances with Banks	23,921.42	11,465.25	15,005.70
2	Cash on Hand	10.23	11.40	11.85
3	<b>Others</b>			
(a)	In Fixed Deposits	237.73	332.20	3,377.22
<b>Total</b>		<b>24,169.38</b>	<b>11,808.85</b>	<b>18,394.77</b>

# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## As required by MCA notification G.S.R. 308(E) dated 30th March, 2017

The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 is provided in the table below.

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 08.11.2016*	15,43,500.00	628.00	15,44,128.00
Add: Permitted receipts	-	50,87,802.00	50,87,802.00
Less: Permitted payments	-	44,19,067.00	44,19,067.00
Less: Amount deposited in banks	15,43,500.00	200.00	15,43,700.00
Closing cash in hand as on 30.12.2016	-	6,69,163.00	6,69,163.00

\* Includes ₹140500/- held by employees as travelling advance.

## NOTE - 16. OTHER BANK BALANCES

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	<b>Fixed Deposits with Bank</b>			
	- Less than 12 months	594.19	579.80	274.92
	- More than 12 months	-	-	-
2	Earmarked balances with banks (Unpaid Dividend)	15.78	18.65	9.65
	<b>Total</b>	<b>609.97</b>	<b>598.45</b>	<b>284.57</b>

## NOTE - 17. LOANS

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	<b>Secured, Considered Good</b>			
	(a) Others			
	(i) Loans to Staff	18.47	-	-
2	<b>Unsecured, Considered Good</b>			
	(i) Others	3.70	-	-
	(ii) Loans to Staff	128.51	188.32	105.52
	<b>Total</b>	<b>150.68</b>	<b>188.32</b>	<b>105.52</b>

## NOTE - 18. OTHER CURRENT ASSET

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	<b>Advances other than Capital Advances</b>			
	Security Deposits	524.32	805.10	651.04
	Sundry Deposits and Advances	131.29	-	-
1	<b>Other Advances</b>			
	Advances to Supplier's	1,928.43	1,487.38	1,752.79
	Prepaid Expenses	216.69	154.11	198.58
	Balance with Statutory / Government authorities	16,225.49	13,402.64	16,755.26
	Advances to Staff	159.61	36.29	172.00
	Advances recoverable in cash or kind or for value to be received	542.44	-	83.68
	Income Tax Refund Due	62.77	111.83	-
2	<b>Others</b>			
	Hedging Instruments	1,149.56	62.50	2,964.07
	Interest Accrued on Investments	84.99	132.75	46.94
	DEPB Receivable	-	7.60	7.60
	<b>Total</b>	<b>21,025.59</b>	<b>16,200.20</b>	<b>22,631.96</b>



# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## NOTE - 19. SHARE CAPITAL

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>1</b>	<b>AUTHORIZED SHARE CAPITAL</b>			
	23,00,00,000 Equity Shares of ₹2/- each (As at 31st March, 2016 23,00,00,000 Equity Shares of ₹2/-each) (As at 1st April, 2015 23,00,00,000 Equity Shares of ₹2/-each)	4,600.00	4,600.00	4,600.00
	<b>Total</b>	<b>4,600.00</b>	<b>4,600.00</b>	<b>4,600.00</b>
<b>2</b>	<b>ISSUED , SUBSCRIBED &amp; FULLY PAID UP CAPITAL</b>			
	9,43,20,370 Equity Shares of ₹2/-each fully paid up (As at 31st March, 2016 9,43,20,370 Equity Shares of ₹2/-each fully paid up) (As at 1st April, 2015 9,43,20,370 Equity Shares of ₹2/-each fully paid up)	1,886.41	1,886.41	1,886.41
	<b>Total</b>	<b>1,886.41</b>	<b>1,886.41</b>	<b>1,886.41</b>

### 19.1 The reconciliation of the number of Equity Shares outstanding and amount of share capital as at 31st March, 2017, 31st March, 2016 and 1st April, 2015 is set out below :

(₹ in Lacs)

Particulars	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of shares	Amount	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	9,43,20,370	1,886.41
Add: Shares issued 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	9,43,20,370	1,886.41

### 19.2 Rights, preferences and restrictions attached to Equity Shares :

The Company has one class of equity shares having a par value of ₹2 each. 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. 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.

During the Financial year 2016-17, the Company has declared and paid an Interim Dividend of ₹4 (200%) per share on 9,43,20,370 Equity Shares of the face value of ₹2 each amounting to ₹3,772.81 lacs on 13th February, 2017.

The Board of Directors in their meeting dated 25th May, 2017 has recommended a Final dividend of ₹4 (200%) per Equity Share of the face value of ₹2 each amounting to ₹3,772.81 lacs, thereby making aggregate dividend of ₹8 per share (400%) for the financial year 2016-17

During the Financial year 2016-17, Vega Industries(Middle East) FZC has declared and paid in February,2017 Interim Dividend of USD 174 per share on Euity Share of USD 10 each absorbing USD 56,55,000 ( Equivalent to ₹ 3,788.29 lacs) for the Financial Year 2016-17. Having declared the Interim Dividend, Vega Industries(Middle East) FZC has not recommended a Final Dividend for the year 2016-17.

### 19.3 Details of the shareholders holding more than 5% shares are set out below :

	As at 31st March, 2017		As at 31st March, 2016		As at 1st April, 2015	
	No. of Shares	% of holding	No. of Shares	% of holding	No. of Shares	% of holding
Bhadresh K.Shah	5,81,28,900	61.63%	5,81,28,900	61.63%	5,81,28,900	61.63%
Nalanda India Equity Fund Ltd.	91,27,809	9.68%	91,27,809	9.68%	79,18,845	8.40%

# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## NOTE - 20. OTHER EQUITY

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>1</b>	<b>Other Reserves</b>			
(a)	Capital Redemption Reserve	1,925.74	1,925.74	1,925.74
(b)	Others			
(i)	Securities Premium Reserve	26,615.29	26,615.29	26,615.29
(ii)	General Reserve			
	Balance as per last Financial year	16,467.61	16,467.61	12,493.59
	Less : Adjustment relating to Property,Plant and Equipment	-	-	(171.98)
	Add : Transferred from Statement of Profit & Loss	-	-	4,146.00
	Closing Balance (ii)	16,467.61	16,467.61	16,467.61
	Sub total (a+i+ii)	45,008.64	45,008.64	45,008.64
<b>2</b>	<b>Retained Earnings</b>			
	Balance as per last Financial year	1,85,218.94	1,68,859.01	1,21,416.90
	Add : Profit for the Year	45,721.32	45,679.42	43,087.61
	Add : Depreciation transferred from statement of Profit & Loss	-	-	1.42
	Less: Dividend on equity shares ( Rs. 4 per share )	(3,772.81)	(24,536.06)	-
	Less: Tax on Interim dividend	(655.52)	(4,560.12)	-
	Add : Tax on dividend ( Net of Credit)	-	220.51	-
	Add: Prior Period adjustments	12.47	2.72	-
	Add: Fair Value of Investments	-	-	1,607.59
	Add: Reversal of FCTR as per Ind AS 101	-	-	7,463.56
	Add: Unrealised Intragroup Profits on stock	-	(446.54)	446.54
	Less: Transferred to General Reserve	-	-	(4,146.00)
	Less: DTL created as per Fair Valuation of Investments	-	-	(556.35)
	Less: Difference as per Hedge Reserve	-	-	(462.26)
	Less: Amortization of Leasehold Land	(59.40)	-	-
	Closing Balance	2,26,465.00	1,85,218.94	1,68,859.01
<b>3</b>	<b>Other Comprehensive Income</b>			
(a)	Remeasurements of Defined Benefit Plans			
	Balance as per last Financial year	26.06	-	-
	Add: For the Year	(157.20)	26.06	-
	<b>Closing Balance (a)</b>	<b>(131.14)</b>	<b>26.06</b>	<b>-</b>
(b)	Gain and losses arising from translating the financial statements of foreign operations			
	Balance as per last Financial year	(160.97)	-	-
	Add: For the Year	(1,610.90)	(160.97)	-
	<b>Closing Balance (b)</b>	<b>(1,771.87)</b>	<b>(160.97)</b>	<b>-</b>
(c)	Effective Portion of Gains and Losses on Hedging Instruments in Cash Flow Hedge			
	Balance as per last Financial year	286.58	1,962.07	946.45
	Add/ Mark to Market of Hedging Instruments designated and (Less): effective as Hedges of Future cashflow	855.89	(1,715.49)	2,017.63
	Restatements of Debtors	(883.89)	191.67	36.40
	DTL on Reserve Balance	9.69	(151.67)	(1,038.41)
	<b>Closing Balance (c)</b>	<b>268.27</b>	<b>286.58</b>	<b>1,962.07</b>
	<b>Sub Total (a+b+c)</b>	<b>(1,634.74)</b>	<b>151.67</b>	<b>1,962.07</b>
	<b>Total (1+2+3)</b>	<b>2,69,838.90</b>	<b>2,30,379.25</b>	<b>2,15,829.72</b>





# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## NOTE - 21. BORROWINGS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Non-current borrowings</b>				
1	Term Loan (Secured)			
	(a) From Banks			
	(i) External Commercial Borrowings	-	2,477.71	5,437.39
2	Deferred Payment Liabilities * (Unsecured)	33.57	51.05	70.00
	<b>Total</b>	<b>33.57</b>	<b>2,528.76</b>	<b>5,507.39</b>

### 21.1 Terms of repayment for External Commercial Borrowings:

External Commercial Borrowings (ECB) of US \$ 1,87,00,000 is secured by hypothecation of identified plant and machineries procured from proceeds of the borrowings and installed at Moraiya Unit (M1) of the Company mentioned in Hypothecation Agreement. The Loan is repayable in 15 equal quarterly instalments of US \$ 12,46,667 after a moratorium period of 18 months from the date of first draw-down i.e. 3rd October, 2012. The loan carries a floating interest rate of 285 bps 3M LIBOR to be reset at every 3 months. We have entered in to an interest rate swap to convert the loan to 4.1% fixed rate of interest. The first instalment was due on 3rd April, 2014 and the loan will be fully re-paid on 3rd October, 2017.

### 21.2 Terms of repayment for deferred payment liabilities are as set out below :

#### Deferred Sales tax under Package Scheme of Incentives 1993

(₹ in Lacs)

2018-19	13.72
2019-20	19.85

\* Deferred Sales tax under Package Scheme of Incentives 1993 of Maharashtra for erstwhile Paramount Centrispun Castings Pvt. Ltd.

## NOTE - 22. PROVISIONS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>1</b>	<b>Provision for Employee Benefits</b>			
	Provision for Leave Encashment	64.44	458.03	479.81
	Provision for Gratuity	378.74	404.82	418.45
	Provision for Product Warranties Claims (Refer Note 22.1)	340.79	184.08	104.02
	<b>Total</b>	<b>783.97</b>	<b>1,046.93</b>	<b>1,002.28</b>

### 22.1 Movement in Provision for Product Warranties Claim (Also refer Note - 28)

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Opening Balance as at 1st April	1,740.24	1,579.73	1,554.07
Utilized during the year	(39.86)	(116.94)	(222.53)
Created / provided for the year #	201.00	196.57	197.00
Changed due to exchange difference	(29.82)	80.88	51.19
<b>Closing Balance as at 31st March</b>	<b>1,871.56</b>	<b>1,740.24</b>	<b>1,579.73</b>

# Provision for Product Warranties created considering historical experience

# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## NOTE - 23. DEFERRED TAX LIABILITY (NET)

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>1</b>	<b>Deferred Tax Liabilities</b>			
	(Arising on account of timing difference)			
(a)	Property, Plant and Equipment: Impact of difference between Tax Depreciation & Depreciation / amortization charged for the financial reporting	4,462.37	3,592.81	2,774.22
(b)	Fair Valuation of Current Investments	4,141.56	1,921.22	556.35
(c)	Reversal of Goodwill Amortisation	-	53.14	-
(d)	On Hedge Reserve Balance	141.98	151.67	1,038.41
	<b>Total Deferred Tax Liabilities ( A )</b>	<b>8,745.91</b>	<b>5,718.84</b>	<b>4,368.98</b>
<b>2</b>	<b>Deferred Tax Assets</b>			
	(Arising on account of timing difference)			
(a)	Leave Encashment	97.00	231.15	234.97
(b)	Others/ Depreciation / amortization	63.16	67.20	74.61
(c)	Deferred Tax on FCTR	937.75	-	-
(d)	Unrealised Profit on intra group stock	524.68	464.78	446.54
	<b>Total Deferred Tax Assets ( B )</b>	<b>1,622.59</b>	<b>763.13</b>	<b>756.12</b>
	<b>Total ( A - B )</b>	<b>7123.32</b>	<b>4955.71</b>	<b>3612.86</b>

### Reconciliation of deferred tax liabilities(Net):

(₹ in Lacs)

Particulars	31st March, 2017	31st March, 2016
Opening balance as of 1 April	4,955.71	3,612.86
Tax Income/(Expense) during the period recognised in profit or loss	3,115.05	1,929.98
Tax Income/(Expense) during the period recognised in Other Comprehensive Income	(947.44)	151.67
Tax Income/(Expense) during the period recognised directly in Other equity	0.00	(738.80)
<b>Closing balance as at 31 March</b>	<b>7,123.32</b>	<b>4,955.71</b>

### Movements in DTA:

(₹ in Lacs)

Particulars	Leave Encashment	Unrealised profit on intra group stock	Deferred tax on FCTR	Others	Total
<b>At 1st April, 2015</b>	<b>232.66</b>	<b>446.54</b>	<b>-</b>	<b>76.92</b>	<b>756.12</b>
charged/Credited:					
to Profit or Loss	(1.51)	464.78	-	(8.98)	454.29
to other comprehensive	-	-	-	-	-
Directly to equity	-	(446.54)	-	(0.74)	(447.28)
<b>At 31st March, 2016</b>	<b>231.15</b>	<b>464.78</b>	<b>-</b>	<b>67.20</b>	<b>763.13</b>
charged/Credited:					
to Profit or Loss	(134.15)	59.90	-	(4.04)	(78.29)
to other comprehensive	-	-	937.75	-	937.75
Directly to equity	-	-	-	-	-
<b>At 31st March, 2017</b>	<b>97.00</b>	<b>524.68</b>	<b>937.75</b>	<b>63.16</b>	<b>1,622.59</b>



# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## Movements in DTL:

(₹ in Lacs)

Particulars	Assets : Impact of difference between Tax Depreciation and Depreciation / amortization charged for the financial reporting	Fair Valuation of Current Investments	Reversal of Goodwill Amortisation	On Hedge Reserve Balance	Total
<b>At 1st April, 2015</b>	<b>2,774.22</b>	<b>556.35</b>	-	<b>1,038.41</b>	<b>4,368.98</b>
(charged)/Credited:					
to Profit or Loss	818.59	1,512.54	53.14	-	2,384.27
to Other Comprehensive Income directly to equity	-	-	-	151.67	151.67
	-	(147.67)	-	(1,038.41)	(1,186.08)
<b>At 31st March, 2016</b>	<b>3,592.81</b>	<b>1,921.22</b>	<b>53.14</b>	<b>151.67</b>	<b>5,718.84</b>
(charged)/Credited:					
to Profit or Loss	869.56	2,220.34	(53.14)	-	3,036.76
to Other Comprehensive Income directly to equity	-	-	-	(9.69)	(9.69)
	-	-	-	-	-
<b>At 31st March, 2017</b>	<b>4,462.37</b>	<b>4,141.56</b>	-	<b>141.98</b>	<b>8,745.91</b>

## NOTE - 24. BORROWINGS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	<b>Current Borrowings</b>			
<b>1</b>	<b>Loans Repayable on Demand (Secured)</b>			
-	From banks*	4,295.91	4,423.00	905.28
<b>2</b>	<b>Loans Repayable on Demand (Unsecured)</b>			
-	From banks	7,249.73	8,103.31	-
	<b>Total</b>	<b>11,545.64</b>	<b>12,526.31</b>	<b>905.28</b>

\* Secured by the pari-passu charge over inventories and book debts.

Pre shipment Credit in Foreign Currency (PCFC) borrowing is a short term working capital finance denominated in foreign currency and disbursed in INR using the prevailing exchange rate. The interest on the loan is linked to LIBOR with a margin spread. The Loan is repayable from export proceeds

## The total outstanding of loans repayable on demand is as under:

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>Secured Borrowings</b>			
State Bank of India Pre shipment Credit in Foreign Currency (PCFC)/SBI Preshipment in Rupees	1,295.91	-	905.28
Citi Bank N.A. Bank overdraft by VEGA Me	-	1,423.00	-
Citi Bank N.A. Pre shipment Credit in Foreign Currency (PCFC)	3,000.00	3,000.00	-
<b>Total Secured by pari-passu charge over Inventories and book debts. (A)</b>	<b>4,295.91</b>	<b>4,423.00</b>	<b>905.28</b>
<b>Unsecured Borrowings</b>			
Citi Bank N.A. Pre shipment Credit in Foreign Currency (PCFC)	1,049.73	5,618.98	-
Citi Bank N.A. Export Packing Credit (EPC) in INR	500.00	-	-
The Hongkong and Shanghai Banking Corporation Limited. Pre shipment Credit in Foreign Currency (PCFC)	-	2,484.33	-
The Hongkong and Shanghai Banking Corporation Limited. Export Packing Credit (EPC) in INR	5,700.00	-	-
<b>Total Unsecured (B)</b>	<b>7,249.73</b>	<b>8,103.31</b>	<b>-</b>
<b>Total (A + B)</b>	<b>11,545.64</b>	<b>12,526.31</b>	<b>905.28</b>

# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## NOTE - 25. TRADE PAYABLES

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	Micro, Small and Medium Enterprises	71.24	1.73	10.98
2	Other than Micro, Small and Medium Enterprises # (Refer Note 38.3 for dues to related parties)	11,993.91	9,824.74	11,898.53
	<b>Total</b>	<b>12,065.15</b>	<b>9,826.47</b>	<b>11,909.51</b>

# AIA has not received information from the Suppliers regarding their status under The Micro, Small and Medium Enterprises Development Act, 2006. Hence, disclosures, if any relating to amounts unpaid as at the balance sheet date together with interest paid or payable as per the requirement under the said Act, have not been made.

## NOTE - 26. OTHER FINANCIAL LIABILITIES

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	<b>Other Current Financial Liabilities</b>			
1	Current Maturity of Long Term Debt	2,440.84	3,322.56	3,450.33
2	Unpaid Dividend *	15.78	18.65	9.65
	<b>Total</b>	<b>2,456.62</b>	<b>3,341.21</b>	<b>3,459.98</b>

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

## NOTE - 27. OTHER CURRENT LIABILITIES

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
1	Revenue Received in Advance	5,057.26	5,365.02	6,077.81
2	Other Other Payables #	1,815.16	1,542.82	649.49
	<b>Total</b>	<b>6,872.42</b>	<b>6,907.84</b>	<b>6,727.30</b>

# Includes Statutory Dues

## NOTE - 28. PROVISIONS

(₹ in Lacs)

Sr. No.	Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
<b>1</b>	<b>Provision for Employee Benefits ;</b>			
(a)	Provision for Bonus (Refer Note 28.1)	563.46	541.60	479.05
(b)	Provision for Gratuity	182.68	155.68	136.87
(c)	Provision for Leave Encashment	73.32	69.37	72.43
<b>2</b>	<b>Others :</b>			
(a)	Provision for Expenses	928.16	1,137.07	957.64
(b)	Provision for Product Warranties Claims (Refer Note 22.1)	1,530.77	1,556.16	1,475.71
(c)	Provision for Claims Payable (Refer Note 28.2)	1,424.72	1,456.68	1,549.59
<b>3</b>	<b>Provision for Tax</b>	898.33	(608.39)	(684.77)
	<b>Total</b>	<b>5,601.44</b>	<b>4,308.17</b>	<b>3,986.52</b>

### 28.1 Reconciliation of Provision for Bonus

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Opening Balance	541.60	479.05	438.82
Payment made during the Year	(536.46)	(476.90)	(439.94)
Expenses for the year	558.32	539.45	480.17
<b>Closing Balance as at 31st March</b>	<b>563.46</b>	<b>541.60</b>	<b>479.05</b>



# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## 28.2 Movement in Provision for Claims Payable

(₹ in Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Opening Balance as at 1st April	1,456.70	1,549.59	-
Utilized during the year	(2.91)	(190.93)	
Created / provided for the year	-		1,549.59
Changed due to exchange difference	(29.07)	98.04	-
<b>Closing Balance as at 31st March</b>	<b>1,424.72</b>	<b>1,456.70</b>	<b>1,549.59</b>

## NOTE - 29. REVENUE FROM OPERATIONS

(₹ in Lacs)

Sr. No.	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>1</b>	<b>Revenue from Operations</b>		
	<b>Sale of Products - High Chrome Mill Internals ( Castings )</b>		
(a)	Sales in India (Including Excise Duty)	65,642.19	63,607.10
(b)	Sales outside India	1,58,281.29	1,49,108.19
		<b>2,23,923.48</b>	<b>2,12,715.29</b>
<b>2</b>	<b>Other Operating Revenue</b>		
(a)	Exports Incentives	5,888.78	4,523.55
(b)	Income from order cancellation	2,222.04	-
	<b>Total</b>	<b>2,32,034.30</b>	<b>2,17,238.84</b>

## NOTE - 30. OTHER INCOME

(₹ in Lacs)

Sr. No.	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>1</b>	<b>Interest Income from Financial Assets at Amortized Cost#</b>	522.84	470.63
<b>2</b>	<b>Dividend Income</b>		
(a)	Dividend from Mutual Funds (Current Investment)	-	425.00
(b)	Dividend from Subsidiary (Trade Investment)	-	9.55
<b>3</b>	<b>Other Non Operating Income</b>		
(a)	Profit on Sale of Mutual Fund Units ( Current Investment) (Net)	201.65	1,675.66
(b)	Gain on Exchange Rate Fluctuation	2,400.34	2,957.07
(c)	Fair Value of Investment	6,413.25	4,370.52
(d)	Fair Value of Sold Investment	507.60	-
(e)	Fair Value of Forward	231.17	-
(f)	Profit on Sale of Assets	8.46	54.74
(g)	Insurance Claim received	41.92	29.87
(h)	Income Tax Refund	-	4.93
(i)	Sales Tax Refund	-	25.87
(j)	Miscellaneous Receipts	66.19	56.12
(k)	Service Tax Drawback Income	36.32	97.07
(l)	Sundry Balances Written Back	14.49	16.77
	<b>Total</b>	<b>10,444.23</b>	<b>10,193.80</b>

# Interest amount mainly includes Interest on Fixed Deposits, Staff Loan and Refund of Income Tax.

# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## NOTE - 31. COST OF MATERIALS CONSUMED

(₹ in Lacs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
1 Opening Stock	5,873.44	8,539.33
Add: Purchases	86,174.99	64,591.71
Sub Total	92,048.43	73,131.04
Less: Closing Stock	8,837.87	5,873.44
<b>Total</b>	<b>83,210.56</b>	<b>67,257.60</b>

## NOTE - 32. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

(₹ in Lacs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Opening Stock : Work in Process	9,127.54	9,126.47
1 Opening Stock : Finished Goods	17,058.43	21,298.47
Less :		
2 Closing Stock : Work in Process	14,591.12	9,127.54
Closing Stock : Finished Goods	22,113.87	17,058.43
<b>Total</b>	<b>(10,519.02)</b>	<b>4,238.97</b>

## NOTE - 33. EMPLOYEE BENEFITS EXPENSE

(₹ in Lacs)

Sr. No.	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
1	Salaries, Wages and Bonus	9,562.06	9,041.52
2	Contribution to Provident Fund / ESIC / Gratuity	711.38	843.28
3	Staff Welfare Expenses	397.63	358.24
	<b>Total</b>	<b>10,671.07</b>	<b>10,243.04</b>

## NOTE - 34. FINANCE COSTS

(₹ in Lacs)

Sr. No.	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>1</b>	<b>Interest Costs</b>		
(a)	Interest and Finance Charges on Financial Liability not at fair value through Profit or Loss	310.48	363.05
(b)	Exchange difference adjustment to Borrowing Costs	58.18	-
(c)	For Income Tax	80.00	122.00
(d)	For Others	0.56	2.22
	<b>Total</b>	<b>449.22</b>	<b>487.27</b>



# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## NOTE - 35. OTHER EXPENSES

(₹ in Lacs)

Sr. No.	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
<b>1</b>	<b>Manufacturing Expenses</b>		
	<b>Consumption of Stores</b>		
	Opening Stock	7,126.07	7,014.81
	Add : Purchases	24,030.79	19,429.87
	= Sub Total	31,156.86	26,444.68
	Less : Closing Stock	8,204.01	7,126.07
		22,952.85	19,318.61
	Power and Fuel	24,180.16	21,042.09
	Labour Charges	6,640.70	5,575.89
	Freight Inward, Octroi, Coolies and Cartages	1,525.20	1,137.90
	Other Purchases Expenses	1,682.94	998.15
	<b>Repairs and Maintenance</b>		
	- To Buildings	236.89	156.35
	- To Plant and Machineries	542.18	521.48
	- To Other Assets	301.99	201.06
	Rent Expenses	7.45	24.61
<b>2</b>	<b>Selling and Distribution Expenses</b>		
	Freight Outward, Coolies and Cartages	9,293.53	8,851.52
	Warehouse Expenses	-	11.54
	Commission Expenses	1,977.89	2,111.08
	Travelling Expenses		
	- For Directors	29.58	31.59
	- For Staff and Guests	1,646.86	1,548.49
	Sales Promotion / Gift Expenses	70.70	46.72
	Advertisement Expenses	11.88	30.37
	Product Warranty Expenses	201.00	3.20
	Late Delivery Charges	26.68	44.03
	Bad Debts	52.39	194.56
	Central Excise Duty and CVD	144.49	72.31
	Sales Tax /VAT	264.51	24.53
	Tender Fees	2.81	3.04
<b>3</b>	<b>Administrative Expenses</b>		
	Insurance Premium Expenses	686.37	518.45
	Rent Expenses	249.16	228.94
	Rates and Taxes	62.78	59.58
	Service Charges	1.63	4.30
	Directors' Sitting Fees	7.20	7.10
	<b>Payments to Auditors</b>		
	- As Auditor		
	Statutory Audit Fees	69.77	65.12
	Tax Audit Fees	2.50	2.00
	For Other Services	9.64	4.76
	Legal and Professional Consultancy Fees	2,043.96	1,555.33

# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

Sr. No.	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
	Bank Commission Charges	394.05	341.75
	Printing and Stationery Expenses	52.02	46.24
	Postage, Telephones, Courier, Internet & E-mail	299.19	287.36
	Computer Expenses	27.05	23.89
	Vehicle Repairs and Maintenance	128.86	128.70
	Conveyance Expenses	300.82	232.91
	Security Expenses	359.42	382.40
	Subscription and Membership Fees	17.90	19.32
	Entertainment Expenses	13.02	13.40
	Donation Expenses	41.17	31.86
	Seminar Expenses	40.40	69.03
	License Fees	13.87	8.88
	Inspection Charges	44.56	23.39
	Water Charges	54.67	53.81
	Office Expenses	60.46	63.90
	Electricity Expenses	18.60	20.49
	Service Tax	149.22	76.14
	Garden Expenses	23.96	19.63
	Festival Celebration Expenses	46.47	18.67
	Factory GVMM / GIDC Administrative Charges	13.41	11.96
	CSR Expenses	618.63	495.76
	Recruitment and Training Expenses	13.13	-
	Loss on Sale of Property, Plant and Equipment	33.74	47.62
	Fair Value of Forward	-	184.08
	Change in Fair Value of Investments	-	40.36
	General / Miscellaneous Expenses	91.47	132.34
	<b>Total</b>	<b>77,781.78</b>	<b>67,168.59</b>

## NOTE - 36. CURRENT TAX

(₹ in Lacs )

Sr. No.	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
1	Current Tax	17,366.59	16,393.92
2	Short/excess Provision for earlier years	-	82.55
	<b>Total</b>	<b>17,366.59</b>	<b>16,476.47</b>

## NOTE - 37. EARNINGS PER SHARE

Sr. No.	Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
1	Net Profit attributable to the Equity Shareholders (₹ In Lacs) ( A )	45,679.01	45690.53
2	Weighted average number of Equity Shares outstanding during the period ( B )	9,43,20,370	9,43,20,370
3	Nominal value of Equity Shares (₹)	2.00	2.00
4	Basic/Diluted Earnings per Share (₹) ( A / B )	48.43	48.44





# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## NOTE - 38 RELATED PARTY DISCLOSURES:

### 38.1 List of related parties

#### (A) Subsidiaries:

Refer note 3(H) for the list of subsidiaries and interests of the group therein.

#### (B) Key management personnel:

Sr. No.	Name	Designation
1	Mr. Bhadresh K. Shah	Managing Director, AIAEL
2	Mr. Yashwant M. Patel	Whole-Time Director, AIAEL
3	Mr. Rajendra S. Shah	Chairman, AIAEL
4	Dr. S. Srikumar	Non-Executive Director, AIAEL
5	Mr. Kunal Dilip Shah	Executive Director- Finance, AIAEL
6	Mr. S.N.Jetheliya	Company Secretary, AIAEL
7	Mr. Pradip R. Shah	Director, WSL
8	Mr. Vinod Narain	Chairman, WSL
9	Mr. Paryank R. Shah	Director, VEGA ME
10	Mr. R.A. Gilani	Director, VEGA ME
11	Mr.Himanshu K. Patel	Director, VEGA ME

#### (C) Other related parties:

Sr. No.	Name	Nature of relationship
1	Mrs. Giraben K. Shah	Relatives of Key Management Personnel
2	Mrs. Gitaben B. Shah	
3	Mrs. Khushali Samip Solanki	
4	Mrs. Bhumika Shyamal Shodhan	
5	Pradip Shah & Co	Entities Controlled by Key Management Personnel
6	AB Tradelink Limited	Entities on which Key Management Personnel have significant influence
7	Powertec Engineering Private Limited	
8	Powertec Infrastructure Private Limited	
9	Vee Connect Travels Private Limited	
10	Discus IT Private Limited	
11	Harsha Engineers Limited	
12	RNCA & Associates	

# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## 38.2 Disclosures of Transactions between the Group and Related Parties and the status of outstanding balances as on 31st March, 2017:

(₹ in Lacs)

Sr. No.	Nature of Transaction	Subsidiaries (Not Consolidated)		Key Management Personnel		Other related parties	
		Year ended 31st March,		Year ended 31st March,		Year ended 31st March,	
		2017	2016	2017	2016	2017	2016
1	Purchase of Goods	-	-	-	-	2,170.40	2,026.24
2	Investment in Equity Shares	-	1.00	-	-	-	-
3	CSR Expenses	480.00	370.00	-	-	-	-
4	Rent, Rates & Tax Expenses	-	-	-	-	2.36	1.46
5	Retainership, Legal & Professional Consultancy Fees	-	-	3.26	3.95	53.75	47.95
6	Commission Expenses on purchase	-	-	-	-	80.12	48.81
7	Salary, Bonus and Perquisites	-	-	109.10	64.75	1.54	1.68
8	Repair & Maintenance of Equipment	-	-	-	-	17.69	15.98
9	Directors' Remuneration and Perquisites	-	-	340.90	302.73	-	-
10	Traveling Expenses	-	-	-	-	153.70	157.18
11	SAP ERP Functional and Technical support	-	-	-	-	71.63	18.15
12	Contribution to Gratuity Trust Fund	-	-	-	-	152.49	282.62
	<b>Total</b>	<b>480.00</b>	<b>371.00</b>	<b>453.26</b>	<b>371.43</b>	<b>2,703.68</b>	<b>2,600.07</b>
	Balance outstanding at the year end (Receivable)	-	-	-	-	-	2.83
	As at 1 <sup>st</sup> April, 2015 (Receivable)	-	-	-	-	-	-
	Balance outstanding at the year end (Payable)	-	-	0.27	-	122.07	128.77
	As at 1 <sup>st</sup> April, 2015 (Payable)	-	-	-	-	17.37	-

## 38.3 The details of amounts due to or due from related parties as at 31st March, 2017, 31st March, 2016 and 1st April, 2015 are as follows:

(₹ in Lacs)

Sr. No.	Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>1.</b>	<b>Trade Payables</b>			
(a)	<b>Key Management Personnel</b>			
	Vinod Narain	0.27	-	-
	<b>Sub Total (a)</b>	<b>0.27</b>	<b>-</b>	<b>-</b>
(b)	<b>Other Related parties</b>			
	Pradip Shah & Co	0.47	0.47	-
	AB Tradelink Limited	2.37	-	1.83
	RNCA & Associates	2.28	1.06	-
	Harsha Engineers Limited	108.65	120.55	-
	Vee Connect Travels Private Limited	8.30	6.69	15.54
	<b>Sub Total (b)</b>	<b>122.07</b>	<b>128.77</b>	<b>17.37</b>
	<b>Total Trade payable to Related Parties (a+b)</b>	<b>122.34</b>	<b>128.77</b>	<b>17.37</b>
<b>2.</b>	<b>Advances</b>			
(a)	<b>Other related parties</b>			
	AB Tradelink Limited	-	0.59	-
	Discus IT Private Limited	-	2.24	-
	<b>Total Advance given to Related Parties</b>	<b>-</b>	<b>2.83</b>	<b>-</b>



# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## 38.4 Disclosures in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:

(₹ in Lacs)

Sr. No.	Nature of Transactions	Related Parties	Year ended 31st March, 2017	Year ended 31st March, 2016
1	Purchase of Goods	Harsha Engineers Limited	2,170.40	2,026.24
2	Rent, Rates & Tax expenses	Mrs. Giraben K. Shah	2.36	1.46
3	Retainership, Legal & Professional Consultancy Fees	Powertec Engineering Private Limited	23.00	41.48
		Powertec Infrastructure Private Limited	23.05	-
		RNCA & Associates	7.70	6.47
		Mr. Pradip R. Shah	2.06	3.05
		Mr. Vinod Narain	1.20	0.90
4	Commission Expense on Purchase	AB Tradelink Limited	80.12	48.81
5	Salary, Bonus and Perquisites	Mrs. Gitaben B. Shah	1.54	1.68
		Mr. Kunal D. Shah	60.32	34.33
		Mr. S. N. Jetheliya	48.78	30.42
6	Repair & Maintenance of Equipment	Powertec Engineering Private Limited	8.86	15.98
		Powertec Infrastructure Private Limited	8.83	-
7	Traveling Expenses	AB Tradelink Limited	3.05	3.54
		Vee Connect Travels Private Limited	150.65	153.64
8	Investment in Equity Shares	AIA CSR Foundation	-	1.00
9	CSR Expenses	AIA CSR Foundation	480.00	370.00
10	Directors' Remuneration and Perquisites	Mr. Bhadresh K. Shah	116.11	103.87
		Mr. Paryank R. Shah	68.31	156.45
		Mr. R. A. Gilani	87.65	27.69
		Mr. Himanshu K. Patel	54.11	-
		Mr. Yashwant M. Patel	14.72	14.72
11	SAP ERP Functional and Technical Support	Discus IT Private Limited	71.63	18.15
12	Contribution to Gratuity Trust Fund	AIA Employees' Gratuity Trust Fund	152.49	282.62

## 38.5 Breakup of compensation paid to key management personnel:

(₹ in Lacs)

Sr. No.	Particulars	Key management personnel	Year ended 31st March, 2017	Year ended 31st March, 2016
1	Short-Term Employee Benefits	Mr. Bhadresh K. Shah	116.11	103.87
		Mr. Yashwant M. Patel	14.72	14.72
		Mr. Paryank R. Shah	68.31	156.45
		Mr. R. A. Gilani	87.65	27.69
		Mr. Himanshu K. Patel	54.11	-
		Mr. Kunal Dilip Shah	60.32	34.33
		Mr. S. N. Jetheliya	47.51	29.32
2	Post-Employment Benefits	Mr. Bhadresh K. Shah	-	-
		Mr. Yashwant M. Patel	-	-
		Mr. Kunal Dilip Shah	-	-
		Mr. Paryank R. Shah	-	-
		Mr. R. A. Gilani	-	-
		Mr. S. N. Jetheliya	1.27	1.10
	<b>Total</b>		<b>450.00</b>	<b>367.48</b>

# Notes

## to the Consolidated Financial Statements for the financial year ended 31st March, 2017

**38.6** All transactions during the year with related parties are at arm's length and unsecured. No Amount has been recognised as bad or doubtful in respect of transactions with the related parties.

### NOTE - 39 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. Hence 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

Particulars	Year ended 31st March,2017	Year ended 31st March,2016
<b>Revenue</b>		
<b>Revenue From External Customer</b>		
India (Including Excise Duty)	81,496.45	79,446.10
Other Countries	1,60,982.08	1,47,986.54

(₹ in Lacs)

Particulars	As at 31st March,2017	As at 31st March,2016
<b>Non-Current Assets</b>		
India	73,641.65	72,538.16
Other Countries	270.29	285.62

#### (A) Break-up of Revenue

(₹ in Lacs)

Particulars	Year ended 31st March, 2017	Year ended 31st March, 2016
Revenue from operations	2,32,034.30	2,17,238.84
Other income	10,444.23	10,193.80

#### (B) Non-Current Assets :

Non Current-Assets exclude Financial Instruments and Deferred Tax Assets.

### NOTE - 40 NON-CONTROLLING INTEREST:

The summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra group eliminations.

(₹ in Lacs)

Summarised Balance sheet Particulars	Welcast Steel Ltd		
	31-03-2017	31-03-2016	01-04-2015
Non-Current Assets	1,221.71	1,236.39	1,384.62
Current Assets	3,543.78	2,482.07	3,555.75
Non-Current Liabilities	(162.92)	(182.90)	(161.89)
Current Liabilities	(1,413.78)	(516.14)	(1,699.54)
<b>Equity Attributable to Owners of the Company</b>	<b>2,386.81</b>	<b>2,260.02</b>	<b>2,304.58</b>
<b>Accumulated Non-Controlling Interests</b>	<b>801.98</b>	<b>759.41</b>	<b>774.38</b>



# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

(₹ in Lacs)

Summarised Statement of Profit & Loss	Welcast Steel Ltd	
	Particulars	31-03-2017
Revenue	21,961.99	13,021.01
Expenses	21,785.48	13,052.27
<b>Profit/(Loss) for the year</b>	<b>176.51</b>	<b>(31.27)</b>
Profit/(Loss) attributable to Owners of the Company	132.12	(23.40)
Profit/(Loss) attributable to the non-controlling interests	44.39	(7.87)
<b>Profit/(Loss) for the year</b>	<b>176.51</b>	<b>(31.27)</b>
Other Comprehensive Income attributable to Owners of the Company	(6.19)	(9.65)
Other Comprehensive Income attributable to the non-controlling interests	(2.08)	(3.24)
<b>Other Comprehensive Income for the year</b>	<b>(8.27)</b>	<b>(12.89)</b>
Total Comprehensive Income attributable to Owners of the Company	125.93	(33.05)
Total Comprehensive Income attributable to the non-controlling interests	42.31	(11.11)
<b>Total Comprehensive Income for the year</b>	<b>168.24</b>	<b>(44.16)</b>

(₹ in Lacs)

Summarised Statement of Cash flow	Welcast Steel Ltd	
	Particulars	31-03-2017
Net Cash Inflow (Outflow) from Operating activities	58.50	1,008.17
Net Cash Inflow (Outflow) from Investing activities	(104.01)	(12.60)
Net Cash Inflow (Outflow) from Financing activities	(2.83)	(948.61)
Net Cash Inflow (Outflow)	(48.34)	46.95

## NOTE - 41 CONTINGENT LIABILITIES NOT PROVIDED FOR IN ACCOUNTS:

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
<b>1. Contingent Liabilities</b>			
a. Claims against the Company not acknowledged as debts			
i) Central Excise & Service Tax	3,344.05	2,693.62	1,831.48
ii) Income Tax	11,640.28	7,834.13	5,932.31
iii) Sales Tax / Central Sales Tax	57.24	57.24	19.77
iv) Custom duty matters in dispute	791.24	747.04	711.03
v) Others	7.60	7.60	7.60
b. Guarantees			
i) Bank Guarantees Outstanding	14,617.11	15,564.81	13,521.56
ii) Corporate Guarantees Outstanding to Customers	579.94	624.83	713.65
iii) Guarantees given by Company on behalf of Subsidiaries	8,423.44	7,949.87	3,621.31
iv) Corporate Guarantees given by the Company on behalf of Subsidiaries	-	-	2,632.28
v) Letter of Credit	1,017.88	-	33.55
c. Illegal strike -workmen and casual labour wages under dispute	73.67	61.49	-
d. Others	597.34	597.34	650.05
<b>2. Commitments</b>			
a. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for.	565.47	430.16	2,782.83
<b>Total</b>	<b>41,715.26</b>	<b>36,568.13</b>	<b>32,457.42</b>

# Notes

## to the Consolidated Financial Statements for the financial year ended 31st March, 2017

- (a) Most of the issues of litigation pertaining to Central Excise/Service tax/Income tax 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. As such no material impact on the financials of the Company is envisaged.
- (b) 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 minor impact if any, shall be given in the year of final outcome of respective matter in appeal.

### NOTE - 42 DERIVATIVE INSTRUMENTS:

#### a) Derivatives Outstanding as at the Balance Sheet date

Currency	Exposure to Buy/Sell	No. of contracts	As at 31 <sup>st</sup> March, 2017	
			(₹ in Lacs)	Foreign currency
EUR / USD	Sell	17	2,942.33	42,50,000
USD / INR	Sell	113	18,304.79	2,82,50,000
ZAR / INR	Sell	49	4,761.83	9,84,50,000
(As at 31 <sup>st</sup> March, 2016)	Sell	(102)	(20,840.08)	(9,15,75,000)
(As at 1st April, 2015)	Sell	(477)	(87,140.48)	(29,92,50,000)

#### b) Foreign Currency Exposure at the year-end not hedged by Derivative Instruments: (₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016
<b>Payables against Import of Goods and Services</b>		
₹ in Lacs	8,652.20	11,027.40
USD	45,48,537	35,57,706
EURO	48,57,263	31,73,513
ZAR	1,95,92,822	1,90,73,902
GBP	7,09,983	5,56,179
CAD	16,32,099	95,28,315
AED	1,24,385	1,07,766
<b>Advance Payment to Suppliers and for Expenses</b>		
₹ in lacs	1,192.75	710.33
US Dollar	10,05,850	7,48,703
Euro	7,36,831	2,71,214
GBP	15,023	20,242
CHF	-	16,883

The Company enters in to derivative contracts strictly for hedging purposes and not for trading or speculation.

### NOTE - 43 RISK MANAGEMENT:

#### (A) 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 Group. The Group's risk management policies are established to identify and analyze 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 Group 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 optimizing returns and protect the Group's financial investments while maximizing returns.



# Notes

## to the Consolidated Financial Statements for the financial year ended 31st March, 2017

This note explains the sources of risk which the Group is exposed to and how the Group manages the risk in the financial statements.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
Credit Risk	Cash and Cash equivalents, trade receivables, financial assets measured at amortized cost	Ageing analysis Credit rating	Credit limit set and ageing analysis protect Group from potential losses due to excess credit to the customers.
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 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 assess 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 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 when there is no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorizes a loan or receivable for write off when a debtor fails to make contractual payments greater than one year past due. Where loans or receivables have been written off, the Group continues engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## Provision for expected credit losses:

Description of category	Category	Basis for recognition of expected credit loss provision		
		Investments	Loans and Deposits	Trade Receivables
Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	High-quality assets, negligible credit risk	12 month expected credit losses	12 month expected credit losses	Life time expected credit losses (simplified approach)
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	Quality assets, low credit risk	12 month expected credit losses	12 month expected credit losses	
Assets where the probability of default is moderate and where the capacity of counter-party to meet the obligations is not strong.	Standard assets, moderate credit risk	12 month expected credit losses	12 month expected credit losses	
Assets where there has been a significant increase in credit risk since initial recognition where payments are more than 360 days past due	Substandard assets, relatively high credit risk	Life time expected credit losses	Life time expected credit losses	
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.	Low quality assets, very high credit risk	Life time expected credit losses	Life time expected credit losses	
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.	Doubtful assets, credit impaired	Asset is written off		

## Expected credit loss for loans and deposits:

As at 31<sup>st</sup> March, 2017

(₹ in Lacs)

Particulars	Description of category	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans Deposits	318.61 594.19	- -	- -	318.61 594.19
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	-	-	-	-





# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## As at 31<sup>ST</sup> March, 2016

(₹ in Lacs)

Particulars	Description of category	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans Deposits	351.66 585.74	- -	- -	351.66 585.74
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 1<sup>ST</sup> April, 2015

(₹ in Lacs)

Particulars	Description of category	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses	Financial assets for which credit risk has not increased significantly since initial recognition	Loans Deposits	237.18 581.38	- -	- -	237.18 581.38
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

### (a) Debtors' ageing

(₹ in Lacs)

Due from date of invoice	As at 31 <sup>ST</sup> March, 2017	As at 31 <sup>ST</sup> March, 2016	As at 1 <sup>ST</sup> April, 2015
0-3 Months	48,253.75	48,752.64	41,146.39
3-6 Months	1,090.18	(4,691.77)	694.09
6-12 Months	307.58	(809.23)	70.88
Beyond 12 Months	127.09	27.90	(1,990.23)
Gross carrying amount	49,778.59	43,279.53	39,921.14
Expected Credit Losses	172.59	157.94	427.96
Net carrying amount	49,606.01	43,121.59	39,493.17

# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## (b) Reconciliation of Provision for expected Credit Losses:

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Opening Provision	157.94	427.96	148.97
Additional Provision	18.12	(297.10)	273.43
Effects of Exchange Difference	(3.47)	27.07	5.57
Closing Provision	172.59	157.94	427.96

### 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 Group'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 Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

### Financing arrangements

The Group had access to following undrawn borrowing facilities at end of reporting period :

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Borrowing-Cash Credit	2,584.36	3,026.68	10,224.72

### Contractual maturity pattern of borrowings :

(₹ in Lacs)

As at 31 <sup>st</sup> March, 2017	0-1 years	1-5 years	Total
Long Term Borrowings (including current maturity of Long Term Debt)	2,440.84	-	2,440.84
Short Term Borrowings	11,545.64	-	11,545.64
Trade Payables	12,065.15	-	12,065.15
<b>Total</b>	<b>26,051.63</b>	<b>-</b>	<b>26,051.63</b>

(₹ in Lacs)

As at 31 <sup>st</sup> March, 2016	0-1 years	1-5 years	Total
Long Term Borrowings (including current maturity of Long Term Debt)	3,322.56	2,477.71	5,800.27
Short Term Borrowings	12,526.31	-	12,526.31
Trade Payables	9,826.47	-	9,826.47
<b>Total</b>	<b>25,675.34</b>	<b>2,477.71</b>	<b>28,153.05</b>

(₹ in Lacs)

As at 1 <sup>st</sup> April, 2015	0-1 years	1-5 years	Total
Long Term Borrowings (including current maturity of Long Term Debt)	3,450.33	5,437.39	8,887.72
Short Term Borrowings	905.28	-	905.28
Trade Payables	11,909.51	-	11,909.51
<b>Total</b>	<b>16,265.12</b>	<b>5,437.39</b>	<b>21,702.51</b>

### Market Risk-Interest Rate Risk

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 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.



# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## Exposure to interest rate risk

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March, 2017	As at 31 <sup>st</sup> March, 2016	As at 1 <sup>st</sup> April, 2015
Borrowings bearing fixed rate of interest	2,440.84	5,800.27	8,887.72
Borrowings bearing variable rate of interest	11,545.64	12,526.31	905.28

## Interest Rate Sensitivity

(₹ in Lacs)

Movement-Effects on Profit and Loss	2016-17	2015-16
50 bps increase-decrease in profits	(57.73)	(62.63)
50 bps decrease-increase in profits	57.73	62.63

## 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.

## Foreign Currency Exposure

Particulars	As at 31st March, 2017						
	USD	EURO	ZAR	GBP	CAD	AUD	AED
Trade receivables (Net of hedge)	47,36,932	1,09,29,193	18,17,93,360	-	26,46,385	20,81,935	-
Bank balances in EEFC accounts	14,99,299	1,50,647	3,20,786	-	42	-	-
Bank Balances in Foreign Currency	2,49,320	62,49,730	4,05,71,844	-	21,39,819	16,25,519	5,70,129
Exposure to foreign currency risk (Assets)	64,85,550	1,73,29,570	22,26,85,990	-	47,86,246	37,07,454	5,70,129
Trade Payables	45,48,537	48,57,263	1,95,92,822	7,09,983	16,32,099	-	1,24,385
Foreign currency Loans	1,19,90,000	-	-	-	-	-	-
Exposure to foreign currency risk (Liabilities)	1,65,38,537	48,57,263	1,95,92,822	7,09,983	16,32,099	-	1,24,385

Particulars	As at 31st March, 2016						
	USD	EURO	ZAR	GBP	CAD	AUD	AED
Trade receivables (Net of hedge)	27,52,303	86,89,530	13,77,88,074	-	1,75,76,712	7,33,358	3,47,064
Bank balances in EEFC accounts	83,270	21,05,780	50,67,961	-	-	-	-
Bank Balances in Foreign Currency	90,439	36,99,752	7,28,936	-	3,18,847	17,42,728	7,31,137
Exposure to foreign currency risk (Assets)	29,26,012	1,44,95,063	14,35,84,971	-	1,78,95,559	24,76,086	10,78,201
Trade Payables	35,57,706	31,73,513	1,90,73,902	5,56,179	95,28,315	-	1,07,766
Foreign currency Loans	2,54,86,667	-	-	-	-	-	-
Exposure to foreign currency risk (Liabilities)	2,90,44,372	31,73,513	1,90,73,902	5,56,179	95,28,315	-	1,07,766

# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## Foreign Currency Risk Sensitivity

(₹ in Lacs)

Particulars	Movement (%)		Impact on Profit & Loss		Impact on Cost of assets	
	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016	31st March, 2017	31st March, 2016
<b>USD sensitivity</b>						
INR \ USD- increase by	1	1	(40.91)	(115.22)	(24.23)	(57.81)
INR \ USD- decrease by	1	1	40.91	115.22	24.23	57.81
<b>Euro sensitivity</b>						
INR \ Euro- increase by	1	1	86.35	85.43	-	-
INR \ Euro- decrease by	1	1	(86.35)	(85.43)	-	-
<b>ZAR sensitivity</b>						
INR \ ZAR- increase by	1	1	98.23	55.98	-	-
INR \ ZAR- decrease by	1	1	(98.23)	(55.98)	-	-
<b>GBP sensitivity</b>						
INR \ GBP- increase by	1	1	(5.77)	(5.30)	-	-
INR \ GBP- decrease by	1	1	5.77	5.30	-	-
<b>CAD sensitivity</b>						
INR \ CAD- increase by	1	1	15.38	42.76	-	-
INR \ CAD- decrease by	1	1	(15.38)	(42.76)	-	-
<b>AUD sensitivity</b>						
INR \ AUD- increase by	1	1	18.05	12.59	-	-
INR \ AUD- decrease by	1	1	(18.05)	(12.59)	-	-
<b>AED sensitivity</b>						
INR \ AED- increase by	1	1	0.79	1.75	-	-
INR \ AED- decrease by	1	1	(0.79)	(1.75)	-	-

## Derivative Financial Instruments

The Company holds derivative financial instruments such as foreign currency forwards and interest rate swaps to mitigate the risk of changes in exchange rate on foreign currency exposures. The counterparty for these contracts is generally banks. These derivative financial instruments are value based on quoted prices for similar assets and liabilities in active markets or inputs that are directly or indirectly observable in the market place.

## Commodity Risk

Principal Raw Material for Group's products is scrap and ferrous alloy. 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 vis a vis other prominent currencies coupled with demand-supply scenario in the world market affect the effective price of scrap and ferrous metal. Group effectively manages availability of material as well as price volatility through :

- (i) Widening its sourcing base
- (ii) Appropriate contracts and commitments
- (iii) Well planned procurement & inventory strategy

Risk committee of the Group has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.



# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## Consumption details of Scrap and Ferro chrome:

Particulars	2016-17 (Qty in MT)	2015-16 (Qty in MT)
Scrap	1,84,342	1,48,126
Ferro Chrome	56,713	43,492

## Commodity Price sensitivity:

Increase (Decrease) in prices of scrap/ferro chrome by ₹ 1 per kg would have following impact on profit before tax

Movement-Effects on Profit and Loss	2016-17	2015-16
₹ 1 increase-decrease in profits	(2,410.54)	(1,916.18)
₹ 1 decrease-increase in profits	2,410.54	1,916.18

(₹ in Lacs)

## (C) Capital Risk Management

A. The Group's objectives when managing capital are to:

- i safeguard their ability to continue as a going concern so that they can continue to provide return to Shareholders and benefits to other stakeholders.
- ii 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 Lacs)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Debt	14,035.83	18,396.28	9,872.65
Total Equity	2,71,725.31	2,32,265.66	2,17,716.13
Debt to Total Equity	0.05	0.08	0.05

## Debt includes borrowings and other financial liabilities.

Group believes in conservative leverage policy.

Group's moderate capex 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. Company's Dividend policy is to distribute 10-25% of its net profit as dividend (including Dividend Distribution Tax).

## NOTE - 44 FINANCIAL INSTRUMENTS :

The Group uses the following hierarchy for determining the fair value of financial instruments by valuation technique :

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## A. Financial Assets

(₹ in Lacs)

Particulars	Note	Instruments carried at			Total carrying amount	Total fair value	Hierarchy level
		At Cost	Fair Value	Amortized cost			
			FVTPL	Carrying amount			
<b>As at 1st April, 2015</b>							
Investments	7	0.10	-	-	0.10	0.10	Level 1
Investments in Mutual Funds	13	-	65,303.29	-	65,303.29	65,303.29	
Trade Receivables	8, 14	-	-	39,493.17	39,493.17	39,493.17	
Loans	9/17	-	-	237.18	237.18	237.18	
Other Financial Assets	10	-	-	306.46	306.46	306.46	
Cash and Cash Equivalents	15	-	-	18,394.77	18,394.77	18,394.77	
Bank balances other than above	16	-	-	284.57	284.57	284.57	
<b>Total</b>		<b>0.10</b>	<b>65,303.29</b>	<b>58,716.15</b>	<b>124,019.54</b>	<b>124,019.54</b>	
<b>As at 31st March, 2016</b>							
Investments	7	1.10	-	-	1.10	1.10	Level 1
Investments in Mutual Funds	13	-	94,642.74	-	94,642.74	94,642.74	
Trade Receivables	8, 14	-	-	43,121.59	43,121.59	43,121.59	
Loans	9, 17	-	-	351.66	351.66	351.66	
Other Financial Assets	10	-	-	5.94	5.94	5.94	
Cash and Cash Equivalents	15	-	-	11,808.85	11,808.85	11,808.85	
Bank balances other than above	16	-	-	598.45	598.45	598.45	
<b>Total</b>		<b>1.10</b>	<b>94,642.74</b>	<b>55,886.49</b>	<b>150,530.33</b>	<b>150,530.33</b>	
<b>As at 31st March, 2017</b>							
Investments	7	99.59	-	-	99.59	99.59	Level 1
Investments in Mutual Funds	13	-	95,862.37	-	95,862.37	95,862.37	
Trade Receivables	8, 14	-	-	49,606.01	49,606.01	49,606.01	
Loans	9, 17	-	-	318.61	318.61	318.61	
Cash and Cash Equivalents	15	-	-	24,169.38	24,169.38	24,169.38	
Bank balances other than above	16	-	-	609.97	609.97	609.97	
<b>Total</b>		<b>99.59</b>	<b>95,862.37</b>	<b>74,703.97</b>	<b>170,665.93</b>	<b>170,665.93</b>	

## B. Financial liabilities :

(₹ in Lacs)

Particulars	Note	Instruments carried at			Total carrying amt.	Total fair value
		At Cost	Fair Value	Amortized cost		
			FVTPL	Carrying amount		
<b>As at 1st April, 2015</b>						
Borrowings	21, 24	-	-	6,412.67	6412.67	6412.67
Trade Payables	25	-	-	11,909.51	11909.51	11909.51
Other Financial Liabilities	26	-	-	3459.98	3459.98	3459.98
<b>Total</b>		<b>-</b>	<b>-</b>	<b>21,782.16</b>	<b>21,782.16</b>	<b>21,782.16</b>
<b>As at 31st March, 2016</b>						
Borrowings	21, 24	-	-	15,055.07	15055.07	15055.07
Trade Payables	25	-	-	9,837.56	9837.56	9837.56
Other Financial Liabilities	26	-	-	3,341.21	3341.21	3341.21
<b>Total</b>		<b>-</b>	<b>-</b>	<b>28,233.84</b>	<b>28,233.84</b>	<b>28,233.84</b>
<b>As at 31st March, 2017</b>						
Borrowings	21, 24	-	-	11,579.21	11579.21	11579.21
Trade Payables	25	-	-	12065.15	12065.15	12065.15
Other Financial Liabilities	26	-	-	2,456.62	2456.62	2456.62
<b>Total</b>		<b>-</b>	<b>-</b>	<b>26,100.98</b>	<b>26,100.98</b>	<b>26,100.98</b>



# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## NOTE - 45 LEASE RENTALS

### Future Minimum Lease Payments

As at 31st March, the future minimum lease payments to be made under non-cancellable operating leases are as follows: -

Particulars	(₹ in Lacs)		
	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Payable in less than one Year	38.37	31.74	44.53
Payable between one and five years	10.94	13.67	26.41
Payable after more than five years	-	-	-

### Amount Recognised in Profit or Loss

Particulars	(₹ in Lacs)	
	As at 31st March, 2017	As at 31st March, 2016
Lease expense-Minimum Lease Payments	73.06	76.34
Contingent rent expense,if any	-	-

## NOTE - 46 NOTE ON CORPORATE SOCIAL RESPONSIBILITY

Based on the Guiding Notes on Accounting for Expenditure on Corporate Social Responsibility (CSR) Activities 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 during the Financial Year 2016-17:

Sr.No	Particulars	(₹ in Lacs)	
		Amount	Amount
1.	Prescribed CSR Expenditure (2% of Avg. Net Profit)		969.08
2.	Details of CSR Expenditure during the Financial Year 2016-17		
	Cl. (i) – Promoting Healthcare including preventing Health care	100.00	
	Cl. (iii) – Promoting Education	25.00	
	Cl. (iv) – Ensuring Environmental sustainability	3.63	
	Cl. (v) – Protecting of National Heritage , Art	10.00	
	Cl. – AIA CSR Foundation as per Schedule VII of the Companies Act, 2013	480.00	
	Total Amount Spent during the year 2016-17		618.63
3.	Amount Unspent, if any.		350.45

# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## NOTE -47 ADDITIONAL INFORMATION AS REQUIRED BY SCHEDULE III OF COMPANIES ACT, 2013.

(₹ in Lacs)

Sr. No.	Name of the entity	Net Assets i.e. Total assets minus Total Liabilities		Share in Profit or Loss (31-03-2017)		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of Consolidated net assets	Amount	As % of Consolidated Profit or Loss	Amount	As % of Consolidated Other Comprehensive Income	Amount	As % of Consolidated total Comprehensive Income	Amount
	<b>Parent</b>								
1	AIA Engineering Limited	87.92	2,42,207.97	82.78	41,731.35	9.47	(169.33)	85.48	41,562.02
	Subsidiaries								
	<b>Indian</b>								
2	Welcast Steels Limited	1.16	3,188.79	0.35	176.49	0.46	(8.26)	0.34	168.23
	<b>Foreign</b>								
3	Vega Industries (Middle East) FZC	10.92	30,077.44	16.87	8,504.82	90.07	(1,610.90)	14.18	6,893.92
4	Sub-Total	100.00	2,75,474.20	100.00	50,412.66	100.00	(1,788.49)	100.00	48,624.17
	Non-Controlling Interests in Subsidiaries								
	<b>Indian</b>								
5	Welcast Steels Limited		801.98		44.39		(2.08)		42.31
6	Adjustments arising out of consolidation		(3,748.89)		(4,691.34)		-		(4,691.34)
7	<b>Total (4-6)</b>		<b>2,71,725.31</b>		<b>45,721.32</b>		<b>(1,788.49)</b>		<b>43,932.83</b>

### NOTE - 48.

Previous Year's figures have been regrouped, reclassified and rearranged wherever necessary to confirm to current year presentation.

Figures pertaining to the subsidiaries have been re-classified wherever necessary to bring them in line with the group consolidated financial statements.

### NOTE-49. FIRST TIME ADOPTION OF IND AS :

As stated in Significant Accounting Policies these are the first financial statements prepared in accordance with Ind AS. For the year ended 31st March, 2016 the Group had prepared its financial statements in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act") read with rule 7 of the Companies (Accounts) Rules, 2014 and the other relevant provisions of the Act.

The accounting policies set out in Significant Accounting Policies have been applied in preparing these financial statements for the year ended 31st March, 2017 including the comparative information for the year ended 31st March, 2016 and the opening Ind AS balance sheet on the date of transition i.e 1st April, 2015.

In preparing its Ind AS balance sheet as at 1st April, 2015 and in presenting the comparative information for the year ended 31st March, 2016, the Group has adjusted amounts reported previously in financial statements prepared in accordance with IGAAP. This note explains the principal adjustments made by the Group in restating its financial statements prepared in accordance with IGAAP and how the transition from IGAAP to Ind AS has affected the Group's financial position, financial performance and cash flows.

Set out below are the applicable Ind AS 101 optional Exemptions and Mandatory Exceptions applied in the transition from IGAAP to Ind AS:

#### A. Optional exemptions availed :

##### 1 Business Combinations :

The Group has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the date of transition to Ind AS. Consequently,

- i. The Group has kept the same classification for the past business combinations as in its IGAAP financial Statements.





# Notes

## to the Consolidated Financial Statements for the financial year ended 31st March, 2017

- ii. The Group has tested the goodwill for impairment at the date of transition based on the conditions as of the date of transition.
- iii. Goodwill previously included within Intangible assets under IGAAP have been recognised separately in the opening Balance Sheet in accordance with Ind AS 103.
- iv. Goodwill represents the amount recognized under the IGAAP subject to specific adjustments as prescribed under Ind AS 101.

### 2 Deemed Cost - Property, Plant and Equipment and intangible assets:

As permitted by Ind AS 101, the Group has elected to continue with the carrying value of all of its Property, Plant and Equipment and intangible assets recognised as of 1st April, 2015 (date of transition) measured as per the IGAAP and used that carrying value as its deemed cost as of the date of transition.

### 3 Cumulative Translation Differences on foreign operations:

As per Ind AS 101, an entity may deem that the cumulative translation differences for all foreign operation to be zero as at the date of transition by transferring any such cumulative difference to retained The Group has elected to avail of this exemption.

### 4 Long Term Foreign Currency Monetary Items:

The Group has opted for the exemption given in para D-13 AA of Ind AS 101 in respect of long term foreign currency monetary items. The exchange differences arising on reporting of long term foreign currency items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset.

## B. Mandatory Exceptions:

### 1 Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS presented in the entity's first Ind AS financial statements as the case may be, should be consistent with estimates made for the same date in accordance with the IGAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under IGAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Group's estimates under Ind AS are consistent with the above requirements. Key estimates considered in preparation of the financial statements that were not required under the previous IGAAP are listed below.

- i. Fair valuation of financial instruments carried at FVTPL and/or FVOCI.
- ii. Impairment of financial assets based on the expected credit loss model.
- iii. Determination of the discounted value for financial instruments carried at amortized cost.

### 2 Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 101, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS.

However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Group has elected to apply the derecognition principles of Ind AS 109 prospectively.

### 3 Classifications and Measurement of Financial Assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of facts and circumstances that exists at the date of transition to Ind AS

### 4 Non- Controlling Interests

Ind AS 110 requires that total comprehensive income should be attributed to the owners of the parent and the NCI even if this results in the NCI having a negative balance. Ind AS 101 requires this requirement to be applied prospectively from the date of transition to Ind AS. However, if an entity elects to apply Ind AS 103 retrospectively to past business conditions, it has to also apply Ind AS 110 from the same date.

The Group has elected to apply Ind AS 103 prospectively to business combinations.

# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## Effects of Ind AS adoption on Consolidated Balance Sheet at 31st March, 2016 and 1st April, 2015

(₹ in Lacs)

Particulars	Note no	As at 31st March, 2016 (End of last period presented as per IGAAP)			As at 1st April, 2015 (Date of Transition)		
		As per IGAAP*	Adjustments on transition to Ind AS	As per Ind AS	As per IGAAP*	Adjustments on transition to Ind AS	As per Ind AS
<b>(I) Non-current assets</b>							
(a) Property, Plant and Equipment	h	65,044.93	1.51	65,046.44	53,026.10	8.17	53,034.27
(b) Capital Work-in-Progress		3,780.03	-	3,780.03	4,647.57	-	4,647.57
(c) Goodwill	a	307.13	153.56	460.69	460.69	-	460.69
(d) Goodwill on consolidation		1,504.88	-	1,504.88	1,492.37	-	1,492.37
(e) Other Intangible Assets		208.78	-	208.78	165.09	-	165.09
(f) Financial Assets							
(i) Investments		1.10	-	1.10	0.10	-	0.10
(ii) Trade Receivables		76.97	-	76.97	117.68	-	117.68
(iii) Loans		163.34	-	163.34	131.66	-	131.66
(iv) Others		5.94	-	5.94	306.46	-	306.46
(g) Other Non-Current Assets	i	1,827.31	(4.35)	1,822.96	3,208.09	(4.35)	3,203.74
<b>(II) Current assets</b>							
(a) Inventories	h	38,929.45	(17.29)	38,912.16	45,963.67	(17.27)	45,946.40
(b) Financial Assets							
(i) Investments	b	89,091.36	5,551.38	94,642.74	63,695.70	1,607.59	65,303.29
(ii) Trade Receivables		43,044.62	-	43,044.62	39,375.49	-	39,375.49
(iii) Cash and Cash Equivalents	i	11,808.85	-	11,808.85	18,383.22	11.55	18,394.77
(iv) Bank balances other than (iii) above	i	598.45	-	598.45	296.12	(11.55)	284.57
(v) Loans	j	188.32	-	188.32	112.18	(6.66)	105.52
(c) Other Current Assets	c,i,j	16,194.00	6.20	16,200.20	22,807.39	(175.43)	22,631.96
<b>Total Assets</b>		<b>2,72,775.46</b>	<b>5,691.01</b>	<b>2,78,466.47</b>	<b>2,54,189.58</b>	<b>1,412.05</b>	<b>2,55,601.63</b>



# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

Particulars	Note no	As at 31st March, 2016 (End of last period presented as per IGAAP)			As at 1st April, 2015 (Date of Transition)		
		As per IGAAP*	Adjustments on transition to Ind AS	As per Ind AS	As per IGAAP*	Adjustments on transition to Ind AS	As per Ind AS
<b>EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
(a) Equity Share capital		1,886.41	-	1,886.41	1,886.41	-	1,886.41
(b) Other Equity	a,b,c, d,e,g	2,26,347.78	4,031.47	2,30,379.25	2,06,474.14	9,355.58	2,15,829.72
(c) Non-Controlling Interests		764.14	(4.73)	759.41	773.42	0.96	774.38
<b>Liabilities</b>							
(I) Non-current liabilities							
(a) Financial Liabilities							
(i) Borrowings		2,528.76	-	2,528.76	5,507.39	-	5,507.39
(b) Provisions		1,046.93	-	1,046.93	1,002.28	-	1,002.28
(c) Deferred Tax Liabilities (Net)	d	3,291.44	1,664.27	4,955.71	2,464.63	1,148.23	3,612.86
(II) Current liabilities							
(a) Financial Liabilities							
(i) Borrowings		12,526.31	-	12,526.31	905.28	-	905.28
(ii) Trade Payables	k	9,826.47	-	9,826.47	11,911.45	(1.94)	11,909.51
(iii) Other Financial Liabilities		3,341.21	-	3,341.21	3,459.98	-	3,459.98
(b) Other Current Liabilities	k	6,907.84	-	6,907.84	6,722.92	4.38	6,727.30
(c) Provisions	e	4,308.17	-	4,308.17	13,081.68	(9,095.16)	3,986.52
<b>Total Equity and Liabilities</b>		<b>2,72,775.46</b>	<b>5,691.01</b>	<b>2,78,466.47</b>	<b>2,54,189.58</b>	<b>1,412.05</b>	<b>2,55,601.63</b>

\*The IGAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

## Statement of Reconciliation of Equity (Shareholders' funds) as at 31st March, 2016 and 1st April, 2015

(₹ in Lacs)

Particulars	Note No	As at 31st March, 2016	As at 1st April, 2015
<b>Total Equity (Shareholders' Fund) as per IGAAP</b>		2,28,234.19	2,08,360.55
Accounting of Financial Instruments at fair value	c	(6,832.64)	(726.18)
Fair valuation of Investments	b	3,943.79	1,607.59
Amortisation of Goodwill reversed	a	146.90	-
Tax Adjustments including Deferred Tax	d	(956.25)	(1,018.61)
Reversal of Dividend and Tax thereon	e	(9,095.16)	9,095.16
Others		16,824.83	397.62
<b>Total Equity as per Ind AS</b>		<b>2,32,265.66</b>	<b>2,17,716.13</b>

# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## Effects of Ind AS adoption on Consolidated Statement of Profit & Loss for the year ended 31st March, 2016

(₹ in Lacs)

Sr. No	Particulars	Note No	Year ended 31st March, 2016 (End of last period presented as per IGAAP)		
			As per IGAAP*	Adjustments on transition to Ind AS	As per Ind AS
I	Revenue from Operations	f	2,17,238.84	-	2,17,238.84
	Less : Central Excise Duty		(7,399.70)	7,399.70	-
	Revenue from Operations (Net)		2,09,839.14	7,399.70	2,17,238.84
II	Other Income	b,c	5,913.46	4,280.34	10,193.80
III	Total Income (I +II)		2,15,752.60	11,680.04	2,27,432.64
IV	EXPENSES				
	Cost of Materials Consumed		67,257.60	-	67,257.60
	Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress		4,238.97	-	4,238.97
	Excise Duty on Sales	f	-	7,399.70	7,399.70
	Employee Benefits Expense	g	10,220.23	22.81	10,243.04
	Finance Costs		487.27	-	487.27
	Depreciation and Amortisation Expense	a,h	6,698.50	(146.90)	6,551.60
	Other Expenses	c,k	66,986.95	181.64	67,168.59
	<b>Total Expenses (IV)</b>		<b>1,55,889.52</b>	<b>7,457.25</b>	<b>1,63,346.77</b>
V	Profit before tax (III- IV)		59,863.08	4,222.79	64,085.87
VI	Tax Expense				
	(1) Current Tax	d	16,624.15	(147.68)	16,476.47
	(2) Deferred Tax	d	826.05	1,103.93	1,929.98
VII	Profit for the year (V - VI)		42,412.88	3,266.54	45,679.42
VIII	Other Comprehensive Income				
A	(i) Items that will not be reclassified to profit or loss	c	-	22.81	22.81
B	(i) Items that will be reclassified to profit or loss		-	509.01	509.01
	(ii) Income tax relating to items that will be reclassified to profit or loss	d	-	(151.67)	(151.67)
	<b>Sub Total(A+B)</b>		<b>-</b>	<b>380.15</b>	<b>380.15</b>
IX	Total Comprehensive Income for the period (VII + VIII) (Comprising Profit and Other Comprehensive Income for the period)		42,412.88	3,646.69	46,059.57
	Profit for the year attributable to:				
	- Owners of the Company		42,422.17	3,265.12	45,687.29
	- Non-controlling interests		(9.29)	1.42	(7.87)
	Total Comprehensive Income for the year attributable to:				
	- Owners of the Company		42,422.17	3,648.51	46,070.68
	- Non-controlling interests		(9.29)	(1.82)	(11.11)
	Earnings per equity share (Face Value of ₹ 2/- each)				
	Basic and Diluted (₹)		44.98	3.46	48.44

\*The IGAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.



# Notes

to the Consolidated Financial Statements for the financial year ended 31st March, 2017

## Statement of Reconciliation of total comprehensive income for the year ended 31st March, 2016

(₹ in Lacs)

Particulars	Note No.	Year ended 31st March, 2016 (End of last period presented as per IGAAP)
Net Profit after Tax previously presented under IGAAP		42,422.17
Add:		
1) Excise Duty	f	7,399.70
2) Adjustment on account of fair value of Investments	b	3,943.79
3) Effect of Current Tax	d	147.68
4) Impact on Amortization	a	146.90
5) Adjustment on account of Hedge Accounting	c	154.91
6) Adjustment on account of non controlling interest		1.82
<b>Sub Total</b>		<b>11,794.80</b>
Less:		
1) Excise Duty	f	7,399.70
2) Remeasurements of Defined Benefit Plans	g	22.81
3) Effect of Deferred Tax	d	1,103.93
<b>Sub Total</b>		<b>8,526.44</b>
<b>Net Profit after Tax before OCI as per IND AS</b>		<b>45,690.53</b>
Other Comprehensive Income		380.15
<b>Total Comprehensive Income as per IND AS</b>		<b>46,070.68</b>

Note: Under previous IGAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit previously reported under IGAAP

## Effects of Ind AS adoption on Consolidated Cash Flow statement for the year ended 31st March, 2016

(₹ in Lacs)

Particulars	"Year ended 31st March, 2016 (End of last period presented as per IGAAP)"		
	As per IGAAP*	Adjustments on transition to Ind AS	As per Ind AS
Net Cash Inflow (Outflow) from Operating Activities	54,701.67	4,797.25	59,498.92
Net Cash Inflow (Outflow) from Investing Activities	(40,134.40)	(4,797.25)	(44,931.65)
Net Cash Inflow (Outflow) from Financing Activities	(20,839.31)	-	(20,839.31)
Net Cash Inflow (Outflow)	(6,272.04)	-	(6,272.04)
<b>Cash and Cash Equivalents as at 1st April, 2015</b>	<b>18,679.34</b>	<b>-</b>	<b>18,679.34</b>
<b>Cash and Cash Equivalents as at 31st March, 2016</b>	<b>12,407.30</b>	<b>-</b>	<b>12,407.30</b>

\*The IGAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purposes of this note.

### Notes to first time adoption

#### a. Goodwill :

Under previous GAAP goodwill had been amortized. Under Ind AS Goodwill is not amortized and is tested annually for impairment. Accordingly, amortized amount of goodwill is written back.

#### b. Investment :

Under previous GAAP, investment in mutual funds were classified in to current investments. Current Investment were carried at lower of cost or fair value. Under Ind AS these investments are required to be measured at Fair Value either Through OCI (FVTOCI) or through Profit & loss (FVTPL) .The group has opted to Fair Value these investments Through Profit & loss (FVTPL). Accordingly, resulting fair value change of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit & loss account for the year ended 31<sup>st</sup> March, 2016.

# Notes

## to the Consolidated Financial Statements for the financial year ended 31st March, 2017

### c. Hedging Instruments :

Under the previous GAAP, Group had used principle of AS – 30 to the extent it does not conflict with accounting standards specified under section 133 of Companies act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014 i.e. AS-11. Now under Ind AS-109, all Derivatives are recognised at fair value and are re-measured at subsequent reporting dates. Hence, there is change in accounting treatment of derivatives which had earlier been recognised under AS-11.

### d. Deferred Taxes :

Under previous GAAP, deferred taxes were recognised based on Profit & loss approach i.e. tax impact on difference between the accounting income and taxable income. Under Ind AS, deferred tax is recognised by following balance sheet approach i.e. tax impact on temporary difference between the carrying value of assets and liabilities in the books and their respective tax base.

### e. Proposed Dividend :

Under the previous GAAP, dividend proposed by the board of directors after the balance sheet date but before the approval of the financial statements were considered as subsequent events. Accordingly, provision for proposed dividend including distribution tax was recognised as liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting.

### f. Excise Duty :

Under the previous GAAP, revenue from sale of goods was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses.

### g. Remeasurement of post Employment Benefit Obligations :

Under the previous GAAP, cost relating to post employment benefit obligations including actuarial gain / losses were recognised in Profit & Loss. Under Ind AS, actuarial gain / losses on the net defined benefit liability are recognised in other comprehensive income instead of profit & loss.

### h. Capitalisation of Stores as per Ind AS 16.

Under Ind AS, stores which meet the definition of Property, Plant and Equipment are to be capitalised. Accordingly Stores have been capitalised & Correspondingly depreciation has been changed.

### i. Re-classification between Cash and Cash equivalents and Other Bank Balances & other current and non current assets

In terms of Ind AS few items has been re-classified between Cash and Cash Equivalents and other bank balances & other current and non current assets.

### j. Loans

As per Ind AS, the loans have been reclassified to advance to staff.

### k. De-recognition of Prior Period Expense:

As per Ind AS prior period expenses are to be accounted in the financial year to which they relate to. Accordingly the prior period expenses de-recognised and adjusted in Retained Earnings.

As per our report of even date attached.

#### For TALATI & TALATI

Chartered Accountants  
(Firm Regn.No.110758W)

#### ANAND SHARMA

Partner  
Membership No.129033  
PLACE : AHMEDABAD  
DATE : 25th May, 2017

#### RAJENDRA S. SHAH

Chairman  
(DIN : 00061922)

For and on behalf of the Board of Directors,

#### BHADRESH K. SHAH

Managing Director  
(DIN : 00058177)

#### KUNAL D. SHAH

Executive Director - Finance

PLACE : AHMEDABAD

DATE : 25th May, 2017

#### YASHWANT M. PATEL

Whole-Time Director  
(DIN : 02103312)

#### S. N. JETHELIYA

Company Secretary  
ACS : 5343

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