



AIA Engineering Limited

[CIN:L29259GJ1991PLC015182]

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Odhav, Ahmedabad - 382 410

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NOTICE

Notice is hereby given that the **TWENTY NINTH ANNUAL GENERAL MEETING** of the members of **AIA ENGINEERING LIMITED** will be held on Monday, the 12 August 2019 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, 2019 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 declare Dividend on Equity Shares for the Financial Year ended 31st March, 2019.
3. 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.

SPECIAL BUSINESS:

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

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI LODR Regulations") the approval of the members be and is hereby accorded to the material related party transactions entered/to be entered into and carried out in the ordinary course of business and at arm's length price with Welcast Steels Limited (WSL), a Subsidiary of the Company and Related Party as per Indian Accounting Standard (Ind AS) 24, for the purchase of goods during the period from 1st April, 2019 to 31st March, 2020 for an aggregate amount, which may exceed the threshold limit of 10 percent of annual consolidated turnover of the Company for the Financial Year 2018-19 on the terms and conditions as mentioned in the Contract Manufacturing Agreement entered into by the Company with WSL on 1st January, 2019.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other provisions, if any, of the Companies Act 2013, read with Companies [Audit and Auditors] Rules, 2014 [including any statutory modification (s) or re-enactment(s) thereof for the time being in force], the consent of the members be and is hereby accorded to ratify the remuneration, decided by the Board of Directors on the recommendations of the Audit Committee, of ₹ 4.00 Lakhs payable to M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad appointed by the Board to conduct the audit of cost records of the Company for the Financial Year ending on 31st March, 2020.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

"RESOLVED THAT in accordance with the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Rules made thereunder, read with Schedule IV of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force) and as recommended by Nomination and Remuneration Committee, Mrs. Janaki Udayan Shah (DIN: 00343343), who was appointed as an Additional Director of the Company with effect from 26th March, 2019, pursuant to Section 161 of the Act and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her appointment as an Independent Director and who has submitted the declaration that she meets the criteria of Independence as provided under the Act and the SEBI LODR Regulations, be and is hereby appointed as an Independent Director of the Company to hold office for a term of 5 (five) consecutive years with effect from 12th August, 2019."



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

“RESOLVED THAT pursuant to the provisions of Section 197 and 198 and any other applicable provisions of the Companies Act, 2013 (Act) and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17(6) (ca) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”) Regulations as amended by the SEBI LODR Regulations (Amendment) Regulations, 2018, a sum of ₹ 22.50 Lakh per annum be paid to and distributed to Mr. Sanjay S. Majmudar (DIN: 00091305), a Non-Executive, Independent - Director of the Company by way of Commission and/or in such manner as may be decided between him and Company and such payments shall be made in respect of the profits of the Company for Financial Year 2019-20.

RESOLVED FURTHER THAT the above remuneration shall be in addition to the fees payable to the Director(s) for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other meetings.”

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

“RESOLVED THAT pursuant to the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulations 17(1A), 25 and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”) (including any statutory modification (s) or re-enactment thereof, for the time being in force), Mr. Rajendra S. Shah (DIN: 00061922), who was appointed as an Independent Director for first term of five (5) consecutive years from 11.09.2014 to 10.09.2019 and being eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five (5) consecutive years from 11th September, 2019 even after he attains the age of seventy five years.”

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 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 25 and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”) (including any statutory modification (s) or re-enactment thereof, for the time being in force), Mr. Sanjay S. Majmudar (DIN: 00091305), who was appointed as an Independent Director for first term of five (5) consecutive years from 11.09.2014 to 10.09.2019 and being eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five (5) consecutive years from 11th September, 2019.”

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 the provisions of Section 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 25 and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”) (including any statutory modification (s) or re-enactment thereof, for the time being in force), Mr. Dileep C. Choksi (DIN: 00016322), who was appointed as an Independent Director for first term of five (5) consecutive years from 11.09.2014 to 10.09.2019 and being eligible for re-appointment, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a second term of five (5) consecutive years from 11 September 2019.”

By Order of the Board of Directors,

Place: Ahmedabad
Date: 27th May 2019

(S. N. Jetheliya)
Company Secretary

NOTES

1. The Explanatory Statements, pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business to be transacted at the meeting, are annexed hereto.

2. 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, authorising 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, 6th August, 2019 to Monday, 12th August, 2019 (both days inclusive) for annual closing and determining the entitlement of the members to the Dividend for the Financial Year 2018-19.

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. A Dividend of ₹ 9/- per share (450%) has been declared by the Board of Directors during the year ended 31 March 2019 subject to the approval of members at the ensuing Annual General Meeting, is proposed to be paid on or before 10 September 2019.

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 2018-19 is being 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 2018-19 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 on 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.

Those members who have so far not en-cashed their dividend warrants for the below mentioned financial years, may claim or approach the Company for the payment thereof as the same will be transferred to the Investors' Education and Protection Fund (IEPF) of the Central Government, pursuant to Section 125 of the Companies Act, 2013. Members are requested to note that after such dates, the members can claim their dividend from IEPF Authority.



Sr. No.	Financial Year	Type of Dividend	Due date of Transfer to IEPF
1.	2011-12	Final Dividend	18.09.2019
2.	2012-13	Final Dividend	07.09.2020
3.	2013-14	Final Dividend	17.10.2021
4.	2014-15	Final Dividend	30.10.2022
5.	2015-16	Interim & Special Interim	15.04.2023
6.	2016-17	Interim Dividend	21.03.2024
7.	2016-17	Final Dividend	19.09.2024
8.	2017-18	Interim Dividend	28.04.2025

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 name 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. 5 August 2019 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-Executive Non-Independent Director of the Company will retire by rotation at the ensuing 29th Annual General Meeting of the members of the Company and being eligible, has offered herself re-appointment.

Mr. Rajendra S. Shah (DIN- 00061922), Mr. Sanjay S. Majmudar (DIN - 00091305) and Mr. Dileep C. Choksi (DIN - (00016322) have been appointed as Independent Directors for a period of 5 consecutive years from 11.09.2014 to 10.09.2019. The Board, on the recommendation of Nomination and Remuneration Committee, has re-appointed them as Independent Directors for a further period of 5 consecutive years from 11 September 2019 and proposed respective resolutions for member's approval at the ensuing Annual General Meeting.

Mrs. Janaki Udayan Shah (DIN: 00343343), who has been appointed as an Additional Director of the Company by the Board of Directors with effect from 26th March, 2019 and who holds office of a Director upto the date of this Annual General Meeting is being appointed as an Independent Director of the Company for a period of five consecutive years with effect from 12 August 2019 and proposed respective 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 LODR Regulations") relating to Corporate

Governance, a Statement containing brief resume of the above Directors together with the details of shares held by them, if any, is annexed hereto.

REQUEST TO THE MEMBERS

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. 4:

Welcast Steels Limited, (WSL), is a Subsidiary of the Company. The Company is holding 74.85% Shares in the Equity Share Capital of WSL. WSL is a Related Party as per definition under Section 2 (76) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations").

The provisions of Section 188 of the Companies Act, 2013 read with Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time exempts any transactions entered into by the Company in its ordinary course of business and done at arm's length price, from the requirement of prior approval of the members by way of an Ordinary Resolution.

Transactions to be entered into / carried out with WSL are of purchase and sale of goods. Omnibus approval of the Audit Committee has been obtained at its meeting held on 8 February 2019.

Mr. Bhadresh K. Shah, Managing Director, Mr. Rajendra S. Shah, Chairman, Mr. Sanjay S. Majmudar, Director, Mrs. Khushali S. Solanki, Director, all being Directors in WSL and Mr. S. N. Jetheliya, Company Secretary who is also a Company Secretary of WSL are related to WSL.

Further, Regulation 23 of SEBI LODR Regulations (as amended w.e.f. 01.04.2019) requires that the entities/persons falling under the definition of related party shall not vote to approve the relevant transaction irrespective of whether the entity/person is a party to the transaction or not. Accordingly, all the above persons being related shall not vote to approve this resolution of the notice.

The annual consolidated turnover as per the audited Financial Statements for the year ended 31 March 2019 is ₹ 2,967.43 crore. It is presumed that the transactions to be entered in the Current Financial Year of 2019-20 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 2019-20, in ordinary course of business and at arm's length price, is being sought by way of abundant caution and as a proactive measure.

Except Mr. Bhadresh K. Shah, Managing Director, Mr. Rajendra S. Shah, Chairman, Mr. Sanjay S. Majmudar, Director, Mrs. Khushali S. Solanki, Director and Mr. S. N. Jetheliya, Company Secretary of the Company and their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives, are in any way concerned or interested in the said Resolution.

The Board recommends the Ordinary Resolution set out at Item No. 4 for the approval of Members.

ITEM NO. 5.

The Board of Directors on the recommendation of the Audit Committee, re-appointed M/s. Kiran J. Mehta, Cost Accountants, Ahmedabad as the Cost Auditors to carry out the audit of cost records of the Company for the Financial Year 2019-20 and fixed remuneration of ₹ 4.00 Lakhs plus applicable tax and out of pocket expenses.

As per the provisions of Section 148 of the Companies Act, 2013 read with the Companies [Audit and Auditors] Rules, 2014, the remuneration fixed by the Board of Directors shall be ratified by the members by passing a resolution.

Accordingly, consent of the members is being sought for passing an Ordinary Resolution for ratification of remuneration payable to the Cost Auditors to carry out the audit of cost records of the Company for the Financial Year 2019-20.

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 the Ordinary Resolution set out at Item No. 5 for the approval of Members.

ITEM NO. 6.

The Board of Directors appointed Mrs. Janaki Udayan Shah (DIN: 00343343) as an Additional Director of the Company who holds office as an Additional Independent Director with effect from 26 March 2019 upto ensuing 29th Annual General Meeting of the Company.

Pursuant to the First Proviso to Regulation 17 (1) (a) of SEBI LODR Regulations, it is proposed to appoint Mrs. Janaki Udayan Shah (DIN: 00343343) as an Independent Director of the Company for a period of five years with effect from 12th August, 2019.

Mrs. Janaki Udayan Shah (DIN : 00343343) is not disqualified from being appointed as an Independent Director in terms of Section 164 of the Act and has provided her consent to act as an

Independent Director. Section 149 of the Companies Act, 2013 and Regulation 16 of the SEBI LODR Regulations (as amended from time to time) stipulate the criteria of Independence and Mrs. Janaki Udayan Shah (DIN:00343343) fulfills those criteria and also possesses appropriate skills, expertise and knowledge in textile manufacturing and computer education fields. A brief profile of Mrs. Janaki Udayan Shah (DIN: 00343343) as per the SEBI LODR Regulations is annexed to this Notice.

In opinion of the Board, Mrs. Janaki Udayan Shah (DIN:00343343) fulfills the conditions specified in the Act and rules made thereunder for her appointment as an Independent Director of the Company. Copy of the draft letter of appointment of Mrs. Janaki Udayan Shah (DIN: 00343343) as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on working days.

Considering her eminence, rich experience and expertise in different fields, it will be in the best interest of the Company to appoint her as an Independent Director. The Board consider that her continued association with the Company would be of immense benefit and is desirable to avail the services of Mrs. Janaki Udayan Shah (DIN : 00343343) as an Independent Director of the Company.

Except Mrs. Janaki Udayan Shah (DIN: 00343343), none of the Directors, Key Managerial Personnel or their relatives can be considered to be interested in or concerned in the resolution.

The Board recommends the Ordinary Resolution set out at Item No. 6 for the approval of Members.

This explanatory statement may also be regarded as a disclosure under the Act and as SEBI LODR Regulations.

ITEM NO. 7

As per Regulation 17(6) (ca) of the SEBI LODR Regulations as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, approval of shareholders by Special Resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty (50%) per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof.

In view of the above provisions read with Sections 149, 197 & 198 and any other relevant provisions of the Companies Act, 2013 and after taking into account the roles and responsibilities of the Directors, it is proposed that Mr. Sanjay S. Majmudar (DIN: 00091305), a Non-Executive, Independent - Director of the

Company be paid a remuneration of ₹ 22.50 Lakhs per annum. This remuneration will be paid to him in accordance with the directions given by the Board of Directors and subject to any other applicable requirements under the Companies Act, 2013.

This remuneration is in addition to fee payable to the Directors for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, and reimbursement of expenses for participation in the Board and other meetings.

Accordingly, the approval of the Members is sought by way of a Special Resolution under Regulation 17(6) (ca) of the SEBI LODR Regulations as amended from time to time for payment of remuneration by way of Commission to Mr. Sanjay S. Majmudar, a Non-Executive, Independent - Director of the Company.

Except Mr. Sanjay S. Majmudar, none of the Directors, Key Managerial Personnel or their relatives can be considered to be interested in or concerned in the resolution.

The Board recommends the Special Resolution set out at Item No. 7 for the approval of Members.

ITEM NO. 8

Mr. Rajendra S. Shah (DIN:00061922) was appointed as Non-Executive Independent Director by the members of the Company in their Twenty Fourth Annual General Meeting of the Company held on 11 September 2014 for a term of five consecutive years with effect from 11 September 2014 to 10 September 2019.

The Nomination and Remuneration Committee ("NRC") of the Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Mr. Rajendra S. Shah as an Independent Director for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation and as per the recommendation of the NRC, considers that, given his background and rich experience and valuable contribution made by him during his tenure, the continued association of Mr. Rajendra S. Shah would be beneficial to the Company and it is desirable to continue to avail his service as an Independent Director. Accordingly, it is proposed to re-appoint Mr. Rajendra S. Shah as an Independent Director of the Company, not liable to retire by rotation, for a second term of 5 (five) consecutive years on the Board of the Company.

Mr. Rajendra S. Shah is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 ("Act") and has given his consent to act as a Director.



The Company has also received declaration from Mr. Rajendra S. Shah that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and Regulation 16 of SEBI LODR Regulations. Mr. Rajendra S. Shah is independent of the management.

As per Regulation 17(1A) of SEBI LODR Regulations, no listed Company shall appoint or continue the directorship of any person effective from 01.04.2019 as a non-executive director who has attained the age of seventy five years unless a Special Resolution is passed to that effect. During his second tenure as an Independent Director, Mr. Rajendra S. Shah will attain the age of seventy five years, it is required to obtain approval of shareholders by passing a Special Resolution.

On passing of this Special Resolution, the same shall also be treated as the Special Resolution passed under Regulation 17(1A) of SEBI LODR Regulations.

Relevant details as stipulated under Regulation 26(4) and 36(3) of the SEBI LODR Regulations and Secretarial Standard on General Meetings ("SS-2") issued by Institute of Company Secretaries of India, in respect of Mr. Rajendra S. Shah are annexed to the Notice.

Copy of the draft letter of appointment of Mr. Rajendra S. Shah setting out the terms and conditions of appointment is available for inspection without any fees by the members at the Registered Office of the Company during normal business hours on working days upto the date of AGM.

Mr. Rajendra S. Shah does not hold by himself or together with his relatives two percent or more of the total voting power in the Company.

Mr. Rajendra S. Shah is interested in the Resolution set out at Item No. 8 of the Notice with regard to his reappointment. Relatives of Mr. Rajendra S. Shah may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise in the resolution.

This explanatory statement may also be regarded as a disclosure under the Act and as per SEBI LODR Regulations. The Board recommends the Special Resolution set out at Item No. 8 of the Notice for approval by the Members.

ITEM NO. 9

Mr. Sanjay S. Majmudar (DIN:00091305) was appointed as Non-Executive Independent Director by the members of the Company in their Twenty Fourth Annual General Meeting of the Company held on 11th September, 2014 for a term of five consecutive years with effect from 11th September, 2014 to 10th September, 2019.

The Nomination and Remuneration Committee ("NRC") of the Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Mr. Sanjay S. Majmudar as an Independent Director for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation and as per the recommendation of the NRC, considers that, given his background and rich experience and valuable contribution made by him during his tenure, the continued association of Mr. Sanjay S. Majmudar would be beneficial to the Company and it is desirable to continue to avail his service as an Independent Director. Accordingly, it is proposed to re-appoint Mr. Sanjay S. Majmudar as an Independent Director of the Company, not liable to retire by rotation, for a second term of five (5) consecutive years on the Board of the Company.

Mr. Sanjay S. Majmudar is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 ("Act") and has given his consent to act as a Director.

The Company has also received declaration from Mr. Sanjay S. Majmudar that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and Regulations 16 of SEBI LODR Regulations.

In the opinion of the Board, Mr. Sanjay S. Majmudar possesses rich experience and expertise relevant to the Company and fulfills the conditions for re-appointment as an Independent Director as specified in the Act and the SEBI LODR Regulations. Mr. Sanjay S. Majmudar is independent of the management.

Relevant details as stipulated under Regulation 26(4) and 36(3) of the SEBI LODR Regulations and Secretarial Standard on General Meetings ("SS-2") issued by Institute of Company Secretaries of India, in respect of Mr. Sanjay S. Majmudar are annexed to the Notice.

Copy of the draft letter of appointment of Mr. Sanjay S. Majmudar setting out the terms and conditions of appointment is available for inspection without any fees by the members at the Registered Office of the Company during normal business hours on working days upto the date of AGM. Mr. Sanjay S. Majmudar does not hold by himself or together with his relatives two percent or more of the total voting power in the Company.

Mr. Sanjay S. Majmudar is interested in the Resolution set out at Item No. 9 of the Notice with regard to his reappointment. Relatives of Mr. Sanjay S. Majmudar may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/Key

Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise in the resolution.

This explanatory statement may also be regarded as a disclosure under the Act and as per SEBI LODR Regulations. The Board recommends the Special Resolution set out at Item No. 9 of the Notice for approval by the Members.

ITEM NO. 10

Mr. Dileep C. Choksi (DIN:00016322) was appointed as Non-Executive Independent Director by the members of the Company in their Twenty Fourth Annual General Meeting of the Company held on 11th September, 2014 for a term of five consecutive years with effect from 11th September, 2014 to 10th September, 2019.

The Nomination and Remuneration Committee ("NRC") of the Board of Directors, on the basis of the report of performance evaluation, has recommended re-appointment of Mr. Dileep C. Choksi as an Independent Director for a second term of 5 (five) consecutive years on the Board of the Company.

The Board, based on the performance evaluation and as per the recommendation of the NRC, considers that, given his background and rich experience and valuable contribution made by him during his tenure, the continued association of Mr. Dileep C. Choksi would be beneficial to the Company and it is desirable to continue to avail his service as an Independent Director. Accordingly, it is proposed to re-appoint Mr. Dileep C. Choksi as an Independent Director of the Company, not liable to retire by rotation, for a second term of five (5) consecutive years on the Board of the Company.

Mr. Dileep C. Choksi is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 ("Act") and has given his consent to act as a Director.

The Company has also received declaration from Mr. Dileep C. Choksi that he meets the criteria of independence as prescribed both under Section 149(6) of the Act and Regulation 16 of SEBI LODR Regulations.

In the opinion of the Board, Mr. Dileep C. Choksi possesses rich experience and expertise relevant to the Company and fulfills the conditions for re-appointment as an Independent Director as specified in the Act and the SEBI LODR Regulations. Mr. Dileep C. Choksi is independent of the management.

Relevant details as stipulated under Regulation 26(4) and 36(3) of the SEBI LODR Regulations and Secretarial Standard on General Meetings ("SS-2") issued by Institute of Company Secretaries of India, in respect of Mr. Dileep C. Choksi are annexed to the Notice.

Copy of the draft letter of appointment of Mr. Dileep C. Choksi setting out the terms and conditions of appointment is available for inspection without any fees by the members at the Registered Office of the Company during normal business hours on working days upto the date of AGM.

Mr. Dileep C. Choksi does not hold by himself or together with his relatives two percent or more of the total voting power in the Company.

Mr. Dileep C. Choksi is interested in the Resolution set out at Item No. 10 of the Notice with regard to his reappointment. Relatives of Mr. Dileep C. Choksi may be deemed to be interested in the resolution to the extent of their shareholding interest, if any, in the Company. Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise in the resolution.

This explanatory statement may also be regarded as a disclosure under the Act and as per SEBI LODR Regulations. The Board recommends the Special Resolution set out at Item No. 10 of the Notice for approval by the Members.

By Order of the Board of Directors,

Place: Ahmedabad
Date: 27th May 2019

(S. N. Jetheliya)
Company Secretary



RELEVANT DETAILS AS STIPULATED UNDER REGULATION 26(4) AND 36(3) OF THE SEBI LODR REGULATIONS AND SECRETARIAL STANDARD ON GENERAL MEETINGS (“SS-2”) ISSUED BY THE INSTITUTE OF COMPANY SECRETARIES OF INDIA, WITH REGARD TO THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING (REFER ITEM NO. 3, 6, 8 TO 10)

Name of the Director	Mrs. Khushali S. Solanki
Age	42 years
Date of first appointment on the Board of the Company	7 November 2014
Qualification	Diploma in Hotel Management
Experience (brief resume)	She possesses rich and varied experience in Production, Administration and Accounts.
Disclosure of Relationship	She is a daughter of Mr. Bhadrash K. Shah and sister of Mrs. Bhumika S. Shodhan.
No. of shares in the company	10010
Terms and Conditions of Re-appointment	As per Resolution at Item No. 3 of the Notice convening this Annual General Meeting, Mrs. Khushali S. Solanki is liable to retire by rotation and is proposed to be re-appointed as a Director of the Company.
Remuneration last drawn (including sitting fee if any)	₹ 0.75 Lakh (sitting fee)
Remuneration proposed to be paid	She shall be paid remuneration by way of sitting fee.
Number of meetings of the Board attended during the financial year	Please refer Corporate Governance Report section of the Annual Report 2018-19.
Directorship held in other public Companies	
Chairmanship/Membership of Committees of other Boards	
Name of the Director	Mrs. Janaki Udayan Shah
Age	67 years
Date of first appointment on the Board of the Company	26 th March, 2019
Qualification	Bachelor of Arts (Economics)
Experience (brief resume)	She has more than twenty years of experience including 10 years experience in the field of textiles manufacturing and computer education. She was the Managing Director of the Ahmedabad Kaiser-I-Hind Mills Ltd. as part of family owned composite textiles mills from 1988 to 1997 looking after spinning department and maintenance. She was a director of Shri Murli Packing and Trading Pvt. Ltd. from 1971 to 2017 which was thereafter converted into Shri Murli Packing and Trading LLP. She was a director in On Line Software Pvt. Ltd. from 1995 to 2000 and actively involved in the field of Computer Education as franchisee of TATA UNISYS LTD. Education Centre - TULEC. She is designated partner in On Line Services LLP from 2017.
Disclosure of Relationship	Not related to any Director/Key Managerial Personnel of the Company.
No. of shares in the company	—
Terms and Conditions of Appointment	As per Resolution at Item No. 6 of the Notice convening this Annual General Meeting read with Explanatory Statement thereto, Mrs. Janaki Udayan Shah is proposed to be appointed as an Independent Director of the Company for a 5 (five) consecutive years with effect from 12 August 2019.

Remuneration last drawn(including sitting fee if any)	--
Remuneration proposed to be paid	She shall be paid remuneration by way of sitting fee.
Number of meetings of the Board attended during the financial year	Please refer Corporate Governance Report Section of the Annual Report 2018-19.
Directorship held in other public Companies	
Chairmanship/Membership of Committees of other Boards	
Name of the Director	Mr. Rajendra S. Shah
Age	71 years
Date of first appointment on the Board of the Company	15 th March, 2005
Qualification	B.E. (Mech.)
Experience (brief resume)	He is a Industrialist and possesses entrepreneurial insight into running engineering business. He also possesses rich and varied experience in Administration and Finance. He is the Chairman and Managing Director of Harsha Engineering Ltd.
Disclosure of Relationship	Not related to any Director/Key Managerial Personnel of the company.
No. of shares in the company	847 Equity Shares of ₹ 2/- each
Terms and Conditions of Re-appointment	As per Resolution at Item No. 8 of the Notice convening this Annual General Meeting read with Explanatory Statement thereto, Mr. Rajendra S. Shah is proposed to be re-appointed as an Independent Director of the Company for a second term of five (5) consecutive years from 11 September 2019.
Remuneration last drawn(including sitting fee if any)	₹ 0.75 Lakh (sitting fee)
Remuneration proposed to be paid	He shall be paid remuneration by way of sitting fee.
Number of meetings of the Board attended during the financial year	Please refer Corporate Governance Report Section of the Annual Report 2018-19.
Directorship held in other public Companies	
Chairmanship/Membership of Committees of other Boards	
Name of the Director	Mr. Sanjay S. Majmudar
Age	56 years
Date of first appointment on the Board of the Company	7 May 2007
Qualification	B.Com, FCA & ACS
Experience (brief resume)	Mr. Sanjay S. Majmudar is a Practicing Chartered Accountant. He has got 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. He has contributed Papers and participated as Speaker on Corporate Laws in Seminars and Conferences hosted by ICAI and CA Association, Ahmedabad. He is also a regular Speaker in the MSOP Programme of the Institute of Company Secretaries of India, Ahmedabad Chapter.
Disclosure of Relationship	Not related to any Director/Key Managerial Personnel of the company
No. of shares in the company	—



Terms and Conditions of Re-appointment	As per Resolution at Item No. 9 of the Notice convening this Annual General Meeting read with Explanatory Statement thereto, Mr. Sanjay S. Majmudar is proposed to be re-appointed as an Independent Director of the Company for a second term of five(5) consecutive years from 11 September 2019.
Remuneration last drawn (including sitting fee if any)	₹ 1.00 Lakh (sitting fee)
Remuneration proposed to be paid	He shall be paid remuneration by way of sitting fee or in such manner as may be decided between him and the Company.
Number of meetings of the Board attended during the financial year	Please refer Corporate Governance Report Section of the Annual Report 2018-19.
Directorship held in other public Companies	
Chairmanship/Membership of Committees of other Boards	
Name of the Director	Mr. Dileep C. Choksi
Age	69 years
Date of first appointment on the Board of the Company	27 January 2014
Qualification	B.Com., LLB, FCA & Grad. CWA
Experience (brief resume)	Mr. Dileep C. Choksi is a leading Chartered Accountant, qualified Lawyer and a Cost Accountant with over 40 years of experience. His areas of specialisation include tax planning and structuring for domestic and international clients, including finalising collaborations and joint ventures, executive advisory and decision support, corporate restructuring with a focus on start-ups, turnaround and change management strategies and analysing tax impact of various instruments. Mr. Choksi was the former joint Managing Partner of Deloitte in India. He has set up C. C. Chokshi Advisors Pvt. Ltd., the activities of which aim to provide complete solutions for all business requirements.
Disclosure of Relationship	Not related to any Director/Key Managerial Personnel of the company
No. of shares in the company	—
Terms and Conditions of Re-appointment	As per Resolution at Item No. 10 of the Notice convening this Annual General Meeting read with Explanatory Statement thereto, Mr. Dileep C. Choksi is proposed to be re-appointed as an Independent Director of the Company for a second term of five (5) consecutive years from 11 September 2019.
Remuneration last drawn (including sitting fee if any)	₹ 0.45 Lakh (sitting fee)
Remuneration proposed to be paid	He shall be paid remuneration by way of sitting fee.
Number of meetings of the Board attended during the financial year	Please refer Corporate Governance Report Section of the Annual Report 2018-19.
Directorship held in other public Companies	
Chairmanship/Membership of Committees of other Boards	

By Order of the Board of Directors,

Place: Ahmedabad
Date: 27 May 2019

(S. N. Jetheliya)
Company Secretary

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 facility to exercise their right to vote at the 29th 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 9th August, 2019 at 9.00 a.m. and ends on 11th August, 2019 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) i.e. 5 August 2019 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.
- (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 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	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
-----	--

Dividend Bank Details OR Date of Birth (DOB)	<p>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.</p> <ul style="list-style-type: none"> • 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).
--	--

- (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 190706009 - 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 cast their vote using CDSL's mobile app "m-Voting" available for android based mobiles. The "m-Voting" app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(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 and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution 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.
- In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

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. 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 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 : snj@aiaengineering.com , ric@aiaengineering.com
Corporate Office	11/12, Sigma Corporates, B/h. HOF Showroom, Off. S.G Highway, Sindhu Bhavan Road, Bodakdev, Ahmedabad - 380 054
Registrar and Share Transfer Agent	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083 Phone: +91-22-49186270 Fax: +91-22-49186060
e-Voting Agency	Central Depository Services (India) Limited E-mail : helpdesk.evoting@cdslindia.com
Scrutinizer	CS Tushar Vora, Practicing Company Secretary E-mail : cstushar@tusharvora.com



ATTENDANCE SLIP

AIA ENGINEERING LIMITED

[CIN:L29259GJ1991PLC015182]

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

Odhav, Ahmedabad - 382 410

Email: ric@aiaengineering.com website: www.aiaengineering.com

Phone: 079-66047800 Fax: 079-66047848

29th ANNUAL GENERAL MEETING

I /We hereby record my / our presence at the 29th 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 12th August, 2019 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

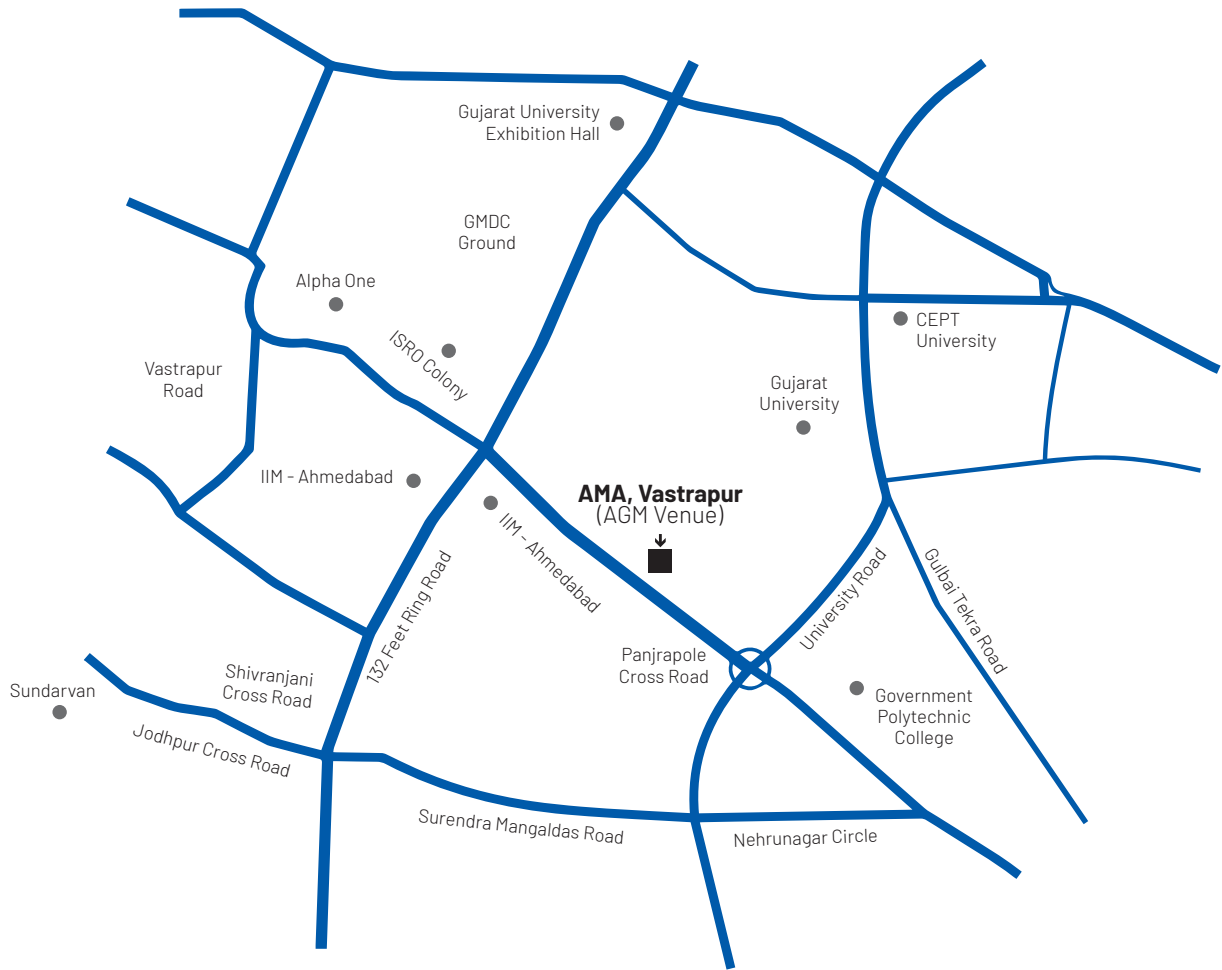
Note:

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 2018-19 and Notice of the 29th 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 2018-19 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.

ROUTE MAP TO THE AGM VENUE

AIA ENGINEERING LIMITED

CIN:L29259GJ1991PLC015182



29th Annual General Meeting

Date : 12 August 2019

Time : 10.00 A.M.

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



PROXY FORM

AIA ENGINEERING LIMITED
[CIN:L29259GJ1991PLC015182]
Regd. Office: 115, GVMM Estate, Odhav Road, Odhav, Ahmedabad - 382 410
Email: ric@aiaengineering.com website: 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 Ninth Annual General Meeting** of the Members of the Company to be held on Monday, the 12th August, 2019 at 10.00 A.M. 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 Resolutions	Optional	
		For	Against
ORDINARY BUSINESS			
1.	Adoption of Financial Statements for the year ended 31 st March, 2019.		
2.	Declaration of Dividend for the Financial Year 2018-19.		
3.	Re-appointment of Mrs. Khushali Samip Solanki, a Director retires by rotation.		
SPECIAL BUSINESS			
4.	Approval of Related Party Transactions.		
5.	Ratification of Remuneration to Cost Auditors.		
6.	Appointment of Mrs. Janaki Udayan Shah, as an Independent Director.		
7.	Payment of commission to Mr. Sanjay S. Majmudar, a Non-Executive, Independent Director of the Company.		
8.	Re-appointment of Mr. Rajendra Shah, as an Independent Director.		
9.	Re-appointment of Mr. Sanjay S. Majmudar, as an Independent Director.		
10.	Re-appointment of Mr. Dileep C. Choksi, as an Independent Director.		

Signed this _____ day of _____ 2019

Signature of Shareholder _____

Signature of Proxy holder (s) _____

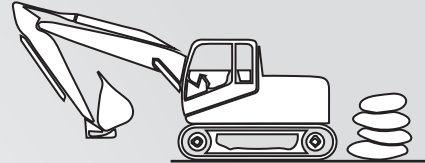
Affix ₹1
revenue
stamp

Note:

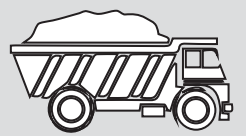
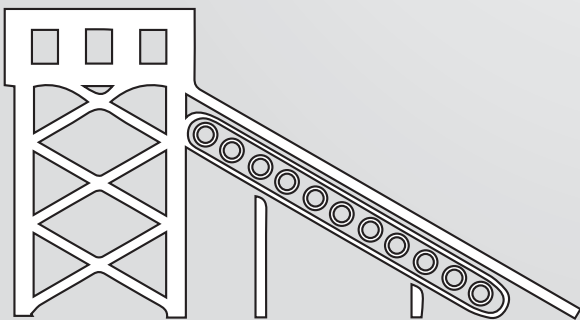
- This Form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
- For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 29th Annual General Meeting.
- 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.



Delivering
Niche Solutions
DRIVING VALUE



AIA Engineering Limited
29th Annual Report **2018-19**



What's inside...



01-16 Corporate Overview

About Us	02
Global Operations	03
Business Model	04
Driving values through Expansion	06
Driving values through strong customer satisfaction	08
Key Performance Indicators	10
From MD's Desk	12
Board of Directors	13
Creating values Beyond Business	15

17-90 Statutory Reports

Board's Report	17
Corporate Governance	63
Management Discussion and Analysis	85

91-224 Financial Section

Standalone Auditor's Report	91
Standalone Balance Sheet	100
Standalone Statement of Profit and Loss	101
Standalone Cash Flow Statement	103
Standalone Notes	105
Consolidated Auditor's Report	155
Consolidated Balance Sheet	162
Consolidated Statement of Profit and Loss	163
Consolidated Cash Flow Statement	166
Consolidated Notes	168



Please find our online version at
<http://www.aiaengineering.com/financials.php>

Or simply scan to download

Investor information

BSE Code:	532683
NSE Symbol:	AIAENG
Bloomberg Code:	AIAE:IN
AGM Date:	12.08.2019
AGM Venue:	H. T. Parekh Convention Center Ahmedabad Management Association "ATIRA Campus", Dr. Vikram Sarabhai Marg, Ahmedabad-380 015

Disclaimer

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



You don't have to be great to start, **BUT YOU MUST start to be great**

At AIA, our story is built on our robust business model, unique strategies and our capability in delivering niche solutions that serves a specific purpose.

Over the years, we have built, flourished, sustained and grown, strengthening our fundamentals. Our nicheness has given us a sweet spot in breaking into larger marketplace and achieving leadership in our space.

This has led to building strong value-driven culture for both, our customers as well as our stakeholders.

₹ **31,903.93**
million

Total revenue in 2018-19

₹ **7,807.93**
million

EBITDA in 2018-19

₹ **5,114.38**
million

PAT in 2018-19

₹ **1,69,408.82**
million

Market capitalization as on 31st March 2019

58.47%

Promoter's holding as on 31st March 2019

450%

Dividend declared for 2018-19

1294

Employees as on 31st March 2019



Note: EBITDA: Earning before Income Tax Depreciation and Amortization , PAT: Profit After Tax





About Us



AIA Engineering Limited (henceforth, 'AIA' or 'the Company') is one of the world's leading manufacturers of value-added, impact abrasion, and corrosion resistant High Chrome Mill Internals (HCMI). Its uniqueness in offering the niche solutions with world-class quality, has built its reputation as one of the dependable HCMI solutions provider.



OUR NICHE OFFERINGS

Designing, developing, manufacturing and installing abrasion, impact and corrosion resistant castings such as grinding media, liners, diaphragms, and vertical mill parts (collectively referred to as mill internals).

VALUE DRIVERS

Metallurgy

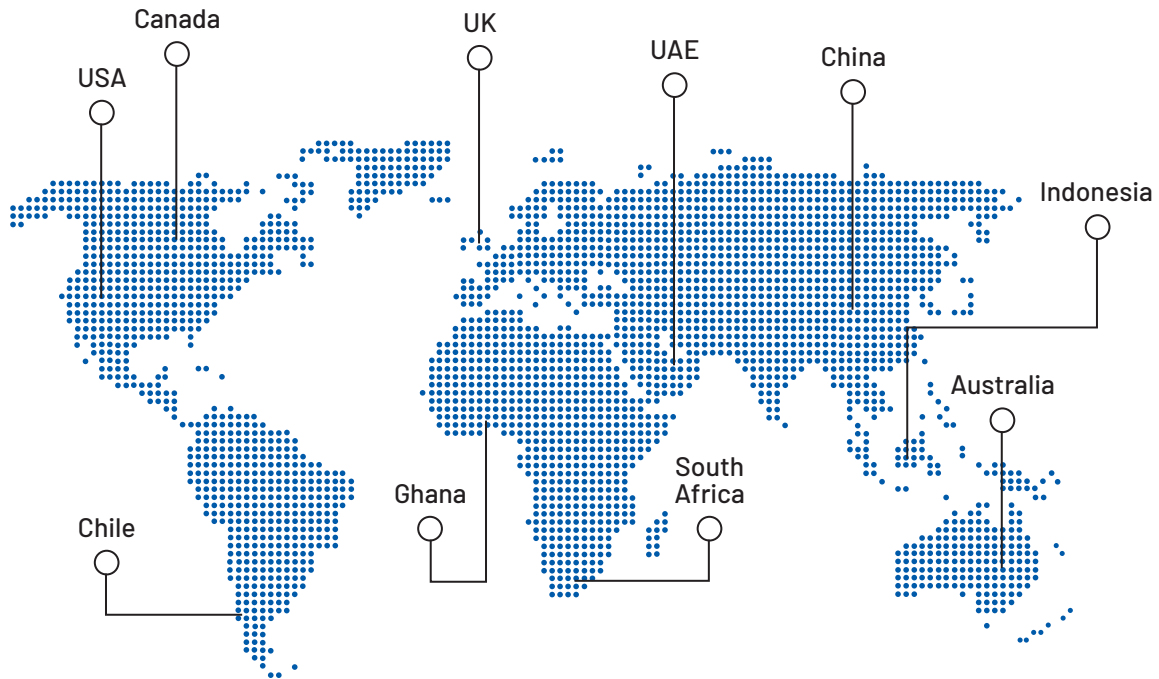
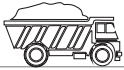


New product development



Grinding process technology





GLOBAL OPERATIONS

Headquartered in Ahmedabad, Gujarat (India). Strong global customer base across 125 countries panning all continents of the world. Our customer relationship across the world are nurtured and strengthened by strategically placed subsidiaries and representative offices in USA, Canada, UK, UAE, Australia, South Africa, China, Chile, Indonesia, Ghana etc.

1991

Year of inception

125+

countries

Global presence

APPLICATIONS

Grinding and crushing operations across mining, cement and power sectors.

Mining

Grinding of mineral ore before processing for separation of different materials

Cement

Grinding of limestone and clinker

Thermal Power

Grinding of coal before it enters boiler

Quarry

Crushing of aggregates



Business Model

INPUT CAPITALS

Financial Capital

Comprises the financial resources deployed to run the overall operations of the Company.

₹ **188.64** million
Equity capital

Manufacturing Capital

Comprises the state-of-the-art manufacturing facilities to produce mill internals.

3,40,000
Installed capacity

Human Capital

Comprises the high-talented human resources pool that enable swift business operations. The Company regularly invests in skill building as well as team bonding activities.

1,294
Employees

Intellectual Capital

Comprises the technological knowhow of the Company in the form of consistent R&D, usage of technological tools and standardised systems and processes.

Natural Capital

Comprises initiatives undertaken towards driving environment friendly operations.

₹ **104.19** crores
Investments towards
installation of Wind Turbine
Generator Systems (WTGS)

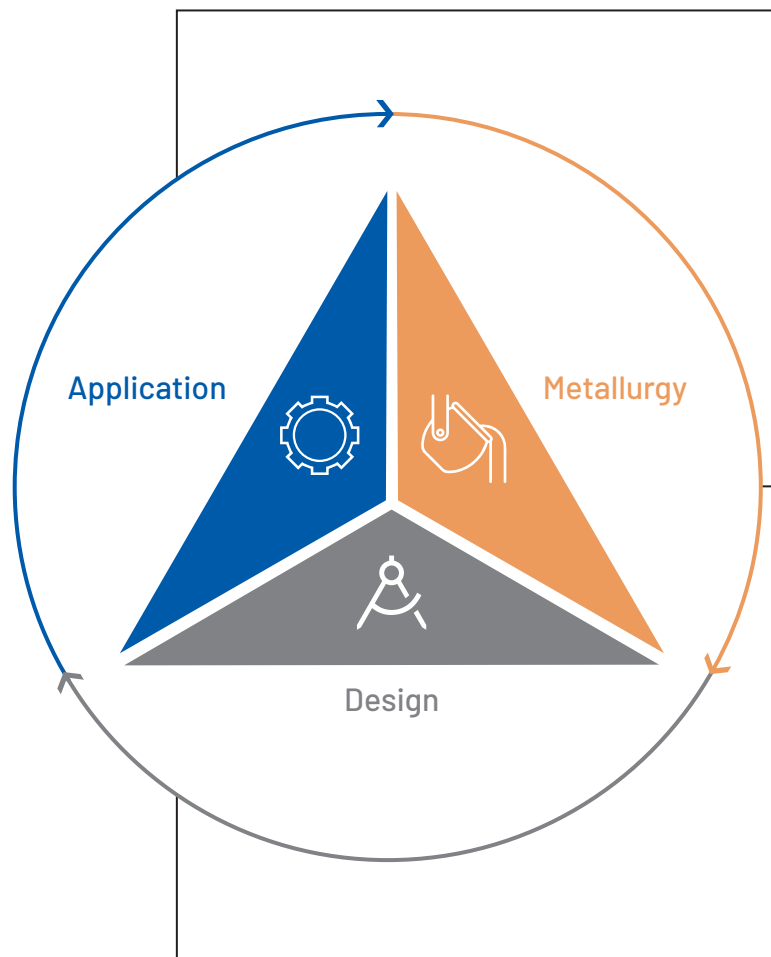
Social and Relationship Capital

Comprises commitment to its stakeholders – Government, regulatory bodies, investors, customers, partners, vendors and society.

VALUE-ENABLERS

The Golden Triangle

The golden triangle represents the group's core competency, focus areas and the products offered. It comprises of Application, Metallurgy and Design. This collectively forms a part of Customer Satisfaction. This Combination forms the foundation for reduction in wear and tear and operational cost, delivering unique value-proposition for the customers.





VALUES CREATED

Financial Capital

Refer 'Key Performance Indicators' on page 10

Manufacturing Capital

Initiated collaborations and expansion plans to meet the ever-increasing demand from the customers, especially in the mining segment.

Human Capital

Strong pool of motivated employees. Strong ownership and higher retention level.

Intellectual Capital

Niche solutions, driving customer satisfaction.

Natural Capital

- ▶ Energy efficient solutions
- ▶ Water conservation and re-utilization of waste-water resources
- ▶ Investments in Wind Turbine Generator Systems (WTGS)

Social and Relationship Capital

- ▶ Regular contribution to national exchequer in the form of taxes
- ▶ Functioning within the regulatory guidelines
- ▶ Consistent shareholders' returns
- ▶ Long-standing relationships with customers, partners and vendors
- ▶ Actively engaged in the betterment of the surrounding communities

Application

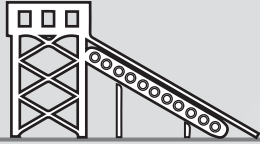
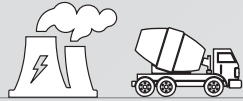
Understanding size reduction parameters of the crushing/milling equipment in view of optimization of grinding process and maintenance costs

Metallurgy

Alloys, Hardness, resistance to corrosion & Abrasion

Design

Designing for perfection



DRIVING VALUES through expansion

Our growth has been consistently complimented by capacity expansions. We are pursuing capacity expansion to 4,90,000 MTPA by FY2021, which includes a greenfield facility of 50,000 MTPA for mining liners which shall further drive operational efficiency.

Note: MTPA: Metric ton per annum



capacities: now and for the future

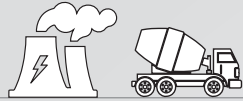
Current installed capacities

3,40,000
MTPA

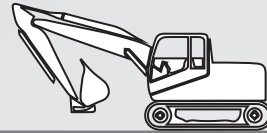
Future capacities

4,90,000
MTPA





Driving values through strong customer satisfaction



DRIVING VALUES through strong customer satisfaction

Our product offering are in sync with the customer's operational efficiency thus enhancing customer satisfaction.



SUPERVISION

Our technicians closely monitor the installation of wear parts



MILL AUDITS

Regular mill audits are conducted to optimise the operating parameters and improve grinding efficiencies.



ASSESSMENT

Assessing stock situation at regular intervals for timely replacements; also involves real-time performance monitoring to ensure quality consistency and cost-effectiveness.



TANGIBLE BENEFITS

Our products ensure longer wear life of parts – reducing wear costs, optimise mill operations – reducing power costs and improving throughputs, provide abrasion, corrosion, impact resistance to grinding process – ensuring consistent product quality and environment-friendly outcomes.

500+
Customers across the globe



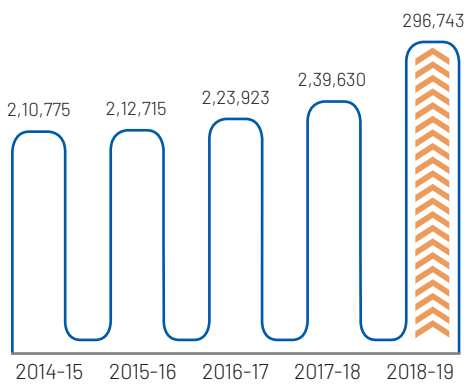


Key Performance Indicators



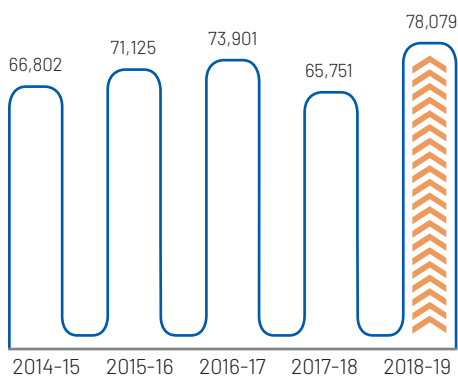
NET SALES

(₹ Lakhs)



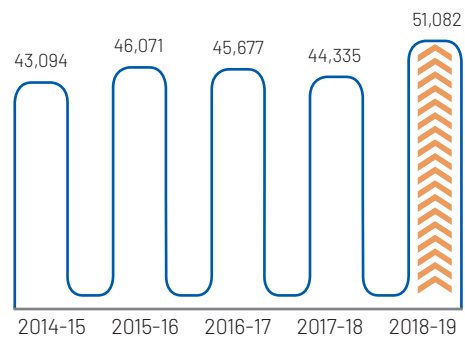
OPERATING PROFIT

(₹ Lakhs)



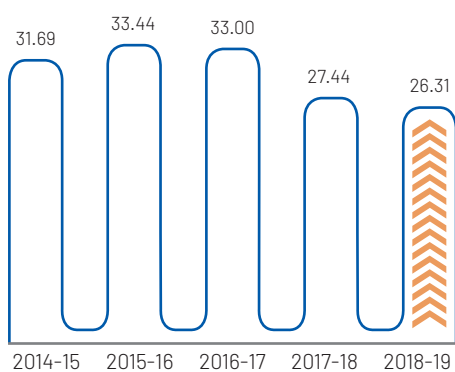
PROFIT AFTER TAX

(₹ Lakhs)



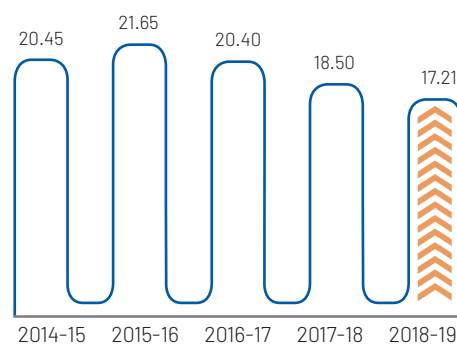
OPERATING PROFIT MARGIN

(%)



PROFIT MARGIN

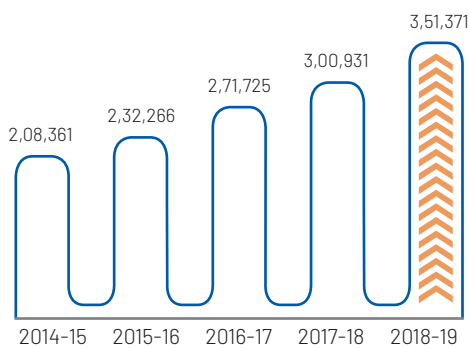
(%)





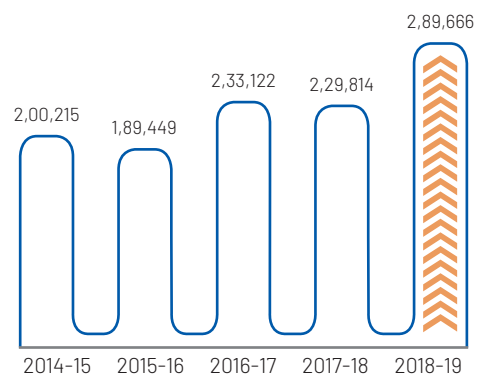
NET WORTH

(₹ Lakhs)



PRODUCTION VOLUME

(MT)





From the MD's Desk



Dear Shareholders,

I'm delighted to report another satisfying year for AIA as we continue our focused efforts towards pursuing our long term objectives. Our strengths in the areas of metallurgy, part design, global foot-print and skilled talent base remain the focal points around which we continue to invest.

As you are aware, there is a large opportunity for the Company in the mining space for conversion of forged wear parts to high chrome. Your Company has developed high chrome solutions which can reduce wear cost, optimize power consumption and increase throughput in grinding process and improve recovery in down process, in effect becoming a comprehensive long term solution partner with the customer. In line with this, your Company continues to invest in new capacities to meet with the objective of increased market share.

As I have mentioned in the past, the process of conversion from forged to high chrome is challenging and time consuming. However, I believe we are fully equipped with a multi-pronged strategy to ensure that we are successful in achieving our medium and long term goals.

I thank all the stakeholders for placing their trust and confidence and look forward to your continued support.

Best Wishes,

Bhadresh K. Shah
Managing Director,
AIA Engineering Limited



Board of Directors

Mr. Rajendra S. Shah

(DIN 00061922)

- ▶ A Mechanical Engineer and an Industrialist
- ▶ Possesses entrepreneurial insight into running engineering business
- ▶ Possesses rich and varied experience in Administration and Finance
- ▶ Chairman and Managing Director of Harsha Engineers Limited, manufacturers of Bearing Cages

Mr. Bhadresh K. Shah

(DIN-00058177)

- ▶ B. Tech (Metallurgy) from Indian Institute of Technology, Kanpur
- ▶ Over 48 years in the manufacturing and design of various kinds of value-added, impact, abrasion and corrosion resistant high chrome castings
- ▶ Well versed in all aspects of Production, Finance Cost and Technical Administration
- ▶ 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

Dr. S. Srikumar

(DIN-01025579)

- ▶ M. Tech (Industrial Engg.), Ph. D and PGDM from AIMA
- ▶ Possesses vast knowledge and experience of Industry, Project Management, Technical Evaluation, Engineering Coordination and Administration

Mr. Rajan Ramkrishna Harivallabhdas

(DIN-00014265)

- ▶ Graduate from Gujarat University (India) with a Bachelor's Degree in Commerce and Master's Degree of Business Administration from USA
- ▶ Former Managing Director and Director in various companies as a part of the family owning Textile, Engineering and Chemical companies known as Shri Ambica Group from 1973 to 1988; in this capacity he 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. Fine Chem 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

Mr. Yashwant M. Patel

(DIN-02103312)

- ▶ B.Sc. (Chemistry)
- ▶ Possesses rich and varied experience in Production, Administration, HR and Accounts



Mrs. Khushali S. Solanki

(DIN 07008918)

- ▶ Diploma in Hotel Management
- ▶ Possesses rich and varied experience in Production, Administration and Accounts

Mrs. Bhumika S. Shodhan

(DIN 02099400)

- ▶ Diploma in Fashion Designing
- ▶ Possesses rich and varied experience in Marketing, Administration and Accounts

Mr. Sanjay S. Majmudar

(DIN 00091305)

- ▶ B. Com, FCA & ACS
- ▶ 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 MSOP Programme of the Institute of Company Secretaries of India, Ahmedabad Chapter

Mr. Dileep C. Choksi

(DIN 00016322)

- ▶ B. Com, LLB, FCA and Grad. CWA
- ▶ Leading Chartered Accountant, qualified Lawyer and a Cost Accountant with over 38 years of experience
- ▶ 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 analysing tax impact of various instruments
- ▶ Former joint Managing Partner of Deloitte in India
- ▶ He has set up C.C. Choksi Advisors Private Limited, the activities of which aim to provide complete solutions for all business requirements

Mrs. Janaki U. Shah

(DIN 00343343)

- ▶ Bachelor of Arts (Economics)
- ▶ Possess more than twenty years of experience including 10 years' experience in the field of textiles manufacturing and computer education



Creating Value Beyond Business

Being a responsible corporate citizen, we are committed to making a positive contribution to the society we operate in. During the year under review, AIA has spent ₹1,378.51 Lakhs in the following areas :

₹ **279.50**

Lakhs
Preventing
& Promoting
Health Care

₹ **228.50**

Lakhs
Promotion of
Education

₹ **478.51**

Lakhs
Protection of
National Heritage,
Art & Culture

₹ **21.00**

Lakhs
Eradicating
Hunger &
Development of
Children

₹ **10.25**

Lakhs
Fund to Family of
war widows

₹ **15.00**

Lakhs
Contribution to
Swachh Bharat
Abhiyaan

₹ **17.50**

Lakhs
Contribution to
Relief Fund

Igniting the light of knowledge: GYAN DEEP

The young and tender minds in primary schools deserve better education in their formative years. It is a fact that there is a great room for improvement when it comes to the quality of education in the Government primary schools. While the Government of India makes continuous efforts to improve the quality of education, we at AIA Engineering Ltd believe that corporates have to come forward to make their contribution towards the noble goal as part of their Corporate Social Responsibility (CSR) initiatives.

With this vision, AIA Engineering Ltd has formed AIA CSR Foundation (ACF) to conduct various CSR initiatives. One such initiative is called 'Gyan Deep'. It is a CSR initiative of ACF that is targeted towards improving the quality of education in Government primary schools spread across the Ahmedabad district of Gujarat. It involves 9 schools with 3800+ under-privileged children.

GYAN DEEP is the continuation of the program adopted last year. The first year of the program (Phase 1: 2017-18) saw a great success with 3 schools and 1,366 students. The second year in phase 2 had 6 schools and 2,527 Students in 2018-19.

All the schools and teachers are aligned towards one common goal to teach their students to use their special abilities as humans in making this world a better place to live and to improve the quality of education in Gujarati medium Government primary schools in rural area of Ahmedabad district. The phase 2 saw technology infrastructure set up at schools. Also, the technology training and upgrade for students and teachers was executed at all 9 schools in the second year.



₹ **328.25**

Lakhs

Improvement of quality of life of people through initiatives of social, economic, educational, environmental, health and cultural advancement

Project Duration 3 academic years. Number of Schools Selected and students involved

9

Schools

Total School

3,893

Students

- ▶ Phase 1: July 2017 to June 2020
- ▶ Phase 1: 3 schools (1,366 Students)
- ▶ Phase 2: July 2018 to June 2021
- ▶ Phase 2: 6 schools (2,527 Students)

It was a well-planned initiative which included technology training for the Principal and Teachers with three training sessions:

- ▶ sLate software- overall training to use the software for teaching purpose in smart classroom
- ▶ sLearn Software - training to help students use the software for learning purpose in tablet classroom
- ▶ sLQuiz Software - overall training to understand assessment reports on SI Ed Studio Server

Apart from technology, academic as well as soft skill workshops were conducted for the teachers which included pre-reading, reading, collaborative reading. Also, Scaffold reading was taught for making them ready for analytical questions.

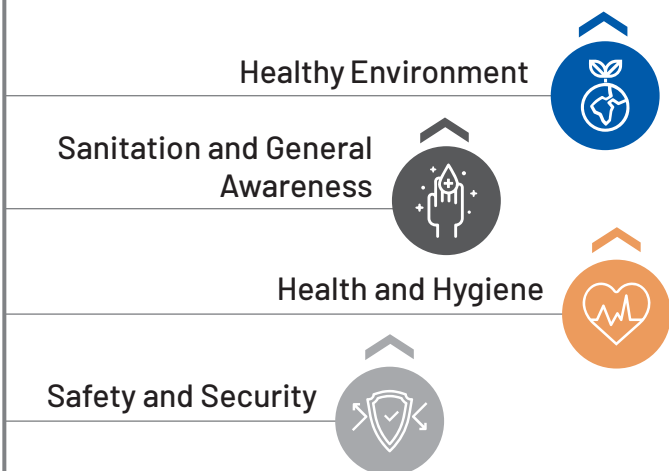
Sensitization workshop for parents community

As part of covering the entire eco-system of school education, AIA conducted 4 community development workshops at each of the program schools of Gyan Deep in the second academic year. The main goal behind these workshops was to create an education and social awareness among the parents of students. The basic orientation of 'Gyan Deep' program focused on importance of education in technology era, importance of girl child education and the role of parents. It was highlighted that Children are God's gift who deserve unconditional love and affection to become good citizen. The importance of motivating and boosting a child, at the same time setting limits and being consistent with the discipline, finding time for them, being a good role model, making communication a priority, being flexible and willing to adjust and know their needs and limitations as a parent was explained. The parents were made more gender-aware, gender-responsive and respectful.

At the end of two years, community participation was increased in terms of number of parents attending parents meeting and school had started getting financial support from the community.

Social awareness program for students

To create basic awareness about the society, health, hygiene, and sanitation, AIA through this CSR initiative had conducted a 'SOCIAL AWARENESS PROGRAM' in Gyan Deep schools. The main goal of this program was to help the children in these schools to improve their learning abilities, develop their basic skills and have technical awareness. It was a month-long program pertaining to the basic issues and awareness every student needs to know in their daily lives. We had divided the program into 4 fundamental areas:



More than 2,000 students from 9 program schools from Grades 5 to 8 participated in this program. Every day the session started with 15 minutes of Yoga and all the students would take part. Post the Yoga session, the students were

divided into groups as per their grades for class activities. When the program started, overall combined performance of three program schools was at 21.7%. After one year of Gyan Deep Program, overall combined performance of three program schools had gone up to 31.21% - which was almost 40% Y-o-Y improvement. At the end of the 2nd year, Gyan Deep Program's overall combined performance for three schools had gone up to 33.82% - which is 55.85% Y-o-Y improvement when compared with Baseline.

Overall, we could see that Gyan Deep Program had been successful in bringing significant learning improvement in academic and social awareness areas among all the students. Learning improvement assessment also showed enough data and evidence that our program schools were learning better in comparison to top-notch private and Government schools of various districts across the state of Gujarat. This could bring immense satisfaction for us at AIA Engineering Ltd.

Plantation Initiative

Like education, AIA is very conscious about the environment, too. It strongly understands the importance of plants as the need for the future sustainability of the environment. The plants being the key resource to dilute the effect of global warming and CO2 emission, more and more plants are the need of the hour. As a part of AIA CSR Foundation work, it has started the initiatives called 'Reclamation of Land' and 'Tree Plantation'. Under the former program, approximately 3 to 4 acres of land has been reclaimed.

The Foundation has so far planted trees as under:

Place	Number of Trees planted
At Air Force Vadsar, Gandhinagar, Ahmedabad	23,500
At Air Force (South Western Air Command) Vayushaktinagar, Gandhinagar, Ahmedabad	31,400
At Air Force Selection Board, Sector 25, Gandhinagar	10,250
At Brigade Head Quarter, Makarpura, Vadodara	5,000
TOTAL 70,150	

₹ 1,378.51 Lakhs
Total amount spent on CSR activities





Board's Report



The Members,

AIA Engineering Limited

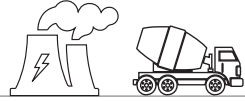
Ahmedabad

Your Directors take pleasure in submitting the 29th Annual Report and the Audited Annual Accounts of the Company for the year ended 31 March 2019.

1. FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from Operations	2,73,716.71	2,09,573.23	2,96,743.46	2,39,629.96
Other Operating Income	10,041.79	7,008.74	10,206.53	7,038.81
Total Income from Operations	2,83,758.50	2,16,581.97	3,06,949.99	2,46,668.77
Other Income	11,621.58	21,698.25	12,089.29	12,181.49
Total Income	2,95,380.08	2,38,280.22	3,19,039.28	2,58,850.26
Profit before Finance Cost, Depreciation & Amortization and Tax Expenses	68,680.05	68,235.68	78,079.29	65,751.45
Finance Cost	719.05	656.72	754.71	692.76
Depreciation & Amortization	7,769.59	6,439.39	7,884.57	6,558.07
Profit Before Tax	60,191.41	61,139.57	69,440.01	58,500.62
(i) Provision for Taxation	16,963.31	14,709.53	17,116.40	14,887.54
(ii) Deferred Tax	1,745.93	(560.62)	1,179.84	(749.02)
Total Tax (i+ii)	18,709.24	14,148.91	18,296.24	14,138.52
Profit after Tax	41,482.17	46,990.66	51,143.77	44,362.10
Non Controlling Interest	-	-	(60.72)	(26.88)
Net Profit after Non Controlling Interest	41,482.17	46,990.66	51,083.05	44,335.22
Other Comprehensive Income (Net of Minority Interest)	95.16	120.65	(654.21)	(2,064.94)
Total Comprehensive Income	41,577.33	47,111.31	50,428.84	42,270.28



Board's Report (Contd.)

Standalone Operating Results:

During the year under review, the Revenue from operation of the Company is ₹ 2,83,758.50 Lakhs as compared to ₹ 2,16,581.97 Lakhs in the previous Financial Year. Exports Turnover registered in the same period is ₹ 2,07,549.52 Lakhs as against the Export Turnover of ₹ 1,50,545.25 Lakhs in the previous Financial Year.

During the year under review, Company has earned a Profit Before Tax (PBT) of ₹ 60,191.41 Lakhs and Profit After Tax (PAT) of ₹ 41,482.17 Lakhs as compared to PBT of ₹ 61,139.57 Lakhs and PAT of ₹ 46,990.66 Lakhs respectively in the previous Financial year.

Consolidated Operating Results:

During the year under review, on a Consolidated basis, your Company (together with its Subsidiaries) has earned Revenue from Operations of ₹ 3,06,949.99 Lakhs as compared to ₹ 2,46,668.77 Lakhs in the previous Financial Year. Correspondingly, the Consolidated Profit After Tax (PAT) registered during the year under review is ₹ 51,083.05 (After Minority Interest) as compared to PAT (After Minority Interest) of ₹ 44,335.22 Lakhs in the previous Financial Year.

2. DIVIDEND:

The Board of Directors are pleased to recommend a Dividend of ₹ 9/- (450%) per Equity Share of the face value of ₹ 2/- each amounting to ₹ 8,488.83 Lakhs for the Financial Year 2018-19.

The Dividend, if declared by the shareholders at the ensuing Annual General Meeting, will be paid to those Shareholders, whose names stand registered in the Register of Members as on 5 August 2019. In respect of Shares held in dematerialised form, it will be paid to the members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners.

The total Dividend outgo for the year ended 31 March 2019 would be ₹ 10,233.74 Lakhs including the Corporate Dividend Tax of ₹ 1,744.91 Lakhs.

3. SHARE CAPITAL:

The paid up Equity Share Capital of the Company as on 31 March 2019 is ₹ 1,886.41 Lakhs. During the year under review, the Company has neither issued shares with differential voting rights nor granted stock option or sweat equity.

4. FINANCE:

Cash and cash equivalents as at 31 March 2019 were ₹ 2,066.47 Lakhs. The Company continues to focus on judicious management of its Working Capital, Receivables, Inventories, while other Working Capital parameters were kept under strict check through continuous monitoring.

Capital Expenditure Outlay:

During the year under review, the Company has incurred an expense of ₹ 19,710.34 Lakhs.

Deposits:

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

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 Financial Control and Audit:

The Company has designed and implemented a process driven framework for Internal Financial Controls [IFC] within the meaning of the explanation to Section 134(5) (e) of the Act. For the year ended on 31 March 2019, the Board is of the opinion that the Company has sound IFC commensurate with the size, scale and complexity of its business operations. The IFC operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved internal controls whenever the effect of such gaps would have a material effect on the Company's operations.

The Board of Directors at the recommendations of the Audit Committee appointed M/s. Talati & Talati, Chartered Accountants as Internal Auditors of the Company for the Financial Year 2019-20 and M/s. NRCA & Associates, Chartered Accountants as Internal Auditors for Nagpur Unit.

Related Party Transactions:

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



Board's Report (Contd.)

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 Annexure "A".

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

Credit Rating:

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

Dun & Bradstreet Information India Private Limited (D & B) has evaluated the Company during October, 2017 and reassigned a Dun Bradstreet Rating of 5A3, which indicates that overall status of the Company is "Strong".

5. HUMAN RESOURCE:

Human resource is considered by the company as one of its biggest strength and asset and hence puts a lot of emphasis on nurturing and developing this asset. The company acknowledges that one of the most important parameters for the continuous and sustained growth of the organization is the strength of its human capital and hence the company puts great emphasis to ensure that the employees are fully motivated and involved in the operations of the company.

Employee engagement activities are regularly organised in the company for better teamwork and cross functional rapport. This also helps employees to be more innovative and creative in their work areas and enhances their out of the box thinking capabilities. Apart from this, the company appreciates the significance of a healthy work life balance and hence promotes such employee engagement activities which help in de-stressing the

employees. This includes organising and participating in various sports activities and festival celebrations.

Employee development and skill upgradation is another area which is considered extremely vital by the company. The company is of the firm opinion that there has to be a continuous skill upgradation endeavor and hence organises regular training programs across all functions. The training is not only functional training, but also includes sessions related to motivational training, behavioral training as well as wellness information. The company realises that if the skills of its human resource is not upgraded, it can lead to stagnation and hence apart from organising in house training programs by subject experts, also deutes its people to various seminars and programs.

The organization also encourages performance driven culture and hence puts in a lot of emphasis on a performance management system which is objective, transparent and result oriented. Clarity of structure, roles and responsibilities, key result areas and key performance indicators helps in creating a result oriented culture and performance based appraisals.

These are some of the initiatives that have been consistently practiced and executed across the organization. It is mainly because of these measures that although the company has grown significantly over the last few years, its basic fabric of loyal employees dedicated to the growth of the organization remains as strong as ever.

6. MATERIAL CHANGES, TRANSACTIONS AND COMMITMENTS:

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the close of financial year on 31 March 2019 to which the financial statements relates and the date of this Report.

7. BUSINESS PROSPECTS:

The Company continues to invest its resources in furthering its market share in the high chrome mill internal market worldwide with specific focus on high growth in the mining sector. To that extent, the future growth prospects of the Company will rely on making further inroads in mining industry.



Board's Report (Contd.)

The Company focuses on 4 mineral ore types that represent the biggest pie of the mineral grinding space. These are Iron, Platinum, Gold and Copper. Annual replacement requirement of grinding media is estimated at 2.5 million tons. Of this, less than 20% is currently converted to high chrome while the balance is served by forged grinding media. This represents a large potential opportunity to convert forged grinding media to high chrome.

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

In addition to Grinding Media, Company is now focussing on Mill Linings for the same mining customers. The Company has been making these parts for grinding mills for Cement grinding for more than 20 years. It now plans to offer these parts for grinding mills used for mineral ore grinding. The Company has entered into a technical collaboration with a US Company which has expertise in optimising grinding efficiency. Company will be able to offer reduced power costs and increased throughputs as a solution to customers. There will be material savings for the customer and with Company's existing solutions around wear cost reduction, reagent consumption reduction and metal recovery improvement, it will position the Company as true partner with its Customers and help sharpen its engagement meaningfully. Company has announced plans to set up a greenfield facility to manufacture Mill Linings which will help it to service this industry.

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

Cement market continues to remain flat on a global basis. While there is talk of increasing investments in infrastructure by many western countries, its implementation remains to be seen. Your Company is happy to inform that it continues to maintain market share and continues to make investments in new alloys, designs and process improvements which will ensure that it continues to be a preferred supplier to Cement Companies worldwide. On the domestic front, Company is seeing a resurgence of bullish trends on the back of overall investment climate and will benefit from the growth as it happens. On the whole, in near term, your Company continues to believe that the overall production and sales will remain flat in this segment.

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

Power is one of the largest cost line items for the Company after raw materials. Your Company has been very sensitive in this regards and has been taking



Board's Report (Contd.)

prudent steps to contain cost escalation. It was one of the first Companies in Gujarat to take benefit of open access linked power purchase from the exchange. In Financial Year 2018-19, it decided to further de-risk cost escalations by undertaking significant investment in Wind Mills. Accordingly, Company has now successfully purchased and commissioned 8 windmills at a total cost of ₹104.19 crore.

8. FUTURE EXPANSION:

The Company's current capacity stands at 3,40,000 Mt of high chrome mill internals. The Company is in midst of expanding this capacity to 4,90,000 Mt by a mix of greenfield and brownfield expansion at its existing plant in GIDC Kerala, near Ahmedabad.

Of this expansion, 1,00,000 Mt will be grinding media which was planned in two phases of 50,000 Mt. each. The first phase of 50,000 Mt has been delayed on account of financial issues faced by one important equipment supplier thereby delaying supply of that equipment. We have now resolved this and expect to commission this first phase by September 2019. This will take our capacity to 3,90,000 Mt. The second phase of 50,000 Mt will be taken up thereafter and is estimated to be commissioned by December 2020. This should take Company's capacity to 4,40,000 Mt.

The Company has firmed up plans to set up a Greenfield facility to manufacture 50,000 Mt of "Mill Linings" at a cost of ₹250 crore and is estimated to be commissioned by December 2020. Post this expansion, Company's capacity will stand at 4,90,000 Mt.

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

9. SUBSIDIARY COMPANIES:

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

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

the Company include financial results of its Subsidiary Companies.

The separate audited financial statements in respect of each of the subsidiary companies are also available on the website of your Company at <http://www.aiaengineering.com/financials.php>

During the year under review, Vega Industries Australia Pty Ltd, step down subsidiary of the Company have been incorporated by Vega Industries (Middle East) FZC. UAE, a Wholly Owned Subsidiary of the Company.

10. INSURANCE:

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

11. INDUSTRIAL RELATIONS (IR):

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

12. CORPORATE GOVERNANCE:

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

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

13. MANAGEMENT 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.



Board's Report (Contd.)

14. RISK MANAGEMENT:

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

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

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

The key elements of the framework include:

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

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

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 SEBI LODR 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. POLICIES:

(a) Vigil Mechanism / Whistle Blower Policy:

The Company has adopted a Vigil Mechanism/ Whistle Blower Policy through which the Company encourages employees to bring to the attention of Senior Management including Audit and Risk Management Committee, any unethical behavior

and improper practice and wrongful conduct taking place in the Company. The brief details of such vigil mechanism forms part of the Corporate Governance Report.

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

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

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

SEBI vide its Notification No. SEBI/LAD-NRO/GN/2018/59 dated 31 December 2018 has amended the SEBI (Prohibition of Insider Trading) (Amendment) (Regulations) 2018 which became applicable from 1 April 2019. In Compliance with the aforesaid notification of SEBI, the Company has revised Model Code of Conduct of Insider Trading Regulations, the Company adopted the Code of Conduct to regulate, monitor and report trading by Designated Person(s) in order to protect the Investor's Interest. The details of the said Code of Conduct forms part of the Corporate Governance Report.

(d) Policy for Business Responsibility

Pursuant to Regulation 34 of SEBI LODR Regulations, top 500 companies based on market capitalization (calculated as on 31 March of every financial year) are required to prepare and enclose with its Annual Report, a Business Responsibility Report describing the initiatives taken by them from an environmental, social and governance perspectives. A separate report on Business Responsibility is annexed herewith as Annexure "C".

(e) Dividend Distribution Policy:

The Board of Directors had approved the Dividend Distribution Policy in line with SEBI LODR Regulations. The Policy is annexed herewith as Annexure "D" to this Board's Report.



Board's Report (Contd.)

16. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

(a) Board of Directors and KMP:

The Board of Directors of the Company is led by the Independent - Non Executive Chairman and comprises nine other Directors as on 31 March 2019, including one Managing Director, one Whole-Time Director, four Independent Directors (including one Woman Independent Director) and three Non-Executive Directors (other than Independent Directors).

Mrs. Janaki Udayan Shah has been appointed as an Additional Independent Director for a period of 5(Five) years subject to the approval of members in the General Meeting.

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

Dr. S. Srikumar (DIN 01025579), Director of the Company retires by rotation at the ensuing Annual General Meeting and eligible for re-appointment, expressed his unwillingness to be re-appointed. Hence, he will cease to be a director of the Company from this Annual General Meeting.

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

Mr. Rajendra S. Shah (DIN- 00061922), Mr. Sanjay S. Majmudar (DIN - 00091305) and Mr. Dileep C. Choksi (DIN - (00016322) have been appointed as Independent Directors for a period of 5 consecutive years from 11.09.2014 to 10.09.2019. The Board, on the recommendation of Nomination and Remuneration Committee, has re-appointed them as Independent Directors for a further period of 5 consecutive years from 11 September 2019 and proposed respective resolutions for member's approval at the ensuing Annual General Meeting.

As required under SEBI LODR Regulations amended from time to time, the information on the particulars of the Directors proposed for re-

appointment has been given in the Notice of the Annual General Meeting.

(b) Meetings:

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

Mr. Rajendra S. Shah, Chairman

Mr. Sanjay S. Majmudar, Member

Mr. Bhadresh K. Shah, Member

Mr. Rajan R. Harivallabhdas, Member

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

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

(c) Committees of the Board of Directors:

In compliance with the requirement of applicable laws and as part of the best governance practice, the Company has following Committees of the Board as on 31 March 2019.

(i) Audit Committee

(ii) Stakeholders' Relationship Committee

(iii) Nomination and Remuneration Committee

(iv) Corporate Social Responsibility Committee

(v) Risk Management Committee

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

(d) Board Evaluation:

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



Board's Report (Contd.)

(e) Familiarization Program for Independent Directors:

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

(f) Nomination and Remuneration Policy:

The Board has on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management Personnel and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report which is a part of the Board's Report. The detailed Policy is placed on the website of the Company at <http://www.aiaengineering.com/finances/policy.php>.

(g) Directors' Responsibility Statement:

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

- a) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the Annual Accounts on a going concern basis;
- e) the Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

17. AUDITORS:

Statutory Auditors:

M/s. BSR & Co. LLP, Statutory Auditors of the Company have been appointed as Statutory Auditor of the Company for a period of five years in 27th Annual General Meeting of the shareholders of the Company.

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

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

Cost Auditors:

The Cost Auditors has filed the cost audit report for the Financial Year ended 31 March 2018 within stipulated time frame.

The Board of Directors on the recommendation of the Audit Committee has appointed M/s Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as the Cost Auditors of the Company to audit the cost records of the Company for the Financial Year 2019-20. 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.



Board's Report (Contd.)

Accordingly, a resolution seeking member's ratification of the remuneration payable to M/s Kiran J. Mehta & Co., Cost Accountants, Ahmedabad is included in the Notice convening the 29th Annual General Meeting.

Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed, Mr. Tushar M. Vora, Practicing Company Secretary (ACS-3459, CP No. 1745), Ahmedabad to conduct Secretarial Audit of the Company's Secretarial and related records for the year ended 31 March 2019.

The Report on the Secretarial Audit for the year ended 31 March 2019 is annexed herewith as Annexure "E" to this Board's Report. There were no qualification/ observations in the report.

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

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

19. CONSOLIDATED FINANCIAL STATEMENTS:

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

20. EXTRACT OF ANNUAL RETURN:

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

21. CORPORATE SOCIAL RESPONSIBILITY (CSR):

As per the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the amount required to be spent on CSR activities during the year under review, is ₹ 1,063.59 Lakhs and the Company has spent ₹ 1,050.26 Lakhs during the Financial Year ended

31 March 2019. The shortfall in the spending during the year under report is intended to be utilised 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 form 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". The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

23. ENVIRONMENT, HEALTH AND SAFETY (EHS):

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. SECRETARIAL STANDARDS:

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



Board's Report (Contd.)

25. ACKNOWLEDGEMENT:

Your Directors would like to express their appreciation for the assistance and co-operation received from the Company's customers, vendors, bankers, auditors, investors and Government bodies during the year

under review. Your Directors place on record their appreciation of the contributions made by employees at all levels. Your Company's consistent growth was made possible by their hard work, solidarity, co-operation and support.

For and on behalf of the Board,

Place: Ahmedabad

Date: 27 May 2019

Rajendra S. Shah

Chairman

(DIN:00061922)

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

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. 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.
2. Dry type cooling towers have been installed for our melting furnaces in place of conventional wet type cooling tower. This is done at new kerala GIDC plant. It shall translate into a water saving of approx. 45000 ltrs per day. 1.35 cr ltrs per annum.
3. Eight new Wind Mills of 2.1 MW Wind Energy Turbines have also been commissioned. Thereby increasing our percentage of renewable, energy consumed to approximately 9% of the total energy consumed.
4. In our kerala plant Phase - I, we are in the process of changing the entire plant lighting from conventional sodium vapour lamps to LED lamps. It shall translate into a saving of 9000 electricity units per month.

(I) Power & Fuel Consumption:

Particulars	Current Year 2018-19	Previous Year 2017-18
1. Electricity		
a) Purchased Units	35,33,77,697	27,33,09,405
Total Amount (₹ Lakhs)	25,410.93	19,014.31
Rate/Unit (₹)	7.19	6.95
2 b) Own Generation		
Through Diesel Generator Unit	1,42,355	14,74,162
Unit per Litre of Diesel Oil	2.01	2.79
Cost/Unit (₹)	35.31	21.78
c) Through Steam Turbine/Generator Units		
Units per Ltr. of Fuel/Oil/Gas	NA	NA
Cost/Unit (₹)	NA	NA
d) Coal (Specify Quantity and where used)		
Quantity (in Tons)	NA	NA
Total Cost (₹)	NA	NA
Average Rate (₹)	NA	NA
e) Light Diesel Oil/c9		
Quantity (in Ltrs)	21,94,203	15,73,996
Total Amount (₹ Lakhs)	966.08	570.95
Average Rate (₹)	44.06	37.12
f) Others/Internal Generation PNG		
Quantity Unit (SCM)	11,664	9,057
Total Cost (₹ Lakhs)	4,522.70	2,939.35
Rate/Unit (₹)	38.77	32.45

(ii) Consumption per Unit of Production:

Particulars	Current Year 2018-19	Previous Year 2017-18
Product:		
Casting Unit (Tonnes)	2,49,648	1,91,899
Electricity per Ton of Castings (Units)	1,416.07	1,431.92



Board's Report (Contd.)

(B) TECHNOLOGY ABSORPTION:

I. RESEARCH & DEVELOPMENT (R & D)

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

- Development of new alloys of Grinding Media for application in Mining Industry.
- Development of new alloys of Grinding media for application in cement industry

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

- Grinding Media in new alloys are expected to perform superior to Grinding Media presently being used in the Industry.
- New alloys are expected to bring down customer's total cost of operation.

c) Future plans of action.

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

d) Expenditure on R & D (₹ in lakhs)

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

(C) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

- Technology for optimising grinding efficiency of AG/SAG/Ball Mills through re-designing of mill internals, ball charge optimization and circular optimization.

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

- Redesigning specific energy consumption/ enhancing output of existing milling system at customer's end
- Increase in life of internals of existing equipment used by customers

c) Imported technology.

- Technical collaboration with EE-Mill Solutions, LLC (EEMS), USA

D) FOREIGN EXCHANGE EARNINGS AND OUTGO:

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
i) Total Foreign exchange used	33,021.74	28,872.49
ii) Total Foreign exchange earned	2,07,596.92	1,62,026.46

For and on behalf of the Board,

Place: Ahmedabad

Date: 27 May 2019

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 a Wholly-owned Subsidiary of the Company	Welcast Steels Ltd., a Subsidiary of the Company.
ii)	Nature of contract/arrangement/ transactions	Distribution Agreement	Contract Manufacturing Agreement
iii)	Duration of contract/arrangements/ transactions	Till the Agreement is mutually terminated	5 Years from 01.01.2019
iv)	Salient Terms of contract/ arrangements/transactions including the value if any	Vega Industries (Middle East) FZC is a Global Distributor for the operations of the Company in the international market including helping in developing and formulating the global market strategy, identifying and tracking the customers leads and converting the same into offers and firm orders, coordinating with the company to ensure timely delivery of orders and also providing the support in relation to inventory and debtors management.	Welcast Steels Ltd. shall manufacture Grinding Media of different grades for Company according to Purchase Orders placed by the Company from time to time as per technical specifications and using the technical knowhow provided by the Company. Payment terms : Within 35 (Thirty Five) days from the date of Invoice.
v)	Justification for entering into such contracts or arrangements or transactions	In order to optimise the Company's sales outside India, Vega Industries (Middle East) FZC acts as Global Distributor of the Company.	This Contract Arrangement was entered to fully utilise the installed capacity.
vi)	Date(s) of approval by the Board	8 February 2019	27 May 2019
vii)	Amount paid as Advances, if any	—	--

For and on behalf of the Board,

Place: Ahmedabad
Date: 27 May 2019

Rajendra S. Shah
Chairman
(DIN:00061922)



ANNEXURE-“B”

FORM NO. AOC-1

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

Statement containing salient features of the Financial Statement of Subsidiaries / Associate Companies / joint ventures

Part – “A”: Subsidiaries

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

Sr. No.	1	2	3	4	5	6	7	8	9	10	11
Name of the Subsidiary	Welcast Steels Ltd	Vega Industries (Middle East) FZC	Vega Industries Ltd - UK	Vega Industries Ltd - USA	Vega Steel Industries (RSA) (Pty) Ltd	Wuxi Vega Trade Co. Ltd	PT Vega Industries Indonesia	AIA CSR Foundation	VEGA Industries Chile SPA	AIA Ghana Limited	VEGA Industries Australia Pty Ltd
The date since when subsidiary was acquired	28.09.2005	20.12.2003	31.10.2004	31.10.2004	25.03.2009	28.08.2010	31.07.2015	23.10.2015	22.05.2017	01.03.2018	12.06.2018
Reporting period for the subsidiary concerned, if different from the Holding Company's period.	31.03.2019	31.03.2019	31.03.2019	31.03.2019	31.03.2019	31.03.2019	31.03.2019	31.03.2019	31.03.2019	31.03.2019	31.03.2019
Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of the foreign subsidiary.	INR	USD BS-69.2024 PL-69.8864	Pound BS-90.3603 PL-94.0520	USD BS-69.2024 PL-69.8864	ZAR BS-4.7795 PL-5.0299	CNY BS-10.3230 PL-10.5840	IDR BS-205.5431 PL-199.4914	INR	CLP BS-9.8223 PL-9.2494	GHS BS-12.7578 PL-13.0286	AUD BS-49.1643 PL-50.2929
Share Capital	63.84	224.91	8.64	34.60	0.010	207.61	138.40	1.00	73.35	692.02	0.05
Reserves & Surplus	3,437.56	31,262.32	4,618.11	8,81.84	172.11	13.12	(98.08)	-	(93.14)	(209.48)	(2.71)
Total Assets	5,418.89	1,06,235.24	12,665.79	29,738.67	12,055.79	1,139.02	361.96	1,084.50	790.94	2,264.24	0.05
Total Liabilities	1,980.49	81,273.79	8,073.64	28,822.23	1,1843.15	918.28	321.64	1,083.50	810.72	1,781.69	2.71
Investments	-	6,525.79	34.60	-	-	-	-	-	-	-	-
Turnover	26,796.91	2,34,574.05	20,230.34	36,612.87	20,272.87	2,324.11	289.85	-	492.63	-	-
Profit Before Taxation	278.14	9,443.24	191.09	151.84	63.48	(40.22)	(24.91)	0.82	(81.53)	(169.83)	(2.74)
Provision for Taxation	94.24	-	35.42	34.67	24.87	-	-	-	-	-	-
Profit After Taxation	183.90	9,443.24	155.67	117.18	38.61	(40.22)	(24.91)	0.82	(81.53)	(169.83)	(2.74)
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
% of Shareholding	74.85%	100%	100% by Vega ME	100% by Vega UK	74.63% by Vega ME	100% by Vega ME	99% by Vega ME & 1% by AIAEL	100%	100% by Vega ME	100% by Vega ME	100% by Vega ME

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

- (a) Names of Subsidiaries which are yet to commence operations : Vega Industries Australia Pty Ltd
 (b) Names of Subsidiaries which have been liquidated or sold during the year: NIL

**FORM NO. AOC-1(Contd.)****Part – "B": Associates & joint ventures**

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

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

- (a) Names of Associates or Joint Ventures which are yet to commence operations : NIL
- (b) Names of Associates or Joint Ventures which have been liquidated or sold during the year: NIL



ANNEXURE-“C”

Business Responsibility Reporting

OVERVIEW

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

The Directors of AIA present the Business Responsibility Report (BRR) of the Company for the Financial Year ended on 31 March 2019, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

GENERAL INFORMATION

General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L29259GJ1991PLC015182
2. Name of the Company: AIA Engineering Ltd.
3. Registered Office Address: 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad - 382 410, Gujarat, India
4. Website: www.aiaengineering.com
5. E-mail Id: snj@aiaengineering.com
6. Financial Year Period: 2018-19
7. Sector that company is engaged in (Industrial activity code-wise):

Industrial Group	Description
243	High Chrome Alloy Castings including grinding media, vertical mill parts and ball mill liners.

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

Part B: Financial Details of the Company

1. Paid up Capital (₹): 1,886.41 Lakhs
2. Total Turnover (₹): 2,83,758.50 Lakhs
3. Total Profit after Taxes (including Other Comprehensive Income) (₹): 41,577.33 Lakhs
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 2.53% (₹ 1,050.26 Lakhs)
5. Expenditure on CSR Activities in 4 above is based on Section 135 of the Companies Act 2013, read with the Rules made thereunder, the Company's CSR initiatives includes:
 - Promoting health care including preventive health care
 - Promoting education
 - Ensuring environmental sustainability
 - Protection of National Heritage, Art & Culture
 - Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments

**Business Responsibility Reporting (Contd.)****OTHER DETAILS**

Sr. No.	Disclosure item	Response
1	Does the Company have any Subsidiary Company/ Companies?	The Company has 11 subsidiary companies (including step-down subsidiaries) as on 31 March 2019. 1. Welcast Steels Limited, Bangalore 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, Ahmedabad 9. Vega Industries Chile, SpA, Chile 10. AIA Ghana Limited, Ghana 11. Vega Industries Australia Pty Ltd, Australia
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).	Business Responsibility initiatives of the parent Company are applicable to the Subsidiary companies to the extent that they are material in relation to the business activities of the subsidiaries.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with / participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities (less than 30%, 30-60%, more than 60%).	No

BR INFORMATION**1. Details of Director responsible for BR:**

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

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

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

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



Business Responsibility Reporting (Contd.)

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

BR Policies and coverage of NVG nine principles:

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

Y YES

N No

NA Not Applicable

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

** Policies available on Company website



Business Responsibility Reporting (Contd.)

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 6-12 months		√		√	√*		√		
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

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

4. GOVERNANCE RELATED TO BR:

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.	The Managing Director assesses the BR performance of the Company once in 3-6 months
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	This report comprises the Company's third BRR as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibility of Business (NVG). The Company has published a separate Business Responsibility Report in its Annual Report 2017-18.

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 2019-20).



Business Responsibility Reporting (Contd.)

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

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

- Customers: 57 were received out of which 55 were resolved
- Employees: 29 were received out of which 28 were resolved.
- Shareholders / Investors: None received in the reporting period.
- 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 2018-19.

The Company has an Internal Complaints Committee (ICC) to redress complaints received regarding sexual harassment. No complaints were received by the ICC in 2018-19.

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**

- Over 65% of input material is sourced from scrap which is in turn sourced from the ship breaking industry.
- The process of substituting its conventional cooling towers with dry type cooling towers has been successfully carried out at our Trichy plant. Based on this successful implementation, the company is now installing new dry type cooling towers in the Kerala Plant. It will improve water consumption and performance.
- 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 45 KL/ day.

	Key Criteria	Unit Of Measure	Grinding Media	Liners-VSMS
			YOY Improvement-%	
Energy	Furnace Power/Metric Ton of Liquid metal charge	kWh	1.04 %	0.14 %
	PNG for Heat Treatment/Metric Ton of Gas fired quenched production	SCM	0%	0%
Water	Usage of Water for Production unit(KL/MT)	KL/MT	0%	0%

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



Business Responsibility Reporting (Contd.)

• Product Labelling

The Company endeavours to provide customers with appropriate labelling and sign ages 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:

- Technical
- 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 finalization 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 4,343 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 is procured from the glass industry which produces high silica sand or from legally mined sand sources such as Ankleshwar and Surendranagar regions.
- In the last two years the Company has worked with the OEMs to improve power consumption in the foundries. The melting furnace manufacturers have been convinced to accept higher coil cooling inlet water temperatures thereby reducing the size of cooling towers and making the dry type cooling towers extremely successful. Noncontact two coloured pyrometers introduced for pouring metal measurement resulting in more efficient pouring and reduction of pigged out metal.
- The Company has partnered with quenching oil manufacturers to produce improved oils with a longer life.
- The Company monitors transport vehicle life and conditions, permissions and licenses. A monthly physical audit of the vehicle is done jointly by the HR and a company employee selected on a random basis.
- The Company partners with local vendors to develop their capacities for product packaging and machining of castings. Local vendor capacity has been developed for:
 - Machining of castings
 - Fabrication of parts
 - Fasteners
 - Electrification requirements such as panel boards and automation

75% of our production is exported, Product packaging is completely local. The Company works with 2905 local* vendors, 40% of our vendors are local, (*Local - Gujarat region).

The Company has initiated the process of understanding the capability of key suppliers and have already assessed 20-25 core vendors on supply parameters. Performance assessment on environmental and social criteria will be conducted with critical suppliers in 2019 -20, 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 2019 was 1,294.

Employees Well-being

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



Business Responsibility Reporting (Contd.)

- Timely payment of all salaries / wages to all workers and staff.
- Top-up medical policy in addition to the individual Medi-claim and Group Term Life (GTL) policy to all permanent staff and workmen.
- Group personal accident policy (GPA) to managerial staff.
- Free transport facilities to our Moriya and Kerala units.
- Perquisites such as subsidised food, free transport facility and uniforms, jaggery and lemon water during the summer on shop floors.
- Annual tie – ups with hospitals for health check-ups of our managerial staff. Provides data cards and mobiles to specific employees based on nature of their work.
- Car scheme for managerial category.
- Loan which is availed often by permanent staff and workmen.
- Rotational weekly offs for our permanent and staff workmen, they enjoy weekly offs, a work shift is not more than 8.5 hours. The Company provides 12 paid holiday & provide 12 casual leaves, and 30 privilege leaves to permanent staff and workmen.
- 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	1138	10	0.2%
Worker	156		
Casual / Temporary / Contractual	2944	26	0.6%
Total	4238	36	0.8%

Collective Bargaining

The Company has a Union at Unit 1 in Odhav, 3.5% of total Strength viz. 39 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, functional heads, factory manager and HR manager.

The grievance redressal mechanism is deployed as follows:

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



Business Responsibility Reporting (Contd.)

e. In order to counter sexual harassment, the Company has in place the said policy and required procedures, a committee at the Company's Moraiya and Kerala units have been constituted to address any such issues.

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

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

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

Workplace Cleanliness and Hygiene:

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

	Drinking water access		Urinals	Latrines		Bathrooms	Wash Basins & others		OHC
	Water Coolers	Drinking water Tap	Male	Male	Female	All	Hand wash	Tap	
Total	39	117	131	94	16	37	82	103	3

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

Occupational Health and Safety

The Company has constituted safety committee and safety representatives shift wise. This list is published and pasted on shop floor notice boards at the Moraiya and Kerala units. In order to improve safety at the workplace, the Company provides:

- Half yearly and pre-employment medical check-up for all employees including contract workers.
- Installation of fire hydrant systems and smoke detectors at all units.
- Demarcation of walkways at Moraiya and Kerala units.
- Specialised fire-resistant jackets, aprons, safety shoes over and above those provided under the PPE scheme.
- Handsets at the Moraiya unit that allows placing voice calls both internally and externally. This has helped reduce workplace safety and security hazards at both 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 4600+ Participants.

LTIFR/ LDR/ Absentee Rate

Safety performance	Grinding Media	VSMS-Liner
	2018-19	2018-19
LTIR	3.57	1.97
LTIFR	2.16	0.79
LTISR	2.52	0.79

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.



Business Responsibility Reporting (Contd.)

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

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

The Company plans to continue to expand its activities and to extend the same to other units. Out of 29 grievances received from employee, 28 were resolved in FY 2018-19.

Contractors

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

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

Statutory bodies

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

The Company interact with these statutory bodies as required, maintain records and ensure compliances internally and externally.

Shareholders

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

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

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

Vendors

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

Grievances have been on account of payment cycle, single window communication, retention money and C- Forms,



Business Responsibility Reporting (Contd.)

40 grievances were received and resolved, 5 remains pending as on 31 March 2019.

Customers

The Company engages with customers through:

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

Vulnerable and marginalised stakeholders

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

Human Rights

Principle 5: Businesses should respect and promote human rights

The Company recognises 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 utilises 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,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 GIDC unit, 6 out of 8 heat treatment furnaces in Moraiya have also switched over, these initiatives have been 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:



Business Responsibility Reporting (Contd.)

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 has already been initiated in Moraiya during the reporting period.

- Renewable energy

The Company has installed a 2.1 MW wind turbine generator (WTG) in Kutch and 16.8 MW WTG (2.1 MW x 8) in Jamjodhpur site, Total installed is 18.9 MW which provides power to Moraiya, Odhav and Kerala GIDC Units, 2.4% of the energy consumed is replaced by renewable energy.

Renewable energy generated in 2018-19 by the WTG is 2,14,90,687 kWh against total energy requirement of 352,744,293 kWh/Annum.

- Water

The Company consumes 2,69,021 kl/annum of ground water. Water meters are installed at points of withdrawal and water balance is maintained.

Water conservation projects:

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

- Waste

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

1. Currently, 25% of waste sand generated (fines and waste/ slag residue) is reused for:
 - Co-processing in the cement industry
 - Re-use at industrial constructions (roads and pavements)

2. Foundry Waste Sand - 10,892 MT reused as a Co-process (kiln feed) at M/s. Ambuja - Kodinar
3. Apprx. 50 kgs/day of canteen waste, dried leaves and vegetation generated at the Kerala plant is processed in the recently installed Bioneer composting plant. The manure generated is used in the horticulture garden and lawns.

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
			2018-19	2018-19
Energy	Furnace Power/ Metric Ton of Liquid metal charge	kWh	626	617
	PNG for Heat Treatment/ Metric Ton of Gas fired quenched production	SCM	36.17	65.14
Water	Usage of Water for Production unit(KL/MT)	KL/MT	1.30	0.95
Waste	Waste sand & slag residue(MT) per Metric ton of production	MT/MT Of Production	0.06	0.052

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.



Business Responsibility Reporting (Contd.)

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 ₹ 1,050.26 Lakhs (excluding 328.25 Lakhs pertains to unspent amount of F.Y. 2015-16) 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 2018-19.

The Company has incorporated a Section 8 Company 'AIA CSR Foundation' during F.Y. 2015-16 and desires to spend

its CSR funds through the Foundation. The Foundation is rigorously evaluating suitable projects to finalise its CSR spends.

Value to customers

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

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

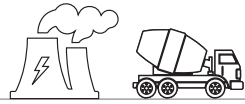
The Company continuously researches on metallurgy that improves product performance, reduce costs for customers. Products like the high chrome grinding media, liners have increased longevity, thus reducing frequency of consumption at customer's end in the long run.

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 57 customer complaints were received, 55 of these were addressed and resolved at the end of 2018-19, while 2 remain pending.



ANNEXURE-“D” Dividend Distribution Policy

OBJECTIVE:

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

PHILOSOPHY:

The philosophy of the Company is to maximize the shareholders’ wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilize 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 8 July 2016 has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “Listing Regulation”) by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy (the “Policy”) in place by the top five hundred listed companies based on their market capitalization calculated as on the 31 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 utilize 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;



Dividend Distribution Policy (Contd.)

- 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 UTILIZATION 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 utilization 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 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 March 2019

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

(Appointment and Remuneration of Personnel) Rules, 2014]

To,
The Members,

AIA Engineering Limited

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

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, We hereby report that in our opinion read with Annexure A forming part of this report, the Company has, during the audit period covering the financial year ended on 31 March 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2019 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
2. The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited.
3. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

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

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

**FORM NO. MR-3 Secretarial Audit Report (Contd.)****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 related party transactions with Subsidiary Company pursuant to Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI Listing Regulations.

For **TUSHAR VORA & ASSOCIATES**
Company Secretaries

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

27 May 2019
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 accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards 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

27 May 2019
Ahmedabad



ANNEXURE-“F”

FORM MGT 9 EXTRACT OF ANNUAL RETURN as on the Financial Year ended 31 March 2019

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATES COMPANIES:

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



Form MGT9 Extract of Annual Return (Contd.)

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

i) Category - wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the Year				% Change during this year
	Demat	Physical	Total	%	Demat	Physical	Total	%	
A. Promoters									
(1) Indian									
a) Individual/HUF	5,81,48,920	-	5,81,48,920	61.65%	5,51,48,921	-	5,51,48,921	58.47%	-3.18
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	5,81,48,920	-	5,81,48,920	61.65%	5,51,48,921	-	5,51,48,921	58.47%	-3.18
(2) Foreign									
a) NRI Individual	-	-	-	-	-	-	-	-	-
b) Other - Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks /FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	5,81,48,920	-	5,81,48,920	61.65%	5,51,48,921	-	5,51,48,921	58.47%	-3.18
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds/ UTI	94,96,604	-	94,96,604	10.07%	1,32,07,088	-	1,32,07,088	14.00%	3.93
b) Venture Capital Funds	-	-	-	-	-	-	-	-	-
c) Alternate Investment Fund	1,55,000	-	155,000	0.16%	4,15,601	-	4,15,601	0.44%	0.28
d) Foreign Venture Capital Investments	-	-	-	-	-	-	-	-	-
e) Foreign Portfolio Investors	2,17,78,289	-	2,17,78,289	23.09%	2,06,11,480	-	2,06,11,480	21.85%	-1.24
f) Financial Institutions/ Banks	1,34,318	-	1,34,318	0.14%	22,998	-	22,998	0.02%	0.12
g) Insurance Companies	-	-	-	-	-	-	-	-	-
i) Any Other (Specify)	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	3,15,64,211	-	3,15,64,211	33.46%	3,42,57,167	-	3,42,57,167	36.32%	2.85
Central Government/ State Government(s)/ President of India									
Central Government / State Government(s)	1,91,416	-	1,91,416	0.20%	2,45,310	-	2,45,310	0.26%	0.06
Sub-Total (B)(2)	1,91,416	-	1,91,416	0.20%	2,45,310	-	2,45,310	0.26%	0.06



Form MGT9 Extract of Annual Return (Contd.)

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	%	
(3) Non- Institutional									
a) Individuals									
(i) Individuals Shareholders holding share capital upto ₹ 1 Lakh	19,12,000	2,630	19,14,630	2.03%	23,30,211	130	23,30,341	2.47%	0.44
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	54,482	-	54,482	0.06%	-	-	-	-	-0.06
b) NBFCs Registered with RBI	-	-	-	-	105	-	105	0.00%	-
c) Employee Trusts	-	-	-	-	-	-	-	-	-
d) Overseas Depositors holding DRs)(balancing figure)	-	-	-	-	-	-	-	-	-
e) Any Other									
Bodies Corporate	21,22,977	-	21,22,977	2.25%	19,86,756	-	19,86,756	2.11%	-0.14
Clearing Member	55,847	-	55,847	0.06%	37,254	-	37,254	0.04%	-0.02
NRI/NRI Repat	1,76,701	-	1,76,701	0.19%	2,05,137	-	2,05,137	0.22%	0.03
Hindu Undivided Family	90,324	-	90,324	0.10%	1,03,658	-	1,03,658	0.11%	0.01
Trust	862	-	862	-	4487	-	4487	0.01%	0.01
IEPF	-	-	-	-	1234	-	1234	0.00%	-
Sub-Total (B)(3)	44,13,193	2,630	44,15,823	4.68%	46,68,842	130	46,68,972	4.95%	0.27
Total Public Shareholding (B) = B(1)+B(2)+B(3)	3,61,68,820	2,630	3,61,71,450	38.35%	3,91,71,319	130	3,91,71,449	41.53%	3.18
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	9,43,17,740	2630.00	9,43,20,370	100%	9,43,20,240	130	9,43,20,370	100%	-

ii) Shareholding of Promoters and Promoter Group:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	
1	Bhadresh K. Shah	5,81,28,900	61.63	-	5,51,28,901	58.45	-	-3.18
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	-	-	-
	Total	5,81,48,920	61.65	-	5,51,48,921	58.47	-	-



Form MGT9 Extract of Annual Return (Contd.)

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

Sr. No.	Particulars	Shareholding at the beginning of the year 1 April 2018		Date	Increase/Decrease	Reason	Cumulative Shareholding during the year 2018-19		Shareholding at the end of the year 31 March 2019	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Bhadresh K. Shah	5,81,28,900	61.63	06.04.2018	(29,99,999)	Transfer	5,51,28,901	58.45	5,51,28,901	58.45
2	Khushali Shah	10,010	0.01	-	-	-	10,010	0.01	10010	0.01
3	Bhumika Shah	10,005	0.01	-	-	-	10,005	0.01	10005	0.01
4	Gita B. Shah	5	-	-	-	-	5	-	5	-

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

Sr. No.	Particulars	Shareholding at the beginning of the year 1 April 2018		Date	Increase/Decrease	Reason	Cumulative Shareholding during the year 2018-19		Shareholding at the end of the year 31 March 2019	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Nalanda India Equity Fund Limited	91,27,809	9.68	-	-	-	91,27,809	9.68	91,27,809	9.68
2	HDFC Trustee Company Limited -A/c HDFC Mid Capopportunities Fund	23,84,409	2.53	13 Apr 2018	4,68,000	Transfer	28,52,409	2.07	27,71,509	2.94
				20 Apr 2018	14,100	Transfer	28,66,509	3.04		
				27 Apr 2018	50,00	Transfer	28,71,509	3.04		
				07 Dec 2018	(1,00,000)	Transfer	27,71,509	2.94		
3	L & T Mutual Fund Trustee Limited - L & T Emerging Business Fund	15,11,815	1.60	11 May 2018	1,515	Transfer	15,13,330	1.60	18,11,051	1.92
				18 May 2018	21,288	Transfer	15,34,618	1.63		
				25 May 2018	2,601	Transfer	15,37,219	1.63		
				01 Jun 2018	1,64,589	Transfer	17,01,808	1.80		
				17 Aug 2018	(70,000)	Transfer	16,31,808	1.73		
				05 Oct 2018	(1,152)	Transfer	16,30,656	1.73		
				19 Oct 2018	68,000	Transfer	16,98,656	1.80		
				02 Nov 2018	8,721	Transfer	17,07,377	1.81		
				09 Nov 2018	27,379	Transfer	17,34,756	1.84		
				14 Dec 2018	1,921	Transfer	17,36,677	1.84		
				21 Dec 2018	8,407	Transfer	17,45,084	1.85		
				18 Jan 2019	22,400	Transfer	17,67,484	1.87		
				25 Jan 2019	22,300	Transfer	17,89,784	1.90		
08 Mar 2019	17,740	Transfer	18,07,524	1.92						
15 Mar 2019	3,527	Transfer	18,11,051	1.92						
4	SBI Equity Hybrid Fund	17,92,212	1.90	-	-	-	17,92,212	1.90	17,92,212	1.90
5	Pinebridge Investments GF Mauritius Limited	14,15,047	1.50	-	-	-	14,15,047	1.50	14,15,047	1.50



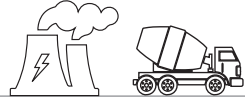
Form MGT9 Extract of Annual Return (Contd.)

Sr. No.	Particulars	Shareholding at the beginning of the year 1 April 2018		Date	Increase/Decrease	Reason	Cumulative Shareholding during the year 2018-19		Shareholding at the end of the year 31 March 2019	
		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	Kotak Standard Multicap Fund	6,54,837	0.69	13 Apr 2018	3,60,000	Transfer	10,14,837	1.08	13,49,519	1.43
				18 May 2018	12,959	Transfer	10,27,796	1.09		
				25 May 2018	16,897	Transfer	10,44,693	1.11		
				22 Jun 2018	294	Transfer	10,44,987	1.11		
				30 Jun 2018	29,940	Transfer	10,74,927	1.14		
				06 Jul 2018	1,004	Transfer	10,75,931	1.14		
				27 Jul 2018	(837)	Transfer	10,75,094	1.14		
				12 Oct 2018	65,000	Transfer	11,40,094	1.21		
				19 Oct 2018	6,857	Transfer	11,46,951	1.22		
				09 Nov 2018	1,78,425	Transfer	13,25,376	1.41		
				30 Nov 2018	6,575	Transfer	13,31,951	1.41		
				21 Dec 2018	11,104	Transfer	13,43,055	1.42		
				28 Dec 2018	7,164	Transfer	13,50,219	1.43		
29 Mar 2019	(700)	Transfer	13,49,519	1.43						
7	Matthews India Fund	2362314	2.50	22 Jun 2018	(65,684)	Transfer	22,96,630	2.43	11,84,403	1.26
				30 Jun 2018	(1,98,513)	Transfer	20,98,117	2.22		
				06 Jul 2018	(91,508)	Transfer	20,06,609	2.13		
				20 Jul 2018	(11,000)	Transfer	19,95,609	2.12		
				27 Jul 2018	(29,000)	Transfer	19,66,609	2.09		
				10 Aug 2018	(20,945)	Transfer	19,45,664	2.06		
				24 Aug 2018	(86,374)	Transfer	18,59,290	1.97		
				14 Sep 2018	(82,957)	Transfer	17,76,333	1.88		
				21 Sep 2018	(513)	Transfer	17,75,820	1.88		
				29 Sep 2018	(5,582)	Transfer	17,70,238	1.88		
				05 Oct 2018	(78,868)	Transfer	16,91,370	1.79		
				12 Oct 2018	(33,529)	Transfer	16,57,841	1.76		
				19 Oct 2018	(53,270)	Transfer	16,04,571	1.70		
				02 Nov 2018	(44,411)	Transfer	15,60,160	1.65		
				09 Nov 2018	(3,728)	Transfer	15,56,432	1.65		
				16 Nov 2018	(13,843)	Transfer	15,42,589	1.64		
				23 Nov 2018	(1,46,438)	Transfer	13,96,151	1.48		
				30 Nov 2018	(53,157)	Transfer	13,42,994	1.42		
				07 Dec 2018	(15,262)	Transfer	13,27,732	1.41		
				25 Jan 2019	(416)	Transfer	13,27,316	1.41		
01 Mar 2019	(20,206)	Transfer	13,07,110	1.39						
08 Mar 2019	(83,775)	Transfer	12,23,335	1.30						
15 Mar 2019	(14,823)	Transfer	12,08,512	1.28						
22 Mar 2019	(8,726)	Transfer	11,99,786	1.27						
29 Mar 2019	(15,383)	Transfer	11,84,403	1.26						



Form MGT9 Extract of Annual Return (Contd.)

Sr. No.	Particulars	Shareholding at the beginning of the year 1 April 2018		Date	Increase/Decrease	Reason	Cumulative Shareholding during the year 2018-19		Shareholding at the end of the year 31 March 2019	
		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
8	DSP Midcap Fund	1,02,307	0.11	06 Apr 2018	26	Transfer	1,02,333	0.11	8,50,953	0.90
				13 Apr 2018	5,72,000	Transfer	6,74,333	0.71		
				04 May 2018	3,372	Transfer	6,77,705	0.72		
				11 May 2018	10,854	Transfer	6,88,559	0.73		
				06 Jul 2018	1,05,866	Transfer	7,94,425	0.84		
				27 Jul 2018	54,239	Transfer	8,48,664	0.90		
				19 Oct 2018	2,000	Transfer	8,50,664	0.90		
				26 Oct 2018	289	Transfer	8,50,953	0.90		
9	IDFC Multicap Fund	0	0.00	13 Apr 2018	3,14,980	Transfer	3,14,980	0.33	7,78,486	0.83
				20 Apr 2018	11,746	Transfer	3,26,726	0.35		
				27 Apr 2018	6,221	Transfer	3,32,947	0.35		
				04 May 2018	4,085	Transfer	3,37,032	0.36		
				25 May 2018	229	Transfer	3,37,261	0.36		
				15 Jun 2018	28,591	Transfer	3,65,852	0.39		
				22 Jun 2018	3,800	Transfer	3,69,652	0.39		
				17 Aug 2018	(515)	Transfer	3,69,137	0.39		
				24 Aug 2018	294	Transfer	3,69,431	0.39		
				31 Aug 2018	1,913	Transfer	3,71,344	0.39		
				07 Sep 2018	1,008	Transfer	3,72,352	0.39		
				14 Sep 2018	5,000	Transfer	3,77,352	0.40		
				21 Sep 2018	9,093	Transfer	3,86,445	0.41		
				29 Sep 2018	2,58,791	Transfer	6,45,236	0.68		
				05 Oct 2018	32,473	Transfer	6,77,709	0.72		
				12 Oct 2018	58,704	Transfer	7,36,413	0.78		
				19 Oct 2018	15,000	Transfer	7,51,413	0.80		
				26 Oct 2018	5,222	Transfer	7,56,635	0.80		
				30 Nov 2018	2,695	Transfer	7,59,330	0.81		
				07 Dec 2018	(78)	Transfer	7,59,252	0.80		
				14 Dec 2018	3,078	Transfer	7,62,330	0.81		
				04 Jan 2019	23,681	Transfer	7,86,011	0.83		
01 Mar 2019	599	Transfer	7,86,610	0.83						
08 Mar 2019	(10,000)	Transfer	7,76,610	0.82						
15 Mar 2019	2,001	Transfer	7,78,611	0.83						
22 Mar 2019	(125)	Transfer	7,78,486	0.83						
10	Goldman Sachs Funds - Goldman Sachs Emerging Markets Equity Portfolio	6,08,071	0.64	06 Apr 2018	8,581	Transfer	6,16,652	0.65	7,77,148	0.82
				13 Apr 2018	2,87,353	Transfer	9,04,005	0.96		
				02 Nov 2018	(13,340)	Transfer	8,90,665	0.94		
				09 Nov 2018	(1,03,365)	Transfer	7,87,300	0.83		
				23 Nov 2018	(10,152)	Transfer	7,77,148	0.82		



Form MGT9 Extract of Annual Return (Contd.)

Sr. No.	Particulars	Shareholding at the beginning of the year 1 April 2018		Date	Increase/Decrease	Reason	Cumulative Shareholding during the year 2018-19		Shareholding at the end of the year 31 March 2019	
		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
11	Burgundy Emerging Markets Fund	6,34,325	0.67	24 Aug 2018	(7,445)	Transfer	6,26,880	0.66	6,11,255	0.65
				31 Aug 2018	(173)	Transfer	6,26,707	0.66		
				07 Sep 2018	(955)	Transfer	6,25,752	0.66		
				14 Sep 2018	(476)	Transfer	6,25,276	0.66		
				21 Sep 2018	(6,666)	Transfer	6,18,610	0.66		
				29 Sep 2018	(3,644)	Transfer	6,14,966	0.65		
				05 Oct 2018	(2,500)	Transfer	6,12,466	0.65		
				02 Nov 2018	(75)	Transfer	6,12,391	0.65		
16 Nov 2018	(1,136)	Transfer	6,11,255	0.65						
12	Goldman Sachs India Limited	8,91,994	0.95	21 Sep 2018	(1,38,969)	Transfer	7,53,025	0.80	5,95,974	0.63
				12 Oct 2018	(84,871)	Transfer	6,68,154	0.71		
				02 Nov 2018	(7,590)	Transfer	6,60,564	0.70		
				09 Nov 2018	(58,814)	Transfer	6,01,750	0.64		
				23 Nov 2018	(5,776)	Transfer	5,95,974	0.63		
13	ICICI Prudential Midcap Fund	1221531	1.30	13 Apr 2018	2,10,795	Transfer	14,32,326	1.52	5,37,423	0.57
				11 May 2018	61	Transfer	14,32,387	1.52		
				25 May 2018	(84,411)	Transfer	13,47,976	1.43		
				01 Jun 2018	(1,11,389)	Transfer	12,36,587	1.31		
				08 Jun 2018	(1,04,420)	Transfer	11,32,167	1.20		
				15 Jun 2018	(95,184)	Transfer	10,36,983	1.10		
				22 Jun 2018	(62,596)	Transfer	9,74,387	1.03		
				30 Jun 2018	(49,056)	Transfer	9,25,331	0.98		
				06 Jul 2018	(98,859)	Transfer	8,26,472	0.88		
				13 Jul 2018	(27,603)	Transfer	7,98,869	0.85		
				20 Jul 2018	(9,833)	Transfer	7,89,036	0.84		
				27 Jul 2018	(82,357)	Transfer	7,06,679	0.75		
				03 Aug 2018	(68,808)	Transfer	6,37,871	0.68		
				10 Aug 2018	(82,065)	Transfer	5,55,806	0.59		
				29 Sep 2018	1	Transfer	5,55,807	0.59		
				19 Oct 2018	499	Transfer	5,56,306	0.59		
				14 Dec 2018	(5,215)	Transfer	5,51,091	0.58		
				21 Dec 2018	(644)	Transfer	5,50,447	0.58		
28 Dec 2018	(1)	Transfer	5,50,446	0.58						
11 Jan 2019	(8,882)	Transfer	5,41,564	0.57						
15 Mar 2019	(1,940)	Transfer	5,39,624	0.57						
22 Mar 2019	(2,201)	Transfer	5,37,423	0.57						



Form MGT9 Extract of Annual Return (Contd.)

v) Shareholding of Directors and Key Managerial Personnel:

Particulars	Shareholding at the beginning of the year 1 April 2018		Date	Increase/Decrease	Reason	Cumulative Shareholding during the year 2018-19		Shareholding at the end of the year 31 March 2019	
	No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mr. Bhadresh K. Shah - Managing Director	5,81,28,900	61.63	06.04.2018	(29,99,999)	Transfer	5,51,28,901	58.45	5,51,28,901	58.45
Mr. Rajendra S. Shah - Director	847	-	-	-	-	847	-	847	-
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, Mrs. Janaki U. Shah Mr. Rajan Harivallabhdas, Mr. Sanjay S. Majmudar & Mr. Dileep C. Choksi - Directors	None of the directors hold shares in the Company								
Mr. Bhupesh P. Porwal - Chief Financial Officer	-	-	-	-	-	-	-	-	-
Mr. S. N. Jetheliya - Company Secretary	9200	0.01	29.05.2018	200	Transfer	9,000	0.01	7,050.00	0.01
			08.06.2018	100	Transfer	8,900	0.01		
			11.06.2018	400	Transfer	8,500	0.01		
			25.07.2018	200	Transfer	8,300	0.01		
			14.08.2018	200	Transfer	8,100	0.01		
			16.08.2018	100	Transfer	8,000	0.01		
			06.09.2018	100	Transfer	7,900	0.01		
			14.09.2018	200	Transfer	7,700	0.01		
			21.09.2018	21	Transfer	7,679	0.01		
			28.09.2018	79	Transfer	7,600	0.01		
			03.12.2018	50	Transfer	7,550	0.01		
			04.12.2018	50	Transfer	7,500	0.01		
			27.02.2019	50	Transfer	7,450	0.01		
			01.03.2019	189	Transfer	7,261	0.01		
			05.03.2019	61	Transfer	7,200	0.01		
			06.03.2019	100	Transfer	7,100	0.01		
			08.03.2019	50	Transfer	7,050	0.01		



Form MGT9 Extract of Annual Return (Contd.)

vi) Indebtedness:

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

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	11,794.31	-	-	11,794.31
ii) Interest due but not paid	12.99	-	-	12.99
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	11,807.30	-	-	11,807.30
Change in Indebtedness during the Financial Year				
i) Addition	64,066.97	1,500.00	-	65,566.97
ii) Reduction	(64,573.19)	-	-	(64,573.19)
Net Change	(625.00)	1,500.00		875.00
(including foreign exchange gain of ₹118.78)				
Indebtedness at the end of the Financial Year				
i) Principal Amount	11,169.31	1,500.00	-	12,669.31
ii) Interest due but not paid	14.87	0.70	-	15.57
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	11,184.18	1,500.70		12,684.88

vii) Remuneration of Directors and Key Managerial Personal:

A. Remuneration of Managing Director and Whole Time Director:

₹ in Lakhs

Sr. No.	Particulars of Remuneration	Name of MD/WTD		Total Amount
		Mr. Bhadresh K. Shah	Mr. Yashwant M. Patel	
1	Gross Salary			
a)	Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961	76.91	14.40	91.31
b)	Value of perquisite u/s 17(2) of the Income Tax Act, 1961	35.68	0.32	36.00
c)	Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - As % of Profit (Others, specify)	-	-	-
5	Others, Please Specify	-	-	-
Total		112.59	14.72	127.31

B. Remuneration to other Directors:

₹ in Lakhs

Sr. No.	Particular of Remuneration	Names of Other Directors				Total Amount
		Mr. Dileep C. Choksi	Mr. Rajendra S. Shah	Mr. Sanjay S. Majmudar	Mr. Rajan Harivallabhdas	
1	Gross Salary					
a)	Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961	-	-	-	-	-
b)	Value of perquisite u/s 17(2) of the Income Tax Act, 1961	-	-	-	-	-
c)	Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission - As % of Profit (Others, specify)	-	-	22.50	-	22.50
5	Others, Sitting Fees	0.45	0.75	1.00	1.00	3.20
Total		0.45	0.75	23.50	1.00	25.70

**Form MGT9 Extract of Annual Return (Contd.)****Other Non-Executive Directors:**

₹ in Lakhs

Sr. No.	Particular of Remuneration	Names of Other Non-Executive Directors			Total Amount
		Dr. S. Srikumar	Mrs. Khushali S. Solanki	Mrs. Bhumika S. Shodhan	
1	Gross Salary				
	a) Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961	-	-	-	-
	b) Value of perquisite u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - As % of Profit(Others, specify)	-	-	-	-
5	Others, Sitting Fees	-	0.60	0.45	1.05
	Total	-	0.60	0.45	1.05

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

₹ in Lakhs

Sr. No.	Particular of Remuneration	Key Managerial Personnel (Other than MD/WTD)		Total Amount
		Chief Financial Officer	Company Secretary	
1	Gross Salary			
	a) Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961	78.11	52.98	131.09
	b) Value of perquisite u/s 17(2) of the Income Tax Act, 1961	0.96	0.80	1.77
	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		-	-
	Total	79.07	53.78	132.86

V. PENTALTIES/PUNISHMENT/COMPUNDING OF OFFENCES:

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



ANNEXURE-“G”

Corporate Social Responsibility

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 enhanced the quality of life and the economic will 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 Lakhs)
1.	Average Net Profit of the Company for the last three years	53,179.47
2.	Prescribed CSR Expenditure (2% of the Amount of Net Profit)	1,063.59
3.	Details of CSR spent during the financial year	
	a) Total Amount spent for the financial year	1,050.26
	b) Amount unspent, if any	13.33
	c) Manner in which the amount spent during the financial year is given on next page in a separate table	

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

The amount required to be spent on CSR activities during the year under report in accordance with the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder is ₹ 1,063.59 Lakhs and the Company has spent ₹ 1,050.26 Lakhs during the financial year ended 31 March 2019. The shortfall in the spending during the year under report is intended to be utilised in a phased manner in future, upon identification of suitable projects within the Company's CSR Policy. The Company has also contributed ₹ 328.25 Lakhs to AIA CSR Foundation pertains to the unspent amount of CSR for the Financial Year 2015-16 during the year under review. So, total amount spent during the year under review for CSR activities is ₹ 1,378.51 Lakhs

5. The CSR Committee confirms 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: 27 May 2019

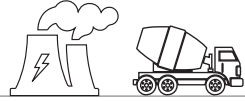
Bhadresh K. Shah
(Chairman-CSR Committee)
(DIN: 00058177)

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

**Corporate Social Responsibility (Contd.)**

Manner in which CSR amount was spent during the financial year

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ Lakhs)	Amount spent on the projects or programs Sub - heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ Lakhs)	Cumulative expenditure upto to the reporting period (₹ Lakhs)	Amount spent : Direct or through implementing Agency*
1	Prevention & Promoting Health care	CI(i) - Healthcare	Gujarat, Surat	130.00	130.00	130.00	Kiran Multi Super Speciality Hospital & Research Centre run by Samast Patidar Aarogya Trust, Surat
2.	Promotion of Education	CI(ii)- Education of Under privileged students	Local	5.00	5.00	5.00	Vidya Charitable Trust, Ahmedabad
3.	Prevention & Promoting Health care	CI(i) - Healthcare	Local	10.00	10.00	10.00	Nihar Charitable Trust, Ahmedabad
4.	Promotion of Education	CI(ii)-Education	Local	100.00	100.00	100.00	Shardamandir Trust, Ahmedabad
5.	Prevention & Promoting Health care	CI(i) - Healthcare	Local	7.00	7.00	7.00	Divine Colours Foundation Trust, Ahmedabad
6.	Prevention & Promoting Health care	CI(i) - Healthcare	Gujarat, Nadiad	11.00	11.00	11.00	Muljibhai Patel Society for Research in Nephro-Urology, Nadiad
7.	Protection of National Heritage, Art & Culture	CI(v)- Heritage, Art & Culture	Local	11.00	11.00	11.00	AAMS Balaji Temple Project, Ahmedabad
8.	Prevention & Promoting Health care	CI(i) - Healthcare	Local	7.00	7.00	7.00	Kanoria Hospital & Research Centre, Ahmedabad
9.	Protection of National Heritage, Art & Culture	CI(v)- Heritage, Art & Culture	Local	1.51	1.51	1.51	Swavrotsav Foundation, Ahmedabad
10.	Eradicating Hunger & Development of Children	CI. (i)- Eradicating Hunger & development of Children	Local	10.00	10.00	10.00	Akshay Patra Foundation, Ahmedabad
11.	Prevention & Promoting Health care	CI(i) - Healthcare	Local	11.00	11.00	11.00	Ashirvad Education Trust, Ahmedabad



Corporate Social Responsibility (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ Lakhs)	Amount spent on the projects or programs Sub - heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ Lakhs)	Cumulative expenditure upto to the reporting period (₹ Lakhs)	Amount spent : Direct or through implementing Agency*
12.	Eradicting Hunger, Poverty and Malnutrition	CI(i)- Eradicting Hunger, Poverty and Malnutrition	Local	11.00	11.00	11.00	Human Welfare Trust, Ahmedabad
13.	Promotion of Education	CI(ii) -Education	Uttar Pradesh, Kanpur	40.00	40.00	40.00	IIT, Kanpur
14.	Promotion of Education of Differently Abled persons	CI. (ii) - Education of Differently Abled Persons	Local	21.00	21.00	21.00	Aastha Charitable Trust for Welfare of the mentally Challenged, Ahmedabad
15.	Promotion of Education	CI(ii) -Education	Local	20.00	20.00	20.00	Bhartiya Vidya Bhavan, Ahmedabad
16.	Fund to family of war widows	CI(vi) - Measures to the Benefit of war widows	Local	10.25	10.25	10.25	Tulsi Vallabh Nidhi Trust, Ahmedabad
17.	Prevention & Promoting Health care	CI(i) - Healthcare	Local	50.00	50.00	50.00	Chandrakanta Kantilal Shah Foundation, Ahmedabad
18.	Contribution To Swachh Bharat Abhiyan	CI. (i) - Sanitation	Local	15.00	15.00	15.00	Tulsi Vallabh Nidhi Trust, Ahmedabad
19.	Promotion of Education	CI(ii) -Education	Local	15.00	15.00	15.00	Neekoe Foundation, Ahmedabad
20.	Contribution to Relief Fund	CI(viii) - Relief Fund	Kerala	15.00	15.00	15.00	Chief Minister's Distress Relief Fund (Kerala)
21.	Contribution to Relief Fund	CI(viii) - Relief Fund	Tamil Nadu	2.50	2.50	2.50	Chief Secretariat, Gaja Cyclone Relief Fund (Tamilnadu)
22.	Prevention & Promoting Health care	CI(i) - Healthcare	Maharashtra, Mumbai	51.00	51.00	51.00	The B D Petti Parsee General Hospital, Mumbai



Corporate Social Responsibility (Contd.)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹ Lakhs)	Amount spent on the projects or programs Sub - heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ Lakhs)	Cumulative expenditure upto to the reporting period (₹ Lakhs)	Amount spent : Direct or through implementing Agency*
23.	Protection Of National Heritage, Art and Culture	CI (v) - National Heritage, Art & Culture	Rajasthan, Nathdwara	450.00	450.00	450.00	Tatpadam Upavan, Nathdwara
24.	Promotion of Education	CI(ii)-Education	Local	2.50	2.50	2.50	Mahesh Seva Sangh, Ahmedabad
25.	Prevention & Promoting Health care	CI(i) Healthcare	Local	2.50	2.50	2.50	Mahesh Seva Sangh, Ahmedabad
26.	Promotion of Education	CI(ii)-Education	Gujarat, Vadodara	5.00	5.00	5.00	Mahavir Foundation Trust, Vadodara
27.	Promotion of Education	CI(ii)-Education	Maharashtra - Aurangabad	5.00	5.00	5.00	Chetna Empowerment Foundation, Aurangabad
28.	Promotion of Education	CI(ii)-Education	Local	15.00	15.00	15.00	Ahmedabad Traffic Trust, Ahmedabad
29.	Protection Of National Heritage, Art and Culture	CI (v) - National Heritage, Art & Culture	Local	1.00	1.00	1.00	Chinmaya Seva Trust, Ahmedabad
30.	Protection Of National Heritage, Art and Culture	CI (v) - National Heritage, Art & Culture	Local	15.00	15.00	15.00	Karmakshetra Education Foundation, Ahmedabad
Total						1050.26	
1	Improvement of quality of life of people through initiatives of social, economic, educational, environmental, health and cultural advancement.	Schedule VII of Companies Act, 2013	Local	328.25	328.25	328.25	AIA CSR Foundation (Unspent amount pertains to the Financial Year 2015-16, spent during the year)
Total						1,378.51	



ANNEXURE-“H”

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

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

Name of the Director	Ratio of remuneration of each director to the median remuneration of the employees
Mr. Bhadresh K. Shah	26.23
Mr. Yashwant M. Patel	3.43
Mr. Rajendra S. Shah	0.17
Mr. Sanjay S. Majmudar	5.48
Mr. Rajan Harivallabhdas	0.23
Dr. S. Srikumar	—
Mr. Dileep C. Choksi	0.10
Mrs. Khushali S. Solanki	0.14
Mrs. Bhumika S. Shodhan	0.10
Mrs. Janaki Udayan Shah	*

* Appointed as Additional Independent Director w.e.f. 26.03.2019

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

Name of the Director, CFO and Company Secretary	% increase in remuneration in the Financial Year
Mr. Bhadresh K. Shah	1.72
Mr. Yashwant M. Patel	(40.45)
Mr. Rajendra S. Shah	—
Mr. Sanjay S. Majmudar	—

Name of the Director, CFO and Company Secretary	% increase in remuneration in the Financial Year
Mr. Rajan Harivallabhdas	—
Dr. S. Srikumar	—
Mr. Dileep C. Choksi	—
Mrs. Khushali S. Solanki	—
Mrs. Bhumika S. Shodhan	—
Mrs. Janaki Udayan Shah *	—
Mr. Bhupesh P. Porwal - Chief Financial Officer	3.38
Mr. S. N. Jetheliya, Company Secretary	13.10

* Appointed as an Additional Independent Director with effect from 26.03.2019, so not comparable.

- 3) The percentage increase in the median remuneration of employees in the financial year was 11.70%.
- 4) There were 1,294 permanent employees on the rolls of Company as on 31 March 2019.
- 5) Average increase in the salaries of employees other than the managerial personnel in the last financial year was 8.83% whereas the average decrease in the managerial remuneration was 5.98%.
- 6) The members have at the 24th Annual General Meeting of the Company held on 11 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 and contributions of the Directors at the Board and the Committee meetings.
- 7) The Company affirms that the remuneration is as per the remuneration policy of the company.

For and on behalf of the Board,

Place: Ahmedabad
Date: 27 May 2019

Rajendra S. Shah
Chairman
(DIN:00061922)



Report on Corporate Governance

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

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

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

We take pleasure in reporting that your Company has complied in all respects with the requirements stipulated under Regulation 17 to 27 read with schedule V and Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"), as applicable, with regard to Corporate Governance.

I. BOARD OF DIRECTORS

(A) COMPOSITION OF BOARD:

The Composition of the Board of Directors, with reference to the number of Executive and Non-executive Directors, meets the requirement of provisions of Corporate Governance. The Board is headed by the Non-Executive Chairman, Mr. Rajendra S. Shah. The present strength of the Board of Directors is 10 which include 1 Executive - Promoter Director, 1 Executive - Whole-Time Director, 5 Independent Directors and 3 Non-Independent - Non-Executive Directors in terms of the SEBI LODR Regulations. Board represents a balanced mix of professionalism, knowledge and expertise.

Pursuant to the provisions of Section 149(3) of the Companies Act, 2013 and SEBI LODR Regulations, Mrs. Khushali Samip Solanki (Non-Independent Non-executive), Mrs. Bhumika Shyamal Shodhan (Non-Independent Non-executive) and Mrs. Janaki Udayan Shah (Independent Non-Executive) are the three Women Directors on the Board of the Company.

(B) DETAILS OF BOARD MEETINGS:

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

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

Company's Board met 4 times during the year under review on 16 May 2018, 9 August 2018, 31 October 2018 and 8 February 2019. The Company holds one Board Meeting in each quarter and the gap between any two Board meetings was not more than One Hundred and Twenty days as prescribed under the SEBI LODR Regulations.



Report on Corporate Governance (Contd.)

Details of the Directors, their positions, attendance record at Board Meetings and last Annual General Meeting (AGM), other Directorships (excluding Private Limited, Foreign Companies and Alternate Directorships) and the Memberships/ Chairmanships of Board Committees (only Audit Committee and Stakeholders' Relationship Committee) other than your Company as on 31 March 2019 are as follows:

Name of the Board Member	Category	Attendance at the Board of Directors Meeting held on				Attended AGM 9 August 2018
		16 May 2018	9 August 2018	31 October 2018	8 February 2019	
Mr. Rajendra S. Shah (Chairman)	Independent	L.A.	√	√	√	√
Mr. Bhadrash K. Shah (Managing Director)	Executive - Promoter	√	√	√	√	√
Mr. Sanjay S. Majmudar	Independent Director	√	√	√	√	√
Dr. S. Srikumar	Non Independent - Non Executive	√	√	L.A.	L.A.	√
Mr. Yashwant M. Patel Whole-Time Director	Executive	√	√	√	√	√
Mr. Dileep C. Choksi	Independent Director	√	√	L.A.	√	√
Mrs. Khushali S. Solanki	Non Independent - Non Executive	√	√	√	√	√
Mrs. Bhumika S. Shodhan	Non Independent - Non Executive	√	√	√	L.A.	√
Mr. Rajan Harivallabhdas	Independent Director	√	√	√	√	√
Mrs. Janaki Udayan Shah [#]	Additional Independent Director	-	-	-	-	-

[#] Mrs. Janaki Udayan Shah was appointed as an Additional Independent Director of the Company with effect from 26 March 2019.

* 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
	Listed	Unlisted		
Mr. Rajendra S. Shah	2	1	1	-
Mr. Bhadrash K. Shah	2	-	4	-
Mr. Sanjay S. Majmudar	4	1	5	3
Dr. S. Srikumar	-	-	-	-
Mr. Yashwant M. Patel	-	-	-	-
Mr. Dileep C. Choksi	5	2	5	3
Mrs. Khushali S. Solanki	1	-	-	-
Mrs. Bhumika S. Shodhan	-	-	-	-
Mr. Rajan Harivallabhdas	-	1	-	-
Mrs. Janaki Udayan Shah	-	-	-	-

Committee positions only of the Audit Committee and Stakeholders' Relationship Committee in other Public Companies have been considered.

**Report on Corporate Governance (Contd.)**

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

Name of the Director	Name of Listed Company	Category of Directorship
Mr. Rajendra S. Shah	Dishman Carbogen Amics Ltd. Welcast Steels Ltd.	Independent Independent
Mr. Bhadresh K. Shah	Welcast Steels Ltd. Cadila Healthcare Ltd.	Non - Independent, Non-Executive Independent
Mr. Sanjay S. Majmudar	Dishman Carbogen Amics Ltd. Welcast Steels Ltd. Aarvee Denims and Exports Ltd. Ashima Ltd.	Independent Independent Independent Independent
Dr. S. Srikumar	-	-
Mr. Yashwant M. Patel	-	-
Mr. Dileep C. Choksi	Arvind Ltd. Lupin Ltd. Hexaware Technolgy Ltd. Swaraj Engins Ltd ICICI Prudential Life Insurance Company Ltd.	Independent Independent Independent Independent Independent
Mrs. Khushali S. Solanki	Welcast Steels Ltd.	Non - Independent, Non-Executive
Mrs. Bhumika S. Shodhan	-	-
Mr. Rajan Harivallabhdas	-	-
Mrs. Janaki Udayan Shah	-	-

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

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

- i. Knowledge:
 - Understand the Company's businesses, policies and culture (including the Mission, Vision and Values)
 - major risks/ threats and potential opportunities and knowledge of the industry in which the Company operates.
- ii. Behavioral Skills:
 - Attributes and competencies to use their knowledge and skills to contribute effectively to the growth of the Company.
- iii. Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Administration, Decision Making.
- iv. Financial and Management skills.
- v. Technical/ Professional skills and specialized knowledge in relation to Company's business.

(C) CONFIRMATION OF INDEPENDENT DIRECTORS:

The Board of Directors of the Company confirm that the Independent Directors fulfill the conditions specified in SEBI LODR Regulations and are also independent of the management of the Company. A certificate from Practicing Company Secretary that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of the Companies by the Board/Ministry of Corporate Affairs or any such statutory authority is enclosed separately.

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

Non-Executive Directors including Independent Directors are paid sitting fees in accordance with the applicable laws. Company is paying sitting fees of ₹ 15,000 for attending a Board Meeting and ₹ 10,000 for attending an Audit Committee Meeting.



Report on Corporate Governance (Contd.)

(E) CODE OF CONDUCT:

Company's Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct is available on the website of the Company www.aiaengineering.com.

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

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

(F) PROHIBITION OF INSIDER TRADING:

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

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

(G) VIGIL MECHANISM / WHISTLE BLOWER POLICY:

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

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

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

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

The Company is committed to create a healthy and 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 Regulations. Through this Policy, the Company seeks to provide protection to its women employees against sexual harassment at work place and thereby provide mechanism for redressal of complaints related to matters connected therewith or incidental thereto. During the year, no complaint was received under the Policy.

(I) FAMILIARIZATION PROGRAM FOR INDEPENDENT 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 familiarise with the Company's procedures and practices. The Company has through presentations at regular intervals, familiarised and updated the Independent Directors with the strategy, operations and functions of the Company and Engineering Industry as a Whole. Site visits to various plant locations are organised for the Directors to enable them to understand the operations of the Company. The details of such 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>



Report on Corporate Governance (Contd.)

II. COMMITTEES OF THE BOARD:

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

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

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

a) AUDIT COMMITTEE:

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

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

Brief description of Terms of Reference:

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (iv) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of Sub-Section 3 of Section 134 of the Companies Act, 2013;
 - (b) Changes, if any, in accounting policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgement by management;
 - (d) Significant adjustments made in the financial statements arising out of audit findings;
 - (e) Compliance with listing and other legal requirements relating to financial statements;
 - (f) Disclosure of any Related party transactions;
 - (g) Modified Opinion(s) in the draft audit report.
- (v) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.) the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (vii) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- (viii) Approval or any subsequent modification of transactions of the Company with related parties;



Report on Corporate Governance (Contd.)

- (ix) Scrutiny of inter-corporate loans and investments;
- (x) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (xi) Evaluation of internal financial controls and risk management systems;
- (xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xiv) Discussion with internal auditors of any significant findings and follow up there on;
- (xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- (xvii) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors;
- (xviii) Reviewing the functioning of the Whistle Blower mechanism;
- (xix) Approval of appointment of CFO (i.e. the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (xx) Reviewing the utilization of loans and/ or advances from/investment by the holding Company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
- (xxi) Reviewing the Management Discussion and Analysis of financial condition and results of operations;
- (xxii) Reviewing the appointment, removal and terms of remunerations of the Chief Internal Auditor;
- (xxiii) Reviewing and discuss with the management the status and implications of major legal cases;
- (xxiiiiv) Recommending the Board, the appointment of a Cost Accountant within the meaning of the Cost and Works Accountants Act, 1959 to conduct audit of cost records of the Company in compliance with the provisions of Section 148 of the Companies Act, 2013 and the Rules made thereunder;
- (xxv) Reviewing the statements of significant related party transactions, management letters etc.
- (xxvi) Reviewing the compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations 2015 as amended from time to time at least once in a financial year and shall verify that the system for internal control are adequate and are operating effectively.
- (xxvii) carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

During Financial Year 2018-19, 4 (four) Audit Committee Meetings were held on 16 May 2018, 9 August 2018, 31 October 2018 and 8 February 2019. Necessary quorum was present in all the meetings. The time gap between any two Audit Committee Meetings was not more than four months.

As on 31 March 2019, the Audit Committee comprises of 3 (three) Independent Directors and 1 (one) Executive Director. Names of the members and the Chairman of the Committee as on 31 March 2019 together with their attendance are given in the following table.

**Report on Corporate Governance (Contd.)**

Name of the Member / Chairman	Category	Attendance at the Audit Committee Meetings held on			
		16 May 2018	9 August 2018	31 October 2018	8 February 2019
Mr. Rajendra S. Shah - Chairman	Independent	L.A.	√	√	√
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, Chief Financial Officer and other Executives of the Company are also invited to attend the Audit Committee Meetings.

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

b) NOMINATION AND REMUNERATION COMMITTEE:

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

- (i) shall identify persons who are qualified to become directors and who may be appointed in senior management;
- (ii) recommend to the Board their appointment and removal;
- (iii) carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval;
- (iv) devising a policy on Board diversity;
- (v) shall formulate the criteria for determining qualifications, positive attributes and independence of a director;
- (vi) recommend to the Board a Policy relating to the remuneration for the Directors, Key Managerial personnel and other employees;
- (vii) administer, monitor and formulate detailed terms and conditions of the Employees Stock Option Scheme including:
 - (a) The quantum of options to be granted under Employees Stock Option Scheme per employee and in aggregate;
 - (b) The conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
 - (c) The exercise period within which the employee shall exercise the option and that the option would lapse on failure to exercise the option within the exercise period;
 - (d) The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
 - (e) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
 - (f) The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as right issues, bonus issues, merger, sale of division and others;
 - (g) The granting, vesting and exercising of options in case of employees who are on long leave; and the procedure for cashless exercise of options.



Report on Corporate Governance (Contd.)

- (viii) carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- (ix) perform such other functions as may be necessary or appropriate for the performance of its duties.
- (x) recommend to the Board, all remuneration, in whatever form, payable to senior management.

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

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company;
- (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmark;
- (c) remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- (d) the ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year;
- (e) the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;
- (f) percentage increase in the median remuneration of employees in the financial year;
- (g) the number of permanent employees on the rolls of the Company;
- (h) the explanation on the relationship between average increase in remuneration and Company performance;
- (i) comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;
- (j) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;
- (k) comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company;
- (l) the key parameters for any variable component of remuneration availed by the directors;
- (m) the ratio of the remuneration of the highest paid director to that of the employee who are not directors but receive remuneration in excess of the highest paid director during the year;

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

1. Mr. Sanjay S. Majmudar - Chairman
2. Mr. Rajendra S. Shah - Member
3. Dr. S. Srikumar - Member

Meeting and Attendance during the year:

Name of the Member / Chairman	Category	Attendance at the Nomination and Remuneration Committee Meetings held on	
		16 May 2018	8 February 2019
Mr. Sanjay S. Majmudar - Chairman	Independent	√	√
Mr. Rajendra S. Shah	Independent	-	√
Dr. S. Srikumar	Non-Executive	√	-

**Report on Corporate Governance (Contd.)****c) STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

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

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

Composition, Name of Members and Chairperson:

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

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

Meetings and attendance during the year:

Name of the Member / Chairman	Category	Attendance at the Stakeholders' Relationship Committee Meetings held on			
		10 May 2018	9 August 2018	31 October 2018	8 February 2019
Mr. Rajendra S. Shah - Chairman	Independent	√	√	√	√
Mr. Bhadresh K. Shah	Executive	√	√	√	√
Mr. Yashwant M. Patel*	Executive	-	-	-	√

* Mr. Yashwant M. Patel has been appointed as member of Committee as on 31.10.2018.

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

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

During the period under review, Company has not received any Complaint from Shareholders. There is no outstanding complaint as on 31 March 2019.

d) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

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

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

The Composition of the Corporate Social Responsibility Committee as on 31 March 2019 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



Report on Corporate Governance (Contd.)

Meeting and Attendance during the year:

During the year under review, 4 (four) meetings of CSR Committee were held on 15 May 2018, 9 August 2018, 31 October 2018 and 8 February 2019 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 should meet once in a calendar year.

During the year under review, the Independent Directors met on 16 May 2018, 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 Company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous financial year. The Company has complied with all compliances related to its Material Subsidiary.

The Company has also formed a Policy on Material Subsidiary which has been placed at the website of Company at http://www.aiaengineering.com/finances/pdf/AIA_PolicyfordeterminingMaterialSubsidiaries.pdf.

The Company does not have any Unlisted Material Indian Subsidiary.

IV. RISK MANAGEMENT COMMITTEE:

Though, during the year under review, the provisions of Regulation 21 of SEBI LODR 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 on going process within the Organization. The Company has a well-defined Risk Management framework to identify, monitor and minimising/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 Optimising.

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

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

1. To review the Company's risk governance structure, risk assessment and minimization procedures and the guidelines, strategies and policies for risk mitigation on short term as well as long term basis;
2. To monitor and review the risk management plan of the Company;
3. To review the current and expected risk exposures of the organization, to ensure that the same are identified, qualitatively and quantitatively evaluated, analysed and appropriately managed;
4. To carry out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable;

**Report on Corporate Governance (Contd.)**

5. To review cyber security function of the Company. ("Cyber security refers to the body of technologies, processes, and practices designed to protect networks, devices, programs, and data from attack, damage, or unauthorised access. Cyber security may also be referred to as information technology security").

The Composition of Risk Management Committee as on 31 March 2019 is:

Name of the Member/Chairman	Category	Attendance at the Risk Management Committee Meetings held on	
		15 May 2018	24 October 2018
Mr. Bhadresh K. Shah- Chairman	Executive	√	√
Mr. Yashwant M. Patel - Member	Executive	√	√
Dr. Ajit Nath Jha- Member	Consultant	-	√

The Risk Management Committee has appointed a Risk Council which comprises of Executive Director – Corporate Affairs, Chief Financial Officer, V.P. Corporate Planning and Company Secretary. The Risk Council is responsible for day-to-day oversight of risk management including identification, impact assessment, monitoring, mitigation and reporting. The Risk Council also keeps the Risk Management Committee and the Board updated from time to time, on the enterprise risks and actions taken.

V. RELATED PARTY TRANSACTIONS:

All transactions entered into with Related Parties as defined under the Section 188 of the Companies Act, 2013 and of SEBI LODR Regulations during the Financial Year 2018-19 were in the Ordinary Course of Business and at Arms' Length basis. Suitable disclosures as required under Indian Accounting Standards (Ind AS-24) have been made in the notes to the Financial Statements.

VI. DISCLOSURES:**A) MATERIAL SIGNIFICANT RELATED PARTY TRANSACTIONS:**

The Company has not entered 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 as amended from time to time notified under Section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions of the Act.

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

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

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

(1) Criteria for selection of Non-Executive Directors:

- 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.



Report on Corporate Governance (Contd.)

- c. Nomination and Remuneration Committee ensures that the candidate identified for Appointment / Re-Appointment as an Independent Director is not disqualified for Appointment / Re-Appointment under Section 164 of the Companies Act, 2013.
- d. Nomination and Remuneration Committee considers the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director:
 - i. Qualification, expertise and experience of the Directors in their respective fields;
 - ii. Personal, Professional or business standing;
 - iii. Diversity of the Board.
- e. Board of Directors takes 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 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 LODR Regulations.

(3) Remuneration Policy for the Senior Management Employees:

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

**Report on Corporate Governance (Contd.)****(4) Performance Evaluation:**

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

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

The details of remunerations paid to the Managing Director and Whole-Time Director during the financial year 2018-2019 is given below:

(₹ Lakhs)

Name of the Director and Designation	Salary	Perquisites	Total
Mr. Bhadrash K. Shah, Managing Director	76.91	35.68	112.59
Mr. Yashwant M. Patel, Whole-Time Director	14.40	0.32	14.72

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

The details of Sitting Fees paid to the Non-Executive Directors for attending Board and Committee Meetings during the Financial Year 2018-2019 is given below:

(₹ Lakhs)

Sr. No.	Name of the Director	Sitting Fees Paid
1.	Mr. Rajendra S. Shah	0.75
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, ₹22.50 Lakhs has been paid as Commission during the Financial Year 2018-19.

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.



Report on Corporate Governance (Contd.)

(E) SHAREHOLDERS:

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

Mrs. Khushali Samip Solanki, Director of the Company will retire by rotation at the ensuing 29th Annual General Meeting of the Company and being eligible, has offered herself for re-appointment.

Mr. Rajendra S. Shah, Director Mr. Sanjay S. Majmudar, Director and Mr. Dileep C. Choksi, Director are being re-appointed as Independent Directors for second term for consecutive five years w.e.f. 11 September 2019.

Mrs. Janaki Udayan Shah (DIN: 00343343), who has been appointed as an Additional Director of the Company by the Board of Directors with effect from 26 March 2019 and who holds office of a Director upto the date of this Annual General Meeting is being appointed as an Independent Director of the Company for a period of five consecutive years with effect from 12 August 2019 and proposed respective resolution for member's approval at the ensuing Annual General Meeting.

The brief resumes and other information of the above retiring Directors, as required to be disclosed under this section is provided in the notice of the Annual General Meeting.

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

- (iii) Shareholding of Directors as on 31 March 2019 is as under:

Name of Director	Number of Shares
Mr. Bhadresh K. Shah	5,51,28,901
Mr. Yashwant M. Patel	NIL
Mr. Rajendra S. Shah	847
Mr. Sanjay S. Majmudar	NIL
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
Mrs. Janaki Udayan Shah	NIL

(F) COMPLIANCE BY THE COMPANY:

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

VII. CEO /CFO CERTIFICATION:

The Managing Director and the Chief Financial Officer of the Company have certified to the Board that the Financial Results of the Company for the year ended 31 March 2019 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 Regulation 33 of SEBI LODR Regulations.

VIII. MEANS OF COMMUNICATION:

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

**Report on Corporate Governance (Contd.)****IX. General Body Meetings: (Last three years disclosures)**

Annual General Meeting:

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

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

Financial Year	Date	Venue	Time
2017-18	9 August 2018	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.	9.00 A.M.
2016-17	14 August 2017	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.	10.00 A.M.
2015-16	12 August 2016	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 9 August 2018:

NIL

Annual General Meeting held on 14 August 2017:

- (i) Appointment of Mr. Yashwant M. Patel as a Whole Time Director.
- (ii) Alteration of Articles of Association of the Company.
- (iii) Keeping of Register/ Index of Members at a place other than the Registered Office of the Company.

Annual General Meeting held on 12 August 2016:

NIL

POSTAL BALLOT:

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

X. GENERAL SHAREHOLDERS' INFORMATION:

Date and Time of 29 th AGM	: Monday the 12 August 2019 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 March 2019
Book Closure Date	: 6 August 2019 to 12 August 2019 (both days inclusive)
Registered Office Address	: 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad 382410
Dividend Payment Date	: On or before 10 September 2019
Compliance Officer	: Mr. S. N. Jetheliya, Company Secretary
Email for redressal of Investors' Complaints	: ric@aiaengineering.com
Website	: www.aiaengineering.com
Financial Calender (subject to change) for Financial Year 2019-20 :	
First Quarter Results	: On or before 14 August 2019
Second Quarter/Half Yearly Results	: On or before 14 November 2019
Third Quarter Results	: On or before 14 February 2020
Audited Results for the year 2019-20	: On or before 30 May 2020



Report on Corporate Governance (Contd.)

(a) Listing on Stock Exchanges:

Name and Address of the Stock Exchanges	Script Code
BSE Limited 25 th 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 2019-20 have been paid to both the Stock Exchanges.

(b) Market Price Data:

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

Month	BSE Sensex	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
		High (₹)	Low (₹)	High (₹)	Low (₹)
April 18	35,160.36	1,500.00	1,378.55	1,459.90	1,382.05
May 18	35,322.38	1,625.00	1,398.95	1,625.95	1,392.05
June 18	35,423.48	1,596.00	1,423.05	1,602.75	1,440.10
July 18	37,606.58	1,707.90	1,474.00	1,708.00	1,481.65
Aug. 18	38,645.07	1,887.00	1,641.95	1,880.00	1,635.00
Sept. 18	36,227.14	1,845.00	1,660.00	1,825.00	1,644.60
Oct. 18	34,442.05	1,773.00	1,459.50	1,774.80	1,453.20
Nov.18	36,194.30	1,784.80	1,533.05	1,783.20	1,530.00
Dec.18	36,068.33	1,773.25	1,580.00	1,775.00	1,572.40
Jan.19	36,256.69	1,729.35	1,566.00	1,725.00	1,560.05
Feb.19	35,867.44	1,743.50	1,580.00	1,748.90	1,586.20
Mar.19	38,672.91	2,026.00	1,675.00	1,865.00	1,671.35

SHARE TRANSFER SYSTEM/ DIVIDEND AND OTHER RELATED MATTERS:

i. Share Transfers:

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

ii. Nomination facility for shareholding:

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

iii. Physical Shareholding:

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

iv. Dividend:

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

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

**Report on Corporate Governance (Contd.)****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 transfer to the said Fund, the unpaid Dividend for the year ended 31 March 2012 which have remained unpaid during the year under review.

v. Reconciliation of Share Capital Audit:

As required by the Securities and Exchange Board of India (SEBI), a Quarterly Reconciliation of Share Capital is being carried out by an independent Practicing Company Secretary with a view to reconcile the Total Share Capital admitted with National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL] and held in physical form, with the issued and listed Capital of the Company. The Practicing Company Secretary's Certificate 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:	AHMEDABAD BRANCH OFFICE:
Link Intime India Private Limited	Link Intime India Private Limited
C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083 Phone: +91-22-49186270 Fax: +91-22- 49186060 Email: rnt.helpdesk@linkintime.co.in	5 th Floor 506 to 508, Amarnath Business Centre -1, Besides Gala Business Centre, Nr. St., Xavier's College Corner, Off. C. G. Road, Navrangpura, Ahmedabad 380 009 Phone - 079-26465179 Email: ahmedabad@linkintime.co.in

(d) Distribution of Shareholding:**(i) Shareholding pattern as on 31 March 2019.**

Category	No. of Shares held		No. of Shares	% of holding
	Physical	Electronic		
Promoters Shareholding	-	5,51,48,921	5,51,48,921	58.47
Mutual Funds	-	1,32,07,088	1,32,07,088	14.00
Alternative Investment Fund	-	4,15,601	4,15,601	0.44
Financial Institutions & Banks	-	22,998	22,998	0.02
Foreign Portfolio Investor	-	2,06,11,480	2,06,11,480	21.85
Central Government/State Governments	-	2,45,310	2,45,310	0.26
NRIs	-	2,05,137	2,05,137	0.22
Other Corporate Bodies	-	19,86,756	19,86,756	2.10
NBFC registered with RBI	-	105	105	0.00
Indian Public	130	23,30,211	23,30,341	2.47
Hindu Undivided Family	-	1,03,658	1,03,658	0.11
Trusts	-	4,487	4,487	0.00
IEPF	-	1,234	1,234	0.00
Clearing Member	-	37,254	37,254	0.04
Total	130	9,43,20,240	9,43,20,370	100.00



Report on Corporate Governance (Contd.)

(ii) Distribution of Shareholding as on 31 March 2019.

No. of Equity Shares	No. of folios	% of total folios	No. of Shares	% of holding
1 to 500	17,170	93.77	13,42,418	1.42
501 to 1000	518	2.83	3,81,516	0.40
1001 to 2000	256	1.40	3,67,496	0.39
2001 to 3000	70	0.38	1,73,960	0.18
3001 to 4000	39	0.21	1,39,393	0.15
4001 to 5000	31	0.17	1,46,753	0.16
5001 to 10000	63	0.34	4,61,777	0.49
10001 & above	164	0.90	9,13,07,057	96.81
Grand Total	18,311	100.00	9,43,20,370	100.00
Shareholders in Physical Mode	6	0.01	130	0.00
Shareholders in Electronic Mode	18,305	99.99	9,43,20,240	100.00

(e) Dematerialization of Shares & Liquidity:

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

As on 31 March 2019, 9,43,20,240 Equity Shares are in Dematerialised Form representing 99.99% of the total 9,43,20,370 Equity Shares of the Company. The ISIN allotted to the Company's scrip is INE212H01026. The Shares of the Company are actively traded at BSE Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE).

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

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

(g) Shares in respect of which dividend has not been claimed/encashed for 7 consecutive years transferred to IEPF account:

During the year 2018-19, the Company has transferred 244 Equity Shares to IEPF Authority.

(h) The total fee paid to the Statutory Auditors of the Company during the year under review is ₹33.68 Lakhs.

(i) Plant Locations:

- 235-236 & Other Plants at G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad - 382 410
- 129/129-A, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad - 382 410 (erstwhile Reclamation Welding Ltd.)
- 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
- 18/P, 20th Mile Stone, Sarkhej-Bavla N. H. 8-A, Village: Moraiya, Post: Changodar, Taluka: Sanand, Ahmedabad - 382 213
- Plot No. 14, (Survey No. 67, 67A & 70), Girnar Scooter Compound, Odhav Road, Odhav, Ahmedabad - 382 410
- L-3, MIDC Industrial Area, Hingna, Nagpur - 440016 (erstwhile Paramount Centrispun Castings Pvt. Ltd.)
- SF No. 514, 5A1, 5A2, 5A3, Thathamangalam Village, Kariamanickam Road, S. Pudur, Samayapuram, Trichy - 621 115 (erstwhile DCPL Foundries Ltd.)
- 103/104/115 to 118, Kerala GIDC Estate, Taluka Bavala, Ahmedabad-382 220.

(j) Address for Correspondence:

- For transfer / dematerialization of Shares, change of address of members and other queries:

Link Intime India Private Limited
C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400083
Phone: +91-22-49186270 Fax: +91-22- 49186060
Email: rnt.helpdesk@linkintime.co.in

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



Report on Corporate Governance (Contd.)

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-380054
Phone No. 079-66047800
Fax No. 079-66047848

Details of Non-Compliances:

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

NON-MANDATORY REQUIREMENTS:

a) Chairman of the Board

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

b) Shareholders' Rights

As the Quarterly and Half Yearly results are published in leading newspapers having wide circulation, the same are not sent to the Shareholders of the Company individually.



Practicing Company Secretary's Certificate on Corporate Governance

To
The Members of
AIA Engineering Limited
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by AIA Engineering Limited, CIN - L29259GJ1991PLC015182 ("the Company") for the year ended on 31 March 2019, as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company.

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 explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 24, 27, Schedule II, Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Place : Ahmedabad
Date : 27 May 2019

TUSHAR M.VORA
Proprietor
C.O.P. No.: 1745

The above Corporate Governance Report was adopted by the Board of Directors at its meeting held on 27 May 2019.

Declaration

In compliance with Regulation 34(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, I, Bhadresh K. Shah, Managing Director of the Company hereby 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 2018-19.

Place : Ahmedabad
Date : 27 May 2019

(Bhadresh K. Shah)
Managing Director
DIN: 00058177



Certificate of Non-Disqualification of Directors

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

To,
The Members of
AIA Engineering Limited,
115, GVMM Estate, Odhav Road,
Odhav, Ahmedabad - 382 410

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of AIA Engineering Limited having CIN L29259GJ1991PLC015182 and having registered office at 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad- 382 410 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C clause (10)(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Bhadresh Kantilal Shah	00058177	11/03/1991
2.	Bhumika Shyamal Shodhan	02099400	07/11/2014
3.	Dileep Chinubhai Choksi	00016322	27/01/2014
4.	Khushali Samip Solanki	07008918	07/11/2014
5.	Rajan Ramkrishna Harivallabhdas	00014265	14/05/2015
6.	Rajendra Shantilal Shah	00061922	15/03/2005
7.	Sanjay Shaileshbhai Majmudar	00091305	07/05/2007
8.	Sundararajan Srikumar	01025579	20/01/2009
9.	Yashwant Manubhai Patel	02103312	12/11/2010
10.	Janaki Udayan Shah	00343343	26/03/2019

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

Place: Ahmedabad
Date: 27 May 2019

Tushar Vora
Membership No.: 3459
CP No.: 1745



Managing Director / CFO Certification

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

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

- (a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31 March 2019 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

Bhupesh P. Porwal
Chief Financial Officer

Place: Ahmedabad
Date: 27 May 2019

Place: Ahmedabad
Date : 27 May 2019



Management Discussion and Analysis

A. INDUSTRY OVERVIEW:

AIA Engineering Ltd. (AIAE) is a niche player in the global Grinding Mill Internal market for Cement, Mining, Thermal Power and Aggregate industries. AIAE designs, manufactures and markets a wide range of consumable wear parts (mill internals) which are used in the process of Crushing and Grinding. On account of impact, abrasion and corrosion, a lot of wear and tear happens on these parts and they continuously wear away. Company's parts are made in high chrome metallurgy which offers wear resistance and hence a longer wear life. This is made possible by formulating the right alloy for the set of operating conditions inside the mill that cause the wear and tear. In addition to improvement in wear life, the Company also helps optimize the grinding process thereby increasing throughputs from the grinding mills and also reducing power consumption. The Company employs casting process for the manufacture of the products.

Mining market continues to be our growth engine. It represents a large opportunity for conversion of conventional forged grinding media to high chrome grinding media. Annual consumption of grinding media for the mining segment is estimated at 2.5 million tons with less than 20% of the same converted to high chrome, thus offering a sizeable growth opportunity of conversion. In addition to grinding media, we are now offering Mill Linings also to the same customers thereby increasing our wallet share with them. Mill Linings is estimated to be 300,000 ton global market and represents a growth opportunity for us.

AIAE's strategy for effective penetration in the mining industry is focused on multiple fronts- the first one being the ability to offer significant reduction in the grinding media cost through use of high chrome media in place of forged media resulting in much lower wear rates; the second being significant benefits available in the form of reduction of other costly consumables/reagents in the down process by using high chrome grinding media instead of using forged grinding media and thereby also improving recoveries; and third being mill optimization through unique high chrome mill lining solutions resulting into improvement in throughputs and cost reduction in the grinding process. AIAE believes that because of this unique combination of multiple solution offering capabilities, AIAE is well positioned to capitalise on the significant growth opportunity available in the global mining space in a sustained manner.

AIAE now sells and services customers in more than 125 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 addition to grinding media, we are now offering Mill Linings also to the same customers. 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.

In FY 2018-19, mining markets enjoyed relative stability in their operations especially in commodity prices which saw recovery and stability. This led to many large mining groups announcing expansion plans (greenfield and brownfield). Globally, economic factors lead to continued growth as US and EU continue with their monetary stimulus, albeit at a slower pace. Key factors that can affect the mining industry are linked to global macroeconomics. On-going trade war between US and China is a key risk to global growth and has the potential to bring down this remarkable decade of growth and stability. One major event in this fiscal year has been the accident at one of Vale's sites wherein the dam, where they store the waste slurry, burst and led to an environmental and human disaster. Vale has shown remarkable grit in the face of this event and has recovered very well. They made up lost production from alternate sites and contained the economic damage very well. We continue to remain bullish on gold, copper, iron and platinum metals and believe that the on-going stable environment should continue for near future.

As for our business, we saw stability in our raw materials, especially in Ferro Chrome prices which has remained choppy for last few years. Ferro Chrome pricing is linked to Chinese actions on production of steel and stocking decisions on this raw material which in turn brings volatility in pricing. We expect Ferro Chrome to remain volatile going forward. We take sufficient steps to ensure that this volatility is passed through via price increase clauses in our contracts. We continued to see shipping rates going up on account of on-going consolidation in the industry as well as sustained levels of global trade. On-going trade disputes between US and China has already impacted trade on that circuit and can have a follow-on impact on shipping industry. Lastly, we saw rapid movements in INR in this fiscal year. INR moved



Management Discussion and Analysis (Contd.)

from a stable regime over past 2-3 years to a period of volatility wherein it weakened to its lowest levels and then pulled back by a bit. India continues to maintain a current account deficit which in turn brings pressure on INR in times when capital flows ease or reverse. We follow a rigorous hedging policy to mitigate the risk to the extent possible.

Cement markets continue to remain flat worldwide in line with trends observed over past many years. Large economies like US, Europe and India have significant needs to ramp up infrastructure which in turn will help the Cement market. But till that time, we continue to expect a flat market scenario. We continue to engage with our customer with solutions that can help improve their operating parameters and maintain our market share.

From a competition standpoint, we believe that there is no other comparable Company in India and only one other Company globally, which is having the capability of offering the same or similar solutions in the High Chrome grinding space, and that too not covering the entire range of the solutions which are offered by AIAE.

B. SEGMENTWISE PERFORMANCE:

The Company primarily operates in only one segment i.e. manufacturing of High Chrome Mill Internals. In Fiscal Year 2018-19, 75.83% of its total sales came from outside India while balance 24.17 % sales came from India.

C. OUTLOOK AND PROSPECTS:

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

AIA's primary growth prospects are linked to its strategy for the mining space from which bulk of its growth is expected to accrue from. The growth prospects are primarily emanating out of the large annual replacement market in this industry. Conventionally, forged grinding media is being used for grinding and crushing in grinding mills. Less than 20% of this is converted to high chrome and hence presents an opportunity to AIA to convert forged media to high chrome. Main benefits of high chrome include reduction in wear cost, reduction in

consumption of reagents and down process benefits in gold and copper ore. AIA engages with a customer over 18 to 20 months to develop a mine site by doing trials and establishing optimal chrome grade for that set of operating conditions. On account of these benefits we expect high chrome to take higher market share over forged over time.

Additionally, AIA is further entrenching itself in the mining space by venturing into Mill Linings for which AIA has technical collaboration with a US Company which has expertise in optimising grinding efficiency. The Company will be able to offer reduced power costs and increased throughput as a solution to customers. These will be material savings for the customer and with Company's existing solutions around wear cost reduction, reagent consumption reduction and down process benefits, it will position the Company as a true partner with its Customers and help sharpen its engagement meaningfully in the Mining space.

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

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

D. CAPEX PLAN:

The Company's current capacity stands at 3,40,000 Mt of high chrome mill internals. The Company is in midst of expanding this capacity to 4,90,000 Mt by a mix of greenfield and brownfield expansion at its existing plant in GIDC Kerala, near Ahmedabad.

Of this expansion, 1,00,000 Mt will be grinding media which was planned in two phases of 50,000 Mt each. The first phase of 50,000 Mt has been delayed on account of financial issues faced by one important equipment supplier thereby delaying supply of that equipment. We have now resolved this and expect to commission this first phase by September 2019. This will take our



Management Discussion and Analysis (Contd.)

capacity to 3,90,000 Mt. The second phase of 50,000 Mt will be taken up thereafter and is estimated to be commissioned by December 2020. This should take Company's capacity to 440,000 Mt.

The Company has firmed up plans to set up a Greenfield facility to manufacture 50,000 Mt of "Mill Linings" at a cost of ₹ 250 crore and is estimated to be commissioned by December 2020. Post this expansion, Company's capacity will stand at 4,90,000 Mt.

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

E. RISKS AND CONCERNS:

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

Key risks that the Company faces are around stability in the mining market, foreign exchange rate fluctuation, fluctuation in raw material prices and debtor defaults.

Currency fluctuation: 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.

Raw Material fluctuation: The Company engages with the customers and is able to pass through most of the raw material changes - either through price pass through clauses if there are longer tenure contracts or by re-pricing new offers. The Company is closely monitoring

raw material price movements and is regularly buying the raw materials during low price cycles so as to average out the impact of price fluctuations.

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

F. INTERNAL CONTROL SYSTEM AND THE ADEQUACY:

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

During the fiscal year 2018-19, your Company has comprehensively reviewed and re-designed the Internal Financial Controls across the organization encompassing all key functional areas as well as covering the entire gamut of entities/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.



Management Discussion and Analysis (Contd.)

G. FINANCIAL PERFORMANCE REVIEW:

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

I. Consolidated Performance:

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

- Physical Production:

The production achieved is as under:

	(Qty in M.T.)	
Product	F.Y. 2018-19	F.Y. 2017-18
High Chrome Mill Internals	2,89,666	2,29,815

- Sales Turnover:

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

	(₹ in Lakhs)	
Particulars	F.Y. 2018-19	F.Y. 2017-18
Sales in India (23.14%)	68,672.92	60,455.75
Sales Outside India (76.86%)	2,28,070.54	1,79,174.21
Total	2,96,743.46	2,39,629.96

- Key Performance Indicators:

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

	(₹ in Lakhs)	
Particulars	F.Y. 2018-19	F.Y. 2017-18
1 Revenue from Operations	3,06,949.99	2,46,668.77
2 Cost of Materials Consumed (Including changes in inventories)	1,22,546.78	96,436.43
- % of revenue from operations	39.92%	39.10%
3 Employee Benefit Expense	12,639.13	11,315.78
- % of revenue from operations	4.12%	4.59%
4 Other Expenses (Including Excise Duty on sale)	1,05,774.08	85,346.60
- % of revenue from operations	34.46%	34.60%
5 EBIDTA	78,079.29	65,751.45
- % of revenue from operations	25.44%	26.66%
6 Finance Costs	754.71	692.76
- % of revenue from operations	0.25%	0.28%
7 Depreciation and Amortization Expense	7,884.57	6,558.07
- % of revenue from operations	2.57%	2.66%
8 Profit Before Tax	69,440.01	58,500.62
- % of revenue from operations	22.62%	23.72%
9 Profit After Tax (Including Other Comprehensive Income and after minority interest)	50,428.84	42,270.28
- % of revenue from operations	16.43%	17.14%



Management Discussion and Analysis (Contd.)

II Standalone Performance

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

- Sales Turnover :

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

(₹ in Lakhs)

Particulars	F.Y. 2018-19	F.Y. 2017-18
Sales in India (24.17%)	66,167.19	59,027.98
Sales Outside India (75.83%)	2,07,549.52	1,50,545.25
Total	2,73,716.71	2,09,573.23

- Key performance indicators:

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

(₹ in Lakhs)

Particulars	F.Y. 2018-19	F.Y. 2017-18
1 Revenue from Operations	2,83,758.50	2,16,581.97
2 Cost of Materials Consumed (Including changes in inventories and purchase of stock in trade)	1,39,152.03	1,00,034.54
- % of revenue from operations	49.04%	46.19%
3 Employee Benefit Expense	9,089.14	8,205.07
- % of revenue from operations	3.20%	3.79%
4 Other Expenses (Including Excise Duty on sale)	78,458.86	61,804.93
- % of revenue from operations	27.65%	28.54%
5 EBIDTA	68,680.05	68,235.68
- % of revenue from operations	24.20%	31.51%
6 Finance Costs	719.05	656.72
- % of revenue from operations	0.25%	0.30%
7 Depreciation and Amortization Expense	7,769.59	6,439.39
- % of revenue from operations	2.74%	2.97%
8 Profit Before Tax	60,191.41	61,139.57
- % of revenue from operations	21.21%	28.23%
9 Profit After Tax (Including Other Comprehensive Income)	41,577.33	47,111.31
- % of revenue from operations	14.65%	21.75%

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

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

Standalone

S. N.	Particulars	2019	2018	Change	Change in %	Explanations
1	Debtors Turnover (Days)	107	119	(11.72)	-9.85%	
2	Inventory Turnover (Days)	32	29	2.67	9.12%	
3	Interest coverage Ratio	84.71	94.10	(9.39)	-9.98%	
4	Current Ratio	8.51	6.59	1.92	29.16%	On account of decrease in Current Liabilities



Management Discussion and Analysis (Contd.)

S. N.	Particulars	2019	2018	Change	Change in %	Explanations
5	Debt Equity Ratio	0.04	0.04	(0.00)	-6.80%	
6	Operating Profit Margin (%)	21.47%	28.53%	(0.07)	-24.77%	On account of decrease in Sales Realization
7	Net Profit Margin (%)	14.65%	21.75%	(0.07)	-32.64%	On account of decrease in Sales Margin
8	Return on Networth (%)	14.01%	18.18%	(0.04)	-22.96%	On account of decrease in Profit

Consolidated

S. N.	Particulars	2019	2018	Change	Change in %	Explanations
1	Debtors Turnover (Days)	81	84	(2.91)	-3.48%	
2	Inventory Turnover (Days)	61	57	3.29	5.73%	
3	Interest coverage Ratio	93.01	85.45	7.56	8.85%	
4	Current Ratio	7.67	5.89		30.27%	On account of decrease in Current Liabilities
5	Debt Equity Ratio	0.04	0.04	(0.00)	-10.91%	
6	Operating Profit Margin (%)	22.87%	24.00%	(1.30)	-4.70%	
7	Net Profit Margin (%)	16.64%	17.97%	(1.33)	-7.41%	
8	Return on Networth (%)	15.66%	15.48%	0.18	1.15%	On account of increase in Profit

I. INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT:

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

CAUTIONARY STATEMENT:

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



Independent Auditor's Report

to the Members of AIA Engineering Limited

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

Opinion

We have audited the standalone Ind AS financial statements of AIA Engineering Limited (the 'Company'), which comprise the standalone balance sheet as at 31 March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'standalone Ind AS financial statements').

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 Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter #1 : Revenue Recognition

Refer Note 3(j) and Note 29 to the standalone Ind AS financial statements

Description of key audit matter	How the matter was addressed in our audit
<p>Revenue of the Company mainly comprise of sale of high chrome mill internals to its customers and to its overseas subsidiaries.</p> <p>Revenue recognition is a significant audit risk primarily as there is a risk that revenue is recognised on sale of goods before the control in the goods is transferred.</p> <p>Revenue is also a key performance indicator of the Company.</p>	<p>Our key audit procedures to assess the recognition of revenue on sale of goods included the following:</p> <ul style="list-style-type: none"> We assessed the appropriateness of the Company's revenue recognition policies, including those related to discounts and incentives by comparing with the applicable accounting standards; We obtained an understanding of process and assessed the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition from sale of goods. We also tested the Company's controls over timing of revenue recognition; We also tested, on a sample basis, whether specific revenue transactions around the year end had been recognised in the appropriate period on the basis of the terms of sale of the contract; We inspected key customer contracts to identify terms and conditions related to acceptance of goods and the right to return and assessing the Company's revenue recognition policies with reference to the requirements of the prevailing accounting standards. We also considered adequacy of the Company's disclosures in respect of revenue and related estimates and judgements in the standalone Ind AS financial statements.



Independent Auditor's Report on the standalone Ind AS financial statements of AIA Engineering Limited for the year ended 31 March 2019 (Contd.)

Key Audit Matter #2 : Litigations

Refer Note 41 to the standalone Ind AS financial statements

Description of key audit matter	How the matter was addressed in our audit
<p>The Company is contesting a litigation which is under arbitration, whereby the claimant has claimed damages inter alia alleging infringement of its patent by the Company in relation to the Company's particular technology and breach of the Settlement Deed as disclosed in Note 41 of the standalone Ind AS financial statements as at 31 March 2019.</p> <p>The amount involved in the said dispute is approximately ₹ 41,521.44 Lakhs, including costs and damages, which could have a significant impact on the results of the Company if the potential exposures were to materialise.</p> <p>Given that the arbitration is still pending, its potential impact on the standalone Ind AS financial statements are subject to significant judgments and estimates made by the management, we identify it as key audit matter.</p>	<p>Our key audit procedures included the following:</p> <ul style="list-style-type: none"> We have held discussions with in-house legal team of the Company regarding the status of the ongoing arbitration to understand the associated risk and management's assessment of the potential impact of the arbitration; We obtained confirmation from external legal counsel and considered the appropriateness of the disclosure made in the standalone Ind AS financial statements.

Other Information

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

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

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

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes

maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring 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.

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance,



Independent Auditor's Report on the standalone Ind AS financial statements of AIA Engineering Limited for the year ended 31 March 2019 (Contd.)

but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements,

including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
 - (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.



Independent Auditor's Report on the standalone Ind AS financial statements of AIA Engineering Limited for the year ended 31 March 2019 (Contd.)

- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its standalone Ind AS financial statements - Refer Note 40 and Note 41 to the standalone Ind AS financial statements;
- ii. The Company did not have any long-term contracts, including derivative contracts, for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
- iv. The disclosures in the standalone Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone Ind AS financial statements since they do not pertain to the financial year ended 31 March 2019.
- (C) With respect to the matter to be included in the Auditor's Report under Section 197(16):
- In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **BSR & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

Nirav Patel

Partner

Membership No.: 113327

Ahmedabad

27 May 2019

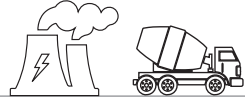


ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF AIA ENGINEERING LIMITED FOR THE YEAR ENDED 31 MARCH 2019

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

With reference to the "Annexure A" referred to in the Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2019, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and the records examined by us including registered titled deeds, we report that, the title deeds, comprising of all of immovable properties of land and buildings which are freehold, are held in the name of the Company. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as property, plant and equipment in the standalone Ind AS financial statements, the lease agreements are in the name of the Company, where the Company is lessee in the agreement.
- (ii) The inventory, except goods-in-transit and stocks lying at third party locations, have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. For stocks lying with third parties at the year end, written confirmations have been obtained. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been dealt with in books of account.
 - (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act 2013 ('the Act'). Accordingly, paragraph 3(iii) (a), (b), and (c) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided any security to parties covered under Section 185 and Section 186 of the Act. The Company has complied with the provisions of Section 185 and 186 of the Act in respect of guarantees given and investments made, as applicable.
 - (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposit from public as per the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3 (v) of the Order is not applicable to the Company.
 - (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
 - (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods and service tax, Duty of customs, Duty of excise, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.
According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and service tax, Duty of customs, Duty of excise, Cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable. Pending clarity on the matter as explained in Note 40(iii) to the standalone Ind AS financial statements, the Company is currently unable to determine the extent of arrears of such provident fund as at 31 March 2019 outstanding for a period of more than six months from the date they become payable.



Annexure "A" to the Independent Auditor's Report on the standalone Ind AS financial statements of AIA Engineering Limited for the year ended 31 March 2019 (Contd.)

- (b) According to the information and explanations given to us, there are no dues of Income-tax, Goods and Service tax, Duty of customs, Duty of excise and Cess as at 31 March 2019, which have not been deposited with the appropriate authorities on account of any dispute, other than those mentioned in the Enclosure - I to this report.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks and government. Further, the Company does not have any debentures issued / outstanding at any time during the year.
- (ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and accordingly to the information and explanations given to us, the term loan taken by the Company is applied for the purpose for which it is raised.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company as prescribed under Section 406 of the Act. Accordingly, paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and Section 188 of the Act where applicable. The details of such related party transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable Indian Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3 (xvi) of the Order is not applicable to the Company.

For **BSR & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

Nirav Patel

Partner

Membership No.: 113327

Ahmedabad

27 May 2019



Annexure "A" to the Independent Auditor's Report on the standalone Ind AS financial statements of AIA Engineering Limited for the year ended 31 March 2019 (Contd.)

Enclosure - I

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount related	Amount involved (₹ in Lakhs)	Amount unpaid (₹ in Lakhs)
Income tax Act, 1961	IT matters under dispute	Hon'ble High Court of Gujarat	A.Y. 2006-07	471.89	471.89
			A.Y. 2007-08	1,100.66	1,100.66
		ITAT, Ahmedabad	A.Y. 2008-09	893.05	893.05
			A.Y. 2009-10	1728.35	1728.35
			A.Y. 2010-11	1,830.28	1,830.28
			A.Y. 2011-12	1,734.24	1,734.24
			A.Y. 2012-13	1,610.63	1,610.63
			A.Y. 2013-14	2,173.48	2,173.48
Commissioner of Income-tax, Ahmedabad	A.Y. 2014-15	3,657.95	3,657.95		
State Sales-tax Act	Sales tax, including interest	Sales tax Tribunal- Nagpur	F.Y. 2001-02	19.76	19.76
Service tax (Finance Act, 1994)	Service tax	Dy. Commissioner, Ahmedabad.	F.Y. 2010-11 to 2017-18 [upto June 2017]	10.74	10.74
			F.Y. 2013-14 to 2017-18 [upto June 2017]	41.99	41.99
Central Excise Act, 1944	Duty of Excise, including interest and penalty (as applicable)	Assistant Commissioner of Excise - Nagpur	F.Y. 2006-07 to 2009-10	2.34	2.34
		CESTAT, Ahmedabad	F.Y. 2006-07 to 2007-08 and 2009-10 to 2011-12	2,492.82	1,611.44
		Hon'ble High Court of Gujarat	F.Y. 2000-01 to 2002-03	55.79	55.79
		Dy. Commissioner of Excise, Ahmedabad	F.Y. 2010-11 to 2017-18	109.78	109.78
States' Value Added Tax Act	Value Added Tax	VAT Tribunal - Ahmedabad	F.Y. 2012-13	9.33	6.02
		Joint Commissioner of VAT - Ahmedabad	F.Y. 2013-14	3.13	1.68
			F.Y. 2014-15	1.83	1.83
		VAT Tribunal - Madurai	F.Y. 2013-14	9.16	9.16

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS OF AIA ENGINEERING LIMITED FOR THE YEAR ENDED 31 MARCH 2019**

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

Report on the internal financial controls with reference to the aforesaid standalone Ind AS financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**Opinion**

We have audited the internal financial controls with reference to financial statements of AIA Engineering Limited (the 'Company') as of 31 March 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as the 'Act').

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing (the 'Standards'), prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone Ind AS financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

Meaning of internal financial controls with reference to financial statements

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



Annexure "B" to the Independent Auditor's Report on the standalone Ind AS financial statements of AIA Engineering Limited for the year ended 31 March 2019 (Contd.)

Inherent limitations of internal financial controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial

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

For **BSR & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

Nirav Patel

Partner

Membership No.: 113327

Ahmedabad
27 May 2019



Standalone Balance Sheet

as at 31 March 2019

(₹ in Lakhs)

Particulars	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	81,517.20	64,429.50
(b) Capital work-in-progress	5	5,975.34	9,514.07
(c) Goodwill	6	460.69	460.69
(d) Other intangible assets	6	251.14	228.66
(e) Financial assets			
(i) Investments	7	1,578.38	1,578.38
(ii) Trade receivables	8	389.28	115.49
(iii) Loans	9	584.93	656.08
(f) Other tax assets (net)	10	2,414.44	2,251.11
(g) Other non-current assets	11	2,976.12	5,163.12
Total non-current assets		96,147.52	84,397.10
Current assets			
(a) Inventories	12	45,771.53	34,496.30
(b) Financial assets			
(i) Investments	13	1,07,846.24	1,03,162.78
(ii) Trade receivables	14	90,075.15	70,299.22
(iii) Cash and cash equivalents	15	2,066.47	3,028.93
(iv) Bank balances other than (iii) above	15	633.82	8,191.44
(v) Loans	16	189.03	251.65
(vi) Derivatives		996.49	-
(vii) Other financial assets	17	6,468.23	4,508.23
(c) Other current assets	18	10,886.71	12,291.40
Total current assets		2,64,733.67	2,36,229.95
Total assets		3,60,881.19	3,20,627.05
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	19	1,886.41	1,886.41
(b) Other equity	20	3,15,718.20	2,74,140.87
Total equity		3,17,604.61	2,76,027.28
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	1,500.00	19.85
(b) Provisions	22	578.77	556.24
(c) Deferred tax liabilities (net)	37(b)	10,099.61	8,182.27
Total non-current liabilities		12,178.38	8,758.36
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	11,169.31	11,794.31
(ii) Trade payables	24		
Total outstanding dues of micro enterprises and small enterprises		1,669.44	1,153.04
Total outstanding dues of creditors other than micro enterprises and small enterprises		13,496.43	10,505.72
(iii) Derivatives		-	229.34
(iv) Other financial liabilities	25	1,499.78	8,270.30
(b) Other current liabilities	26	2,903.04	2,344.27
(c) Provisions	27	360.20	456.22
(d) Current tax liabilities (net)	28	-	1,088.21
Total current liabilities		31,098.20	35,841.41
Total liabilities		43,276.58	44,599.77
Total equity and liabilities		3,60,881.19	3,20,627.05
The accompanying notes are integral part of these standalone financial statements	2 - 49		

As per our report of even date attached.

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 27 May 2019

For and on behalf of the Board of Directors

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

BHUPESH P. PORWAL
Chief Financial Officer

Place : Ahmedabad
Date : 27 May 2019

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

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

Place : Ahmedabad
Date : 27 May 2019



Standalone Statement of Profit and Loss

for the year ended 31 March 2019

(₹ in Lakhs)

Particulars	Note	Year ended 31 March 2019	Year ended 31 March 2018
INCOME			
Revenue from operations	29	2,83,758.50	2,16,581.97
Other income	30	11,621.58	21,698.25
Total income		2,95,380.08	2,38,280.22
EXPENSES			
Cost of materials consumed	31	1,24,090.64	83,488.67
Excise duty on sales		-	1,543.20
Purchases of stock-in-trade		23,908.16	22,017.14
Changes in inventories of finished goods and work-in-progress	32	(8,846.77)	(5,471.27)
Employee benefits expense	33	9,089.14	8,205.07
Finance costs	34	719.05	656.72
Depreciation and amortisation expense	35	7,769.59	6,439.39
Other expenses	36	78,458.86	60,261.73
Total expenses		2,35,188.67	1,77,140.65
Profit before tax		60,191.41	61,139.57
Tax expense	37(a)		
Current tax		16,963.31	14,709.53
Deferred tax		1,745.93	(560.62)
Total tax expenses		18,709.24	14,148.91
Profit for the year		41,482.17	46,990.66
Other Comprehensive Income			
A (i) Items that will not be reclassified to statement of profit and loss	39(iv)	(13.02)	59.71
(ii) Income tax relating to items that will not be reclassified to statement of profit and loss		-	-
B (i) Items that will be reclassified to statement of profit and loss	20	166.25	95.79
(ii) Income tax relating to items that will be reclassified to statement of profit and loss	37(c)	(58.07)	(34.85)
Other comprehensive income for the year (net of tax)		95.16	120.65
Total comprehensive income for the year (comprising profit and other comprehensive income for the year)		41,577.33	47,111.31
Earnings per equity share			
Equity share of par value ₹ 2 each			
Basic and Diluted	38	43.98	49.82
The accompanying notes are integral part of these standalone financial statements	2 - 49		

As per our report of even date attached.

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 27 May 2019

For and on behalf of the Board of Directors

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

BHUPESH P. PORWAL
Chief Financial Officer

Place : Ahmedabad
Date : 27 May 2019

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

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

Place : Ahmedabad
Date : 27 May 2019



Standalone Statement of Changes in Equity

for the year ended 31 March 2019

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the reporting year	1,886.41	1,886.41
Changes in equity share capital during the year	-	-
Balance at the end of the reporting year	1,886.41	1,886.41

B. OTHER EQUITY

(₹ in Lakhs)

Particulars	Reserves and Surplus				Other Comprehensive Income		Total
	Securities premium reserve	Capital redemption reserve	General reserve	Retained earnings	Cash flow hedge reserve	Remeasurement of defined benefit plan	
Balance as at 1 April 2017	26,579.52	1,925.74	16,189.27	1,95,474.07	268.27	(115.32)	2,40,321.55
Profit for the year	-	-	-	46,990.66	-	-	46,990.66
Dividend paid on equity shares	-	-	-	(11,318.44)	-	-	(11,318.44)
Tax on dividends	-	-	-	(1,973.55)	-	-	(1,973.55)
Remeasurement of defined benefit plan	-	-	-	(55.61)	-	115.32	59.71
Net movement in hedge reserve (net of tax)	-	-	-	-	60.94	-	60.94
Balance as at 31 March 2018	26,579.52	1,925.74	16,189.27	2,29,117.13	329.21	-	2,74,140.87
Profit for the year	-	-	-	41,482.17	-	-	41,482.17
Remeasurement of defined benefit plan	-	-	-	(13.02)	-	-	(13.02)
Net movement in hedge reserve (net of tax)	-	-	-	-	108.18	-	108.18
Balance as at 31 March 2019	26,579.52	1,925.74	16,189.27	2,70,586.28	437.39	-	3,15,718.20

Nature and purpose of reserves:

- Securities premium reserve: The amount received in excess of face value of the equity shares is recognised in Securities premium reserve.
- Capital redemption reserve: The company has recognised Capital redemption reserve on redemption of Cumulative redeemable preference shares.
- General reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.
- Retained earnings: Retained earnings are the profits that the Company has earned till date, less any transfer to general reserve, dividends or other distributions to shareholders.
- Cash flow hedge reserve: This represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of effective portion of cash flow hedges will be reclassified to statement of profit and loss only when the hedged items affect the profit and loss.

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

As per our report of even date attached.

For and on behalf of the Board of Directors

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

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

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

NIRAV PATEL
Partner
Membership No: 113327

BHUPESH P. PORWAL
Chief Financial Officer

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

Place : Ahmedabad
Date : 27 May 2019

Place : Ahmedabad
Date : 27 May 2019

Place : Ahmedabad
Date : 27 May 2019



Standalone Statement of Cash Flow

for the year ended 31 March 2019

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
A. Cash flow from operating activities:		
Profit before tax	60,191.41	61,139.57
Add / (less): adjustments		
Interest income	(1,142.14)	(248.85)
Dividend income	(9.55)	(11,414.68)
Profit on sale of current investments	(4,294.60)	(904.71)
Fair valuation of current investments	(2,821.15)	(5,177.09)
Unrealised (loss) on foreign exchange fluctuations (net)	(950.17)	(577.46)
Loss / (profit) on sale of assets (net)	34.48	(28.86)
Sundry balances written back / (written off) (net)	3.14	(15.01)
Depreciation and amortisation	7,769.59	6,439.39
Provision for doubtful receivables	-	63.01
Finance costs	719.05	656.72
Provision for product warranties	(14.60)	201.00
Fair value of forward contracts	(26.87)	73.96
	59,458.59	50,206.99
Changes in working capital:		
(Increase) in trade receivables	(20,288.76)	(2,131.20)
Decrease / (increase) in loans	133.77	(83.35)
Decrease in other non-current assets	1,268.18	801.42
(Increase) in inventories	(11,275.23)	(4,585.15)
(Increase) in other financial assets	(1,939.24)	(1,415.48)
Decrease / (increase) in other current assets	1,604.69	(1,084.27)
(Decrease) in provisions	(71.91)	(49.45)
Increase in trade payables	3,490.18	554.03
Increase / (decrease) in other current liabilities	558.77	(2,416.92)
Cash generated from operations	32,939.04	39,796.62
Income taxes paid (net of refunds)	(18,101.54)	(15,784.63)
Net cash generated from operating activities (A)	14,837.50	24,011.99
B. Cash flow from investing activities:		
Acquisition of property, plant and equipment, capital work-in-progress and other intangibles	(19,710.34)	(13,527.18)
Proceeds from sale of property, plant and equipment	23.17	60.51
Proceeds from sale of current investments	20,310.55	7,305.32
Purchase of current investments	(17,529.46)	(11,880.48)
Purchase of non-current investments	-	(1.30)
Investment in fixed deposits with bank (net)	8.88	(31.12)
Interest income	772.57	239.09
Dividend income	9.55	11,414.68
Net cash (used in) investing activities (B)	(16,115.08)	(6,420.48)
C. Cash flow from financing activities:		
Proceeds from / (repayment) of non-current and current borrowings (net)	980.05	(2,311.32)
Dividends paid (including taxes on dividend)	-	(13,291.99)
Finance costs paid	(716.47)	(671.06)
Net cash generated from / (used in) financing activities (C)	263.58	(16,274.37)
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	(1,014.00)	1,317.14
E. Add : Cash and cash equivalents at the beginning of the year	3,028.93	1,718.38
F. Less: Foreign exchange (loss) / gain on restatement of cash and cash equivalents	51.54	(6.59)
G. Cash and cash equivalents at the end of the year	2,066.47	3,028.93



Standalone Statement of Cash Flow

for the year ended 31 March 2019 (Contd.)

Notes:

1 Cash and cash equivalents include (Refer note 15): (₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Balances with banks	2,061.52	3,020.75
Cash on hand	4.95	8.18
Total	2,066.47	3,028.93

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

(₹ in Lakhs)

Particulars	Non-current borrowings (including current maturities of long term debt)	Current borrowings	Dividends paid (including taxes)	Finance costs
Balance as at 1 April 2017	2,474.41	11,545.64	-	27.33
Proceeds from borrowings	-	40,073.27	-	-
Repayment of borrowings	(2,438.81)	(39,945.78)	-	-
Dividends paid (including taxes)	-	-	(13,291.99)	-
Interest paid	-	-	-	(671.06)
Net cash inflows / (outflows)	(2,438.81)	127.49	(13,291.99)	(671.06)
Charge to statement of profit and loss	-	-	-	656.72
Foreign exchange fluctuation loss	-	121.18	-	-
Balance as at 31 March 2018	35.60	11,794.31	-	12.99
Proceeds from borrowings	1,500.00	64,066.97	-	-
Repayment of borrowings	(13.73)	(64,573.19)	-	-
Interest paid	-	-	-	(716.47)
Net cash inflows / (outflows)	1,486.27	(506.22)	-	(716.47)
Charge to statement of profit and loss	-	-	-	719.05
Foreign exchange fluctuation (gain)	-	(118.78)	-	-
Balance as at 31 March 2019	1,521.87	11,169.31	-	15.57

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

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

As per our report of even date attached.

For and on behalf of the Board of Directors

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

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

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

NIRAV PATEL
Partner
Membership No: 113327

BHUPESH P. PORWAL
Chief Financial Officer

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

Place : Ahmedabad
Date : 27 May 2019

Place : Ahmedabad
Date : 27 May 2019

Place : Ahmedabad
Date : 27 May 2019



Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

1. BACKGROUND

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

The standalone Ind AS financial statements of the Company comprises, the standalone balance sheet as at 31 March 2019, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (herein referred to as "standalone financial statements"). These standalone financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The standalone financial statements are approved for issue by the Audit Committee and Board of Directors at their meetings held on 27 May 2019.

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

2.2 Basis of measurement

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

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

2.3 Use of estimates and judgments

In preparing these standalone financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

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

- **Note 45** - determining the amount of expected credit loss on financial assets (including trade receivables) and
- **Note 44** - lease classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

- **Note 4 and 6** - estimate of useful life used for the purposes of depreciation and amortisation on property plant and equipment and other intangible assets, impairment of goodwill;
- **Note 37(c)** - recognition of deferred tax liabilities;
- **Note 39** - measurement of defined benefit obligations: key actuarial assumptions;
- **Notes 22, 27, 40 and 41** - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- **Note 45** - impairment of financial assets.

2.4 Measurement of fair values

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

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

Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

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

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

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

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

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

2.5 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

a) Foreign currency transactions

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

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

b) Financial instruments

Recognition and initial measurement

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

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

Financial assets - classification and subsequent measurement

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

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

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

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

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



Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

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

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

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

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

Financial assets: Business model assessment

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

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

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

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



Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

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

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

Derecognition

Financial assets

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

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but

retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

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

Offsetting

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

c) Derivative instruments and hedge accounting

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

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

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

Recognition and measurement of cash flow hedge:

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

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

**Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)****Derecognition:**

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

d) Property, plant and equipment*Recognition and measurement*

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

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

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

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

Subsequent measurement

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

Depreciation

The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected

physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Freehold land is not depreciated.

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

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

Leasehold land is amortised over the lease period.

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

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

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

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

Derecognition

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

e) Goodwill and Other intangible assets

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

Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

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

Subsequent measurement

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

Amortisation

Goodwill is not amortised and is tested for impairment annually.

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

The estimated useful lives of intangibles are as per below:

Software - 6 years

Patent - 20 years

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

Impairment

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

f) Inventories

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

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

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

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

g) Impairment

Impairment of financial assets

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

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

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

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

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



Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write off

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

Impairment of non-financial assets

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

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

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

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

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

h) Employee benefits

Defined benefit plans

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

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



Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

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

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

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.

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

Short term employee benefits

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

Other long-term employee benefits

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

Termination benefits

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

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

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

Warranties

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

Onerous contracts

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



Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

Contingent liability

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

Contingent assets

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

j) Revenue

The Company adopted Ind AS 115 "Revenue from contracts with customers", with effect from 1 April 2018. Ind AS 115 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the contracts with its customers and replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

Sale of goods

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

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

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

Transition

The Company has adopted Ind AS 115 prospectively whereby the effect of applying this standard is recognised at the date of initial application (i.e. 1 April 2018). Accordingly, the comparative information in

the statement of profit and loss is not restated. The impact on account of adoption of the Standard on the standalone financial statements of the Company as well as disclosures under Ind AS 115 are given in Note 29 of these standalone financial statements.

Other operating revenue - export incentives

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

k) Other income

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

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

l) Leases

Asset held under lease

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

Assets held under operating leases are neither recognised in (in case the Company is lessee) nor derecognised (in case the Company is lessor) from the Company's Balance Sheet.

Lease payments

Payments made under operating leases are generally recognised in statement of profit and loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with



Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

m) Income taxes

Current tax

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

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

Deferred tax

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

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

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

n) Borrowing cost

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

o) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. For the disclosure on reportable segments see Note 43.

p) Cash and cash equivalents

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

q) Earnings per share

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

r) Events after reporting date

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

s) Investments in subsidiaries

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



Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

t) Recent Indian Accounting Standards (Ind AS)

i. Ind AS 116 - Leases

Ind AS 116 is applicable for financial reporting periods beginning on or after 1 April 2019 and replaces existing lease accounting guidance, namely Ind AS 17 Leases. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature of expenses related to those leases will change as Ind AS 116 replaces the operating lease expense (i.e., rent) with depreciation charge for ROU assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

The Company is in the process of evaluating the requirement of amendment and its impact on standalone financial statements

ii. Amendments to Ind AS 12 - Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments):

This interpretation, which will be effective from 1 April 2019, The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in statement of profit and loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and

tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability clarifies how entities should evaluate and reflect uncertainties over income tax treatments, in particular when assessing the outcome a tax authority might reach with full knowledge and information if it were to make an examination.

The Company is currently in process of evaluating the impact of this amendment on its standalone financial statements.

iii. Ind AS 109 - Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any significant impact on its standalone financial statements.

iv. Ind AS 19 - Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its standalone financial statements.

**Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)****v. Ind AS 23 – Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect this amendment to have any significant impact on its standalone financial statements.

vi. Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company currently does not have any joint operations or joint control and hence there is no impact on its standalone financial statements.



Notes to the Standalone Financial Statements as at 31 March 2019 (Contd.)

(₹ in Lakhs)

Particulars	Freehold Land	Leasehold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Others*	Total
Gross block:									
As at 1 April 2017	2,762.55	2,998.62	28,902.36	40,071.20	1,171.34	144.24	239.71	860.83	77,150.85
Additions during the year	227.98	-	2,898.93	3,050.22	175.55	101.76	22.29	59.50	6,536.23
Disposals / adjustments during the year	-	-	(0.09)	(308.74)	(6.61)	(33.17)	(0.39)	(54.61)	(403.61)
As at 31 March 2018	2,990.53	2,998.62	31,801.20	42,812.68	1,340.28	212.83	261.61	865.72	83,283.47
Additions during the year	219.77	-	2,626.59	21,694.52	57.21	12.13	45.90	201.43	24,857.55
Disposals / adjustments during the year	-	-	-	(565.29)	(5.13)	(28.04)	(14.35)	(1.95)	(614.76)
As at 31 March 2019	3,210.30	2,998.62	34,427.79	63,941.91	1,392.36	196.92	293.16	1,065.20	1,07,526.26
Accumulated depreciation:									
As at 1 April 2017	-	76.26	1,972.22	10,102.17	332.89	14.86	87.85	259.16	12,845.41
Charge for the year	-	16.86	1,177.91	4,794.38	167.31	30.08	43.21	150.77	6,380.52
Disposals / adjustments during the year	-	-	(0.09)	(289.81)	(5.73)	(24.07)	(0.37)	(51.89)	(371.96)
As at 31 March 2018	-	93.12	3,150.04	14,606.74	494.47	20.87	130.69	358.04	18,853.97
Charge for the year	-	16.86	1,275.51	6,043.91	162.10	32.46	43.31	138.04	7,712.19
Disposals / adjustments during the year	-	-	-	(522.87)	(3.95)	(15.77)	(13.11)	(1.40)	(557.10)
As at 31 March 2019	-	109.98	4,425.55	20,127.78	652.62	37.56	160.89	494.68	26,009.06
Net Block									
As at 31 March 2018	2,990.53	2,905.50	28,651.16	28,205.94	845.81	191.96	130.92	507.68	64,429.50
As at 31 March 2019	3,210.30	2,888.64	30,002.24	43,814.13	739.74	159.36	132.27	570.52	81,517.20

* Others include laboratory equipments and computer hardware.

Notes:

1. Out of total assets, identified assets comprising factory land, buildings and plant and machineries of the Company are mortgaged / hypothecated to State Bank of India for availing various working capital facilities to the tune of ₹23,380.00 lakhs.
2. Refer Note 40 (b) for contractual commitments with respect to property, plant and equipments.

Notes to the Standalone Financial Statements as at 31 March 2019 (Contd.)
NOTE - 5 CAPITAL WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	9,514.07	4,243.32
Additions during the year	6,053.39	7,464.14
Capitalisation during the year	(9,592.12)	(2,193.39)
Balance at the end of the year	5,975.34	9,514.07

- Note:** 1. The year end balance of capital work-in-progress primarily consist of proposed capacity expansion at Kerala GIDC, Ahmedabad.
2. Refer Note 40 (b) for contractual commitments with respect to property, plant and equipments.

NOTE - 6 OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Other intangibles			Goodwill (refer note (a))
	Software	Patents and Copyrights	Total	
Gross block:				
As at 1 April 2017	623.06	38.24	661.30	460.69
Additions during the year	70.10	0.87	70.97	-
Disposals / adjustments during the year	-	-	-	-
As at 31 March 2018	693.16	39.11	732.27	460.69
Additions during the year	55.22	24.66	79.88	-
Disposals / adjustments during the year	-	-	-	-
As at 31 March 2019	748.38	63.77	812.15	460.69
Amortisation:				
As at 1 April 2017	435.77	8.97	444.74	-
Charge for the year	56.82	2.05	58.87	-
Disposal / Adjustments	-	-	-	-
As at 31 March 2018	492.59	11.02	503.61	-
Charge for the year	54.25	3.15	57.40	-
Disposal / Adjustments	-	-	-	-
As at 31 March 2019	546.84	14.17	561.01	-
Net Block				
As at 31 March 2018	200.57	28.09	228.66	460.69
As at 31 March 2019	201.54	49.60	251.14	460.69

Note (a):

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

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



Notes to the Standalone Financial Statements as at 31 March 2019 (Contd.)

NOTE - 7 INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current investments		
A. Investment in equity instruments of Subsidiaries (measured at cost):		
(i) Fully paid equity shares (quoted)		
4,77,661 (previous year: 4,77,661) equity shares of Welcast Steels Limited of ₹10/- each fully paid up	1,341.05	1,341.05
(b) Fully paid equity shares (Unquoted)		
(a) 32,500 (previous year: 32,500) equity shares of Vega Industries (Middle East) F.Z.C., U.A.E. of face value US\$ 10/- each	149.39	149.39
(b) 2,000 (previous year: 2,000) equity shares of PT. Vega Industries Indonesia of face value IDR 13,116/- each	1.30	1.30
(c) 10,000 (previous year: 10,000) equity shares of AIA CSR Foundation of face value ₹10/- each	1.00	1.00
Others companies (unquoted) (measured at FVTPL) #		
(a) 25 (previous year: 25) equity shares of Koramangala Properties Limited of face value ₹100/- each, fully paid up	0.03	0.03
(b) 8,55,501 (previous year: 8,55,501) equity shares of Arkay Energy (Rameswarm) Limited of face value ₹10/- each, fully paid up	85.55	85.55
B. Investment in Government Securities (unquoted) (measured at cost)		
National Savings Certificates (Unquoted)	0.06	0.06
Total	1,578.38	1,578.38
Aggregate amount of quoted investments - at cost	1,341.05	1,341.05
Aggregate amount of quoted investments - at market value	2,807.45	4,475.21
Aggregate amount of unquoted investments - at cost	237.33	237.33

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

NOTE - 8 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current trade receivables (unsecured)		
Considered good *	389.28	115.49
Significant increase in credit risk	-	-
Credit impaired	-	-
Total	389.28	115.49

* Trade receivables are hypothecated to secure working capital facilities from Banks (Refer Note 23).



Notes to the Standalone Financial Statements as at 31 March 2019 (Contd.)

NOTE - 9 LOANS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current loans		
Security deposits (unsecured, considered good)	432.85	494.50
Loans to staff		
Secured, considered good	56.87	70.02
Unsecured, considered good	95.21	91.56
Total	584.93	656.08

NOTE - 10 OTHER TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Advance income tax / tax deducted at source (net of provision for tax)	2,414.44	2,251.11
Total	2,414.44	2,251.11

NOTE - 11 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Capital advances	1,710.40	2,629.22
Others		
Balance with government authorities	939.23	2,202.63
Advance paid under protest	326.49	331.27
Total	2,976.12	5,163.12

NOTE - 12 INVENTORIES * (valued at lower of cost or net realisable value)

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials	5,555.59	5,936.92
Raw materials in transit	1,797.84	654.99
Work-in-progress	19,262.96	11,350.80
Finished goods	9,159.20	8,224.59
Stores and spares	9,724.89	8,132.68
Stores and spares in transit	271.05	196.32
Total	45,771.53	34,496.30

* Inventories are hypothecated to secure working capital facilities from Banks (Refer Note 23).



Notes to the Standalone Financial Statements as at 31 March 2019 (Contd.)

NOTE - 13 INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Current investments		
Measured at FVTPL		
Investment in mutual funds (quoted)	90,550.14	1,01,162.78
Investment in bonds (unquoted)	14,796.10	-
Investment in non-convertible debentures (unquoted)		
Nil (previous year: 200) Nil % (previous year 7.9%) Debentures of ₹10,00,000 each, maturing in Nil (previous year 2018-19)	-	2,000.00
Measured at Amortised cost		
Investment in non-convertible debentures (unquoted)		
250 (previous year: Nil) 7.85% (previous year: Nil %) Debentures of ₹10,00,000 each, maturing in 2019-20 (previous year: Nil)	2,500.00	-
Total	1,07,846.24	1,03,162.78
Aggregate amount of quoted investments - at cost	87,380.26	84,018.62
Aggregate amount of quoted investments - at market value	90,550.14	1,01,162.78
Aggregate amount of unquoted investments - at cost	16,669.74	2,000.00
Aggregate amount of unquoted investments - at market value	17,296.10	2,000.00

NOTE - 14 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Current trade receivables (unsecured)		
Considered good * #	90,075.15	70,299.22
Significant increase in credit risk	63.01	63.01
Credit impaired	-	-
Sub Total	90,138.16	70,362.23
Less: Provision for doubtful receivables	(63.01)	(63.01)
Total	90,075.15	70,299.22

* Trade receivables are hypothecated to secure working capital facilities from Banks (Refer Note 23).

Includes trade receivable from related parties (Refer Note 42 (d)).

NOTE - 15 CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents		
Balances with banks	2,061.52	3,020.75
Cash on hand	4.95	8.18
Sub Total (a)	2,066.47	3,028.93
Other bank balances		
Balances with bank in fixed deposit accounts (maturity within 3-12 months from reporting date)	625.75	634.63
Earmarked balances with bank (unpaid dividend)*	8.07	7,556.81
Sub Total (b)	633.82	8,191.44
Total (a + b)	2,700.29	11,220.37

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



Notes to the Standalone Financial Statements as at 31 March 2019 (Contd.)

NOTE - 16 LOANS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Current loans		
Security deposits (unsecured, considered good)	80.80	142.57
Loans to staff		
Secured, considered good	22.63	28.51
Unsecured, considered good	85.60	80.57
Total	189.03	251.65

NOTE - 17 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Export incentives receivable	6,426.34	4,487.10
Interest accrued on Investments	41.89	21.13
Total	6,468.23	4,508.23

NOTE - 18 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Advances other than capital advances		
Advances to related parties	5.78	6.82
Other advances		
Advances to suppliers	2,741.15	2,282.51
Advances to staff	34.40	-
Others		
Balance with government authorities	7,692.44	9,694.06
Prepaid expenses	212.94	308.00
Total	10,686.71	12,291.40

NOTE - 19 SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised share capital		
23,00,00,000 (previous year: 23,00,00,000) equity shares of face value ₹2/- each.	4,600.00	4,600.00
Total	4,600.00	4,600.00
Issued, subscribed and fully paid up share capital		
9,43,20,370 equity shares (previous year: 9,43,20,370) of face value ₹2/- each, fully paid up	1,886.41	1,886.41
Total	1,886.41	1,886.41

**Notes to the Standalone Financial Statements as at 31 March 2019 (Contd.)****NOTE - 19 SHARE CAPITAL (Contd.)****(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the year:**

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount in Lakhs	No. of shares	Amount in Lakhs
Shares outstanding at the beginning of the year	9,43,20,370	1,886.41	9,43,20,370	1,886.41
Add: Changes during the year	-	-	-	-
Shares outstanding at the end of the year	9,43,20,370	1,886.41	9,43,20,370	1,886.41

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

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

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	% of holding	No. of shares	% of holding
Bhadresh K. Shah	5,51,28,901	58.45%	5,81,28,900	61.63%
Nalanda India Equity Fund Limited	91,27,809	9.68%	91,27,809	9.68%

NOTE - 20 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Reserves and surplus		
(a) Securities premium reserve		
Balance at the beginning and at the end of the year	26,579.52	26,579.52
(b) Capital redemption reserve		
Balance at the beginning and at the end of the year	1,925.74	1,925.74
(c) General reserve		
Balance at the beginning and at the end of the year	16,189.27	16,189.27
(d) Retained earnings		
Balance at the beginning of the year	2,29,117.13	1,95,474.07
Add: Profit for the year	41,482.17	46,990.66
(Less): Remeasurement of defined benefit obligations transferred from OCI	(13.02)	(55.61)
Less: Dividends paid #	-	(11,318.44)
Less: Income tax on dividends paid #	-	(1,973.55)
Balance at the end of the year	2,70,586.28	2,29,117.13
Total reserves and surplus (A)	3,15,280.81	2,73,811.66

Notes to the Standalone Financial Statements as at 31 March 2019 (Contd.)
NOTE - 20 OTHER EQUITY (Contd.)

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Other comprehensive income		
(a) Cash flow hedge reserve:		
Balance at the beginning of the year	329.21	268.27
Recognised in statement of profit and loss		
Mark to market of hedging designated instruments and effective as hedges of future cash flow	1,198.96	(1,304.94)
Restatements of trade receivables to the extent of hedging	(1,032.71)	1,400.73
	166.25	95.79
Effect of tax on above	(58.07)	(34.85)
Balance at the end of the year	437.39	329.21
(b) Remeasurement of defined benefit plans		
Balance at the beginning of the year	-	(115.32)
Recognised in statement of profit and loss	(13.02)	59.71
Less: Transferred to retained earnings	13.02	55.61
Balance at the end of the year	-	-
Total other comprehensive income (B)	437.39	329.21
Total other equity (A+B)	3,15,718.20	2,74,140.87

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

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
# Dividend on equity shares paid during the year:		
Final dividend for the financial year 2016-17 [₹ nil (previous year: ₹4) per equity share of ₹2 each]	-	3,772.81
Dividend distribution tax on final dividend	-	663.83
Interim dividend for the financial year 2017-18 [₹ nil (previous year: ₹8) per equity share of ₹2 each]	-	7,545.63
Dividend distribution tax on interim dividend	-	1,309.72

Note: Board of Directors have proposed final dividend of ₹9/- per equity share for the financial year 2018-19. Proposed dividend on equity shares are subject to approval at the Annual General Meeting and hence not recognised as a liability as at 31 March 2019. No interim dividend was declared and paid during the financial year 2018-19.

NOTE - 21 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current borrowings (unsecured)		
From banks #	1,500.00	-
Deferred payment liabilities *	-	19.85
Total	1,500.00	19.85

Unsecured term loan from Citi Bank N.A. carrying interest rate of 8.50% is repayable in single bullet payment at the end of two years from disbursement, i.e. in financial year 2020 - 2021.

*Deferred Sales tax under Package Scheme of Incentives 1993 of Maharashtra for erstwhile Paramount Centrispun Castings Private Limited.

Note - 21.1 Terms of repayment for deferred payment liabilities are as set out below :

Year	Amount (₹ in lakhs)
2019-20	19.85

**Notes to the Standalone Financial Statements as at 31 March 2019 (Contd.)****NOTE - 22 PROVISIONS**

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current provisions		
Provision for warranties	578.77	556.24
Total	578.77	556.24
Movement in provision for warranties (also Refer Note 27)		
Balance at the beginning of the year	700.46	541.79
Utilisation during the year	(5.64)	(42.33)
Provision for the year	236.49	201.00
Written back during the year	(251.09)	-
Balance at the end of the year	680.22	700.46
Non-current	578.77	556.24
Current	101.45	144.22
Total	680.22	700.46

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

NOTE - 23 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Current borrowings		
Loans repayable on demand		
Secured loans from banks *	11,169.31	11,794.31
Total	11,169.31	11,794.31

*** Nature of security**

- Packing Credit in Foreign Currency ('PCFC') carrying interest rate ranging from 5.25% - 5.50% (previous year: 1.33% to 2.99%) and Export Packing Credit ('EPC') facilities held in previous year which carried interest rate ranging from 4.60% - 5.05% in previous year, both facilities from Citi Bank N.A., are secured by:
 - Pari passu charge over inventories and book debts of the Company to the extent of ₹15,000 lakhs, and
 - Demand Promissory Note and Letter of Continuity for ₹15,000 lakhs.
- Export Packing Credit ('EPC') facility from State Bank of India carrying interest rate of 5.25% (previous year: N.A.) is hypothecated against entire chargeable current assets of the Company including inventories and receivables on pari passu basis.
- Export Packing Credit ('EPC') facility held in previous year from Hong Kong and Shanghai Banking Corporation which carried interest rate ranging from 4.60% - 4.80% in previous year was secured by pari passu charge over current assets of the Company.
- PCFC facility from State Bank of India in previous year which carried interest rate of 4.8% was secured against:
 - hypothecation of entire chargeable current assets of the Company, including receivables and inventories;
 - collateral security (exclusive charge) by way of mortgage of identified factory land and buildings and hypothecation of identified plant and machineries of the Company.

Notes to the Standalone Financial Statements as at 31 March 2019 (Contd.)
NOTE - 24 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Total outstanding dues of micro enterprises and small enterprises	1,669.44	1,153.04
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Due to related parties [Refer Note 42(d)]	1,201.24	859.34
Due to others	12,295.19	9,646.38
Total	15,165.87	11,658.76

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

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act):		
Principal amount due to micro and small enterprise	1,649.65	1,153.04
Interest due on above	19.79	-
Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	19.79	-
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

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

NOTE - 25 OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred payment liabilities (Refer Note 21)	21.87	15.75
Unpaid dividends *	8.07	7,556.81
Interest accrued on borrowings	15.57	12.99
Capital creditors	1,370.43	600.91
Other payables	83.84	83.84
Total	1,499.78	8,270.30

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

**Notes to the Standalone Financial Statements as at 31 March 2019 (Contd.)****NOTE - 26 OTHER CURRENT LIABILITIES**

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Customer advances	1,164.67	951.03
Others		
Security deposits	17.14	11.59
Salary, wages and bonus payable	1,139.05	1,002.06
Statutory dues and other payables	582.18	379.59
Total	2,903.04	2,344.27

NOTE - 27 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Current provisions		
Provision for employee benefits (Refer Note 39)		
Gratuity	181.44	118.65
Leave encashment	77.31	193.36
Provision for warranties (Refer Note 22)	101.45	144.22
Total	360.20	456.22

NOTE - 28 CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for income tax (net of advance tax and tax deducted at source)	-	1,088.21
Total	-	1,088.21

NOTE - 29 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Sale of products		
Export sales	2,07,549.52	1,50,545.25
Domestic sales (including excise duty)*	66,167.19	59,027.98
Sub Total (a)	2,73,716.71	2,09,573.23
Other operating revenue		
Exports incentives	10,041.79	7,008.74
Sub Total (b)	10,041.79	7,008.74
Total (a+b)	2,83,758.50	2,16,581.97

* Effective 1 July 2017, the Government of India has introduced Goods and Service tax whereby sales are recorded net of GST whereas earlier sales were recorded gross of excise duty which formed part of expenses.

Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 29 REVENUE FROM OPERATIONS (Contd.)
Disclosures pursuant to Indian Accounting Standard (Ind AS) 115 - Revenue from Contract with Customers
Reconciliation of revenue from operations with the contracted price:

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Contracted price	2,74,234.72	2,10,108.67
Adjustments :		
- Discounts	(205.98)	(215.75)
- Sales return	(312.03)	(319.70)
Sale of products	2,73,716.71	2,09,573.23
Other operating revenue - export incentives	10,041.79	7,008.74
Revenue from operations	2,83,758.50	2,16,581.97
Revenue disaggregation by geography:		
India	76,208.98	66,036.72
Outside India:		
U.A.E.	2,04,980.48	1,49,342.15
Others	2,569.04	1,203.10
Total	2,83,758.50	2,16,581.97

Contract balances:

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

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables	90,527.44	70,477.72
Contract assets	-	-
Contract liabilities		
Advance from customers	1,164.67	951.03

Changes in significant accounting policies / Transition to Ind AS 115

The Company has adopted Ind AS 115 "Revenue from contracts with customers" with effect from 1 April 2018. Ind AS 115 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the contracts with its customers and replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 prospectively whereby the effect of applying this standard is recognised at the date of initial application (i.e. 1 April 2018). Accordingly, the comparative information i.e. information for the year ended 31 March 2018, has not been restated. Additionally, the disclosure requirements in Ind AS 115 have not been applied to comparative information.

The impact of transition to Ind AS 115 on retained earning as at 1 April 2018 is not significant and hence no disclosures have been provided in this regard.

**Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 30 OTHER INCOME**

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest income from financial assets	1,142.14	248.85
Dividend Income	9.55	11,414.68
Other non-operating income		
Profit on sale of mutual fund units	4,294.60	904.71
Gain on foreign exchange fluctuation (net)	3,216.16	3,777.31
Fair value of current investments	2,821.15	5,177.09
Profit on sale of assets (net)	-	28.86
Warranties written back (net)	14.60	-
Miscellaneous receipts	123.38	146.75
Total	11,621.58	21,698.25

NOTE - 31 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Opening stock at the beginning of the year	6,591.91	8,153.50
Add: Purchases during the year	1,24,852.16	81,927.08
Less: Closing stock at the end of the year	7,353.43	6,591.91
Total	1,24,090.64	83,488.67

NOTE - 32 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Opening stock		
Work-in-progress	11,350.80	14,104.12
Finished goods	8,224.59	-
Sub Total (a)	19,575.39	14,104.12
Closing stock		
Work-in-progress	19,262.96	11,350.80
Finished goods	9,159.20	8,224.59
Sub Total (b)	28,422.16	19,575.39
(a) - (b)	(8,846.77)	(5,471.27)

NOTE - 33 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	8,333.49	7,467.17
Contribution to provident and other funds	503.98	485.80
Expenses related to post employment defined benefit plans [Refer Note 39(iv)]	168.42	178.35
Staff welfare expenses	83.25	73.75
Total	9,089.14	8,205.07



Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE - 34 FINANCE COSTS

(₹ in Lakhs)

Particulars	Year ended 31 March 2018	Year ended 31 March 2018
Interest on:		
Bank borrowings	553.79	468.50
Income-tax	-	95.00
Others	52.52	5.35
Foreign exchange adjustments to borrowing costs	112.74	87.87
Total	719.05	656.72

NOTE - 35 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Lakhs)

Particulars	Year ended 31 March 2018	Year ended 31 March 2018
Depreciation of property, plant and equipment (Refer Note 4)	7,712.19	6,380.52
Amortisation of intangible assets (Refer Note 6)	57.40	58.87
Total	7,769.59	6,439.39

NOTE - 36 OTHER EXPENSES

(₹ in Lakhs)

Particulars	Year ended 31 March 2018	Year ended 31 March 2018
Consumption of stores	28,708.07	21,127.81
Power and Fuel	29,933.63	21,953.65
Contract labour charges	7,235.82	6,216.57
Repairs and maintenance		
- Buildings	176.35	149.56
- Plant and machineries	673.84	531.96
- Others	605.74	554.55
Rent	266.32	132.06
Insurance	505.78	487.89
Rates and taxes	101.65	290.89
Security expenses	416.27	366.66
Printing, stationery and communication expenses	179.54	197.89
Travelling and conveyance expense	837.72	776.86
Advertisement and sales promotion	23.12	59.40
Bad debts	164.80	-
Clearing, forwarding and freight outward expenses	4,228.24	3,712.40
Commission expenses	380.47	407.81
Warranty expenses	-	201.00
Directors' sitting fees	4.25	4.85
Payments to auditors		
- Statutory audit fees	16.50	16.00
- Others services	16.20	10.40
- Reimbursement of expenses	0.98	0.93

**Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 36 OTHER EXPENSES (Contd.)**

(₹ in Lakhs)

Particulars	Year ended 31 March 2018	Year ended 31 March 2018
Legal and professional consultancy fees	2,042.23	1,677.01
Bank commission charges	118.04	121.15
Donation	2.85	38.69
Corporate social responsibility expenses (Refer Note 47)	1,378.51	773.13
Loss on sale of assets (net)	34.48	-
Fair value of forward contracts	-	73.96
Sundry balances written off	3.14	-
Provision for doubtful trade receivables	-	63.01
Other miscellaneous expenses	404.32	315.64
Total	78,458.86	60,261.73

NOTE - 37 TAX EXPENSES

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(a) Income tax expense		
Current tax		
Provision for current tax	17,210.87	15,902.00
Excess provision for current tax of earlier years written back	(247.56)	(1,192.47)
Net deferred tax [Refer Note 37(c)]	1,745.93	(560.62)
Income tax expense for the year	18,709.24	14,148.91
(b) Deferred tax		
Deferred tax liabilities		
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	6,676.64	4,688.28
Fair valuation of current investments	3,074.73	3,317.62
Hedge reserve balance	348.24	176.83
Sub Total (a)	10,099.61	8,182.73
Deferred tax assets		
Others	-	0.46
Sub Total (b)	-	0.46
Deferred tax liabilities (net) [Refer Note 37(c)]	(a) - (b)	8,182.27

Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 37 TAX EXPENSES (Contd.)
(c) Movement in deferred tax

(₹ in Lakhs)

Particulars	Opening balance as at 1 April	Statement of profit and loss	Other comprehensive income	Closing balance as at 31 March
2018-19				
Deferred tax liabilities				
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	4,688.28	1,988.36	-	6,676.64
Fair valuation of current investments	3,317.62	(242.89)	-	3,074.73
Hedge reserve balance	176.83	-	171.41	348.24
Sub Total (a)	8,182.73	1,745.47	171.41	10,099.61
Deferred tax assets				
Others	0.46	(0.46)	-	-
Sub Total (b)	0.46	(0.46)	-	-
Deferred tax liabilities (net) (a) - (b)	8,182.27	1,745.93	171.41	10,099.61
2017-18				
Deferred tax liabilities				
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	4,451.66	236.62	-	4,688.28
Fair valuation of current investments	4,141.56	(823.94)	-	3,317.62
Hedge reserve balance	141.98	-	34.85	176.83
Sub Total (a)	8,735.20	(587.32)	34.85	8,182.73
Deferred tax assets				
Leave encashment	26.07	(26.07)	-	-
Others	1.09	(0.63)	-	0.46
Sub Total (b)	27.16	(26.70)	-	0.46
Deferred tax liabilities (net) (a) - (b)	8,708.04	(560.62)	34.85	8,182.27

(d) Effective tax reconciliation

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

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Profit before tax for the year	60,191.41	61,139.57
Tax at statutory income tax rate of 34.944% (previous year: 34.608%) in India	21,033.29	21,159.18
Adjustments:		
Tax on dividend from overseas subsidiary	-	(3,950.40)
Income from long-term investments taxed at lower rate	(2,261.62)	(2,629.61)
Non-deductible expenses for tax purposes	178.68	256.50
Tax on income recognised in other comprehensive income	-	505.43
Tax of earlier years written back	(247.56)	(1,192.47)
Others	6.45	0.28
Income tax expense reported in the statement of profit and loss	18,709.24	14,148.91

The Company has ongoing dispute with Income tax authorities relating to tax treatment of certain items. These amounts have been disclosed as contingent liabilities (Refer Note 40).

**Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 38 EARNINGS PER SHARE**

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Net profit attributable to the equity shareholders (₹ in lakhs)	41,482.17	46,990.66
Weighted average number of equity shares outstanding during the period (nos.)	9,43,20,370	9,43,20,370
Nominal value of equity share (₹)	2.00	2.00
Basic and diluted earnings per share (₹)	43.98	49.82

NOTE - 39 EMPLOYEE BENEFITS**The Company has the following post-employment benefit plans:****A. Defined contribution plan**

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

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Employer's contribution to provident fund	443.33	416.54

B. Defined benefit plans

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

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

Benefits offered	$15 / 26 \times \text{Salary} \times \text{Duration of service}$
Salary definition	Basic salary
Benefit ceiling	Benefit ceiling of ₹ 20 Lakhs is not applied
Vesting conditions	5 years of continuous service (not applicable in case of death / disability)
Benefit eligibility	Upon death or resignation / withdrawal or retirement
Retirement age	58,60,62,65 or 70 years

(i) Risks associated to the defined benefit plans:

- Actuarial risk: Risks due to adverse salary growth / Variability in mortality and withdrawal rates.
- Investment risk: Risks due to significant changes in discount rate during the inter-valuation period.
- Liquidity risk: Risks on account of Employees resign/retire from the Company and as result strain on the cash flow arises.
- 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.
- Legislative risk: Risks of increase in the plan liabilities or reduction in plan assets due to change in legislation.

Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 39 EMPLOYEE BENEFITS (Contd.)
(ii) Reconciliation of opening and closing balances of defined benefit obligation:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2018-19	2017-18
Defined benefit obligation at the beginning of the year	2,227.57	2,102.89
Recognised in statement of profit and loss:		
Current service cost	165.70	162.00
Interest cost	157.43	146.16
Actuarial (gain) / loss recognised in other comprehensive income:		
Due to change in financial assumptions	(1.02)	(48.25)
Due to experience adjustments	38.36	(30.84)
Benefits paid	(72.08)	(104.39)
Defined benefit obligation at the end of the year	2,515.96	2,227.57

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

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2018-19	2017-18
Fair value of plan assets at the beginning of the year	2,108.93	1,799.38
Interest income	154.71	129.81
Return on plan assets excluding amounts included in interest income	24.31	(19.38)
Contributions by the employer	118.65	303.51
Benefits paid	(72.08)	(104.39)
Fair value of plan assets at the end of the year	2,334.52	2,108.93
Actual return on plan assets	179.02	110.43

(iv) Expense recognised during the year:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2018-19	2017-18
Current service cost	165.70	162.00
Net interest cost	2.72	16.35
Net value of remeasurements on the obligation and plan assets	-	-
Net cost recognised in statement of profit and loss	168.42	178.35
Components of actuarial gains / (losses):		
Due to change in financial assumptions	(1.02)	(48.25)
Due to experience adjustments	38.36	(30.84)
Return on plan assets excluding amounts included in interest income	(24.31)	19.38
Net cost recognised in other comprehensive income	13.03	(59.71)

**Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 39 EMPLOYEE BENEFITS (Contd.)****(v) Reconciliation of fair value of assets and obligations:**

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2018-19	2017-18
Present value of obligation	2,515.96	2,227.57
Fair value of plan assets	2,334.52	2,108.93
Net defined benefit liability at end of the year	181.44	118.64

(vi) Composition of plan assets:

Particulars	Gratuity (funded)	
	2018-19	2017-18
Debt instruments		
Government of India securities	-	-
High quality corporate bonds	-	1%
State Government securities	-	1%
Cash and cash equivalents		
Bank balances	2%	1%
Special deposit scheme	1%	1%
Investment funds		
Insurance policies	96%	95%
Others	1%	1%
	100%	100%

(vii) Key actuarial assumptions:

Particulars	Gratuity (funded)	
	2018-19	2017-18
Financial assumptions		
Discount rate	7.60%	7.60%
Expected rate of return on plan assets	7.60%	7.60%
Salary growth rate	8.50%	8.50%
Demographic assumptions		
Withdrawal rate	5% at younger ages reducing to 1% at older ages	
Mortality table	Indian assured lives mortality (2006-08)	

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

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

Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 39 EMPLOYEE BENEFITS (Contd.)
(viii) Sensitivity analysis:

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

Impact on defined benefit obligations - Gratuity:

Particulars	Increase in assumption		Decrease in assumption	
	2018-19	2017-18	2018-19	2017-18
Discount rate				
Change in assumption by 0.50%	-4.12%	-4.10%	4.54%	4.40%
Salary growth rate				
Change in assumption by 0.50%	4.45%	4.40%	-4.08%	-4.10%
Withdrawal rate				
Change in assumption by 0.10%	-0.09%	-0.20%	0.17%	0.20%

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

(ix) Maturity profile of the defined benefit obligation:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2018-19	2017-18
Age wise distribution of defined benefit obligation		
Age in years		
Less than 30	64.06	56.20
31 to 40	504.28	460.19
41 to 50	645.52	637.46
51 and above	1,278.70	1,073.72
Accrued gratuity for left employees	23.40	-
Total	2,515.96	2,227.57
Past service wise distribution of defined benefit obligation		
Service period in years		
0 to 4	38.00	36.50
4 to 10	310.37	352.77
10 to 15	614.81	422.98
15 and above	1,529.38	1,415.32
Accrued gratuity for left employees	23.40	-
Total	2,515.96	2,227.57

C. Other long-term employee benefits

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

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

Salary for encashment	Basic salary
Salary for availment	Cost to Company
Benefit event	Death or resignation or retirement or availment
Maximum accumulation	98
Benefit formula	$(\text{Leave days}) \times (\text{Basic salary}) / (\text{Leave denominator})$
Leave denominator	30
Leave credited annually	30
Retirement age	58, 60, 62, 65 or 70 years

**Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 39 EMPLOYEE BENEFITS (Contd.)****Key actuarial assumptions:**

Particulars	Leave encashment (funded)	
	2018-19	2017-18
Financial assumptions		
Discount rate	7.60%	7.60%
Expected rate of return on plan assets	7.60%	7.60%
Salary growth rate	8.50%	8.50%
Demographic assumptions		
Withdrawal rate	5% at younger ages reducing to 1% at older ages	
Mortality table	Indian assured lives mortality (2006-08)	

Leave encashment recognised during the year in the standalone statement of profit and loss amounts to ₹ 198.86 lakhs (previous year ₹ 188.22 lakhs)

D. Company's estimate of contributions expected to be paid during financial year 2019-20 is as under:

(i) Defined contribution plan:	
(a) Employer's contribution to provident fund	12% of basic salary
(ii) Defined benefit plan:	
(a) Gratuity	181.44
(iii) Other long-term employee benefits	
(a) Leave encashment	77.31

NOTE - 40 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**(a) Contingent liabilities**

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Claims against the Company not acknowledged as debts:		
Central Excise and Service tax matters	2,713.46	2,678.07
Income tax matters	15,200.53	15,329.67
Sales tax / VAT matters	52.42	52.72
Guarantees:		
Outstanding bank guarantees	14,308.54	15,052.69
Outstanding corporate guarantees given to customers	451.79	289.32
Letter of Credit	48.50	65.28
Others matters including claims related to ESIC, Electricity and Ex-employees	603.89	604.26
Total	33,379.13	34,072.01

Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 40 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (Contd.)
(b) Capital commitments:

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	1,292.94	4,471.49
Total	1,292.94	4,471.49

Notes:

- (i) 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.
- (ii) Sales tax/Central Sales tax related litigation/demand primarily pertains to non submission of required declaration forms in time due to non-receipt of the same from customers and / or some interpretation related issues. However in most of the cases, required documents are being filed and given in minor impact if any, shall be the year of final outcome of respective matter in appeal.
- (iii) The Hon'ble Supreme Court of India vide its order dated 28 February 2019 held that 'Basic Wages' for the contribution towards Provident Fund (PF) should only exclude [in addition to specific exclusions under Section 2(b)(ii) of the Employees Provident Fund Act, 1952]:
 - a) amounts that are payable to the employee for undertaking work beyond the normal work which he/she is otherwise required to put in; and
 - b) allowances which are either variable or linked to any incentive for production resulting in greater output by an employee and that the allowances are not paid across the board to all employees in a particular category or were being paid especially to those who avail the opportunity.

With reference to the aforesaid judgment, the Company's management is of the view that there is considerable uncertainty around the timing, manner and extent in which the judgment will be interpreted and applied by the regulatory authorities. The Company's management is of the view that any incremental outflow in this regard can only be determined once the position being taken by the regulatory authorities in this regard is known and the management is able to evaluate all possible courses of action available. Accordingly, no provision has been currently recognised in the standalone financial statements in this regard.

NOTE - 41 ARBITRATION MATTER

On termination of Joint Venture and Shareholders' Agreement), a Settlement Deed dated 16 February 2000 was executed between Mr. Bhadresh K. Shah, and Magotteaux International S.A. Belgium (Magotteaux). Under the arbitral mechanism provided in Settlement Deed, Magotteaux has initiated arbitral proceedings against Mr. Bhadresh K. Shah and the Company before the International Chamber of Commerce, London (ICC) claiming damages inter alia alleging infringement of its patent by the Company (in relation to the Company's Sintercast Product) and breach of the Settlement Deed (in relation to Company's Sintercast product). The amount involved in the said arbitral dispute is atleast US\$ 60 million [equivalent to ₹ 41,521.44 lakhs (conversion rate: 1 US\$ = ₹ 69.2024)], 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. Accordingly, no provision is made in the books of account of the Company.

**Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 42 RELATED PARTY DISCLOSURES****A List of related parties:****(i) Subsidiaries:**

Sr. No.	Name of entity	Country of incorporation	% of holding as at 31 March 2019	% of holding as at 31 March 2018
Direct subsidiaries				
1	Welcast Steels Limited	India	74.85%	74.85%
2	Vega Industries (Middle East) F.Z.C.	U.A.E.	100.00%	100.00%
3	AIA CSR Foundation	India	100.00%	100.00%
Indirect subsidiaries				
4	Vega Industries Limited *	U.K.	100.00%	100.00%
5	Vega Industries Limited **	U.S.A.	100.00%	100.00%
6	Vega Steel Industries (RSA) Proprietary Limited #	South Africa	74.63%	74.63%
7	Wuxi Vega Trade Co. Limited *	China	100.00%	100.00%
8	PT. Vega Industries Indonesia ***	Indonesia	100.00%	100.00%
9	Vega Industries Chile SpA *	Chile	100.00%	100.00%
10	AIA Ghana Limited *	Ghana	100.00%	100.00%
11	Vega Industries Australia Pty Ltd.*	Australia	100.00%	0.00%

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

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

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

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

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

Sr. no.	Name	Designation
1	Mr. Rajendra S. Shah	Chairman
2	Mr. Bhadrash K. Shah #	Managing Director
3	Mr. Yashwant M. Patel	Whole-time Director
4	Mr. Kunal D. Shah	Executive Director -Finance (up to 13 November 2017)
5	Mr. S. N. Jetheliya	Company Secretary
6	Mr. Bhupesh P. Porwal	Chief Financial Officer (w.e.f. 14 November 2017)

Controlling party. Refer Note 19 for shareholding pattern.

(iii) Independent directors:

Sr. no.	Name
1	Mr. Rajendra S. Shah
2	Mr. Sanjay S. Majmudar
3	Mr. Dileep C. Choksi
4	Mr. Rajan Harivallabhdas
5	Mrs. Janaki U. Shah (w.e.f. 26 March 2019)

(iv) Others:

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

* Non-executive director of the Company.

Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 42 RELATED PARTY DISCLOSURES (Contd.)
B Details of related party transactions during the year:

Sr. Nature of no. transaction	Subsidiaries		Key Managerial Personnel		Independent Directors		Enterprise over which KMP or close member of their family exercise control		Relatives of key managerial personnel		Post employment benefit plan of the Company	
	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
	(₹ in Lakhs)											
1 Sale of products (inclusive of taxes)	2,05,260.37	1,49,919.91	-	-	-	-	-	-	-	-	-	-
2 Recovery of freight charges	4,524.71	3,007.38	-	-	-	-	-	-	-	-	-	-
3 Miscellaneous receipt of Income	47.40	76.07	-	-	-	-	-	-	-	-	-	-
4 Purchase of goods (inclusive of taxes)	28,462.63	25,549.46	-	-	-	-	3,668.74	3,087.37	-	-	-	-
5 Investment in equity shares	-	1.30	-	-	-	-	-	-	-	-	-	-
6 Recovery of travelling expenses	152.17	134.12	-	-	-	-	-	-	-	-	-	-
7 CSR expenses	328.25	100.00	-	-	-	-	-	-	-	-	-	-
8 Commission expense on purchases	-	-	-	-	-	-	110.74	87.32	-	-	-	-
9 Commission expense on sales	101.28	-	-	-	-	-	-	-	-	-	-	-
10 Legal and professional consultancy fees	-	-	-	-	-	-	7.59	5.80	-	-	-	-
11 SAP ERP functional and technical support	-	-	-	-	-	-	91.58	119.99	-	-	-	-
12 Salary, bonus and perquisites	-	-	132.85	104.56	-	-	-	-	1.54	1.54	-	-
13 Contribution to gratuity fund	-	-	-	-	-	-	-	-	-	-	168.42	178.36



Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE - 42 RELATED PARTY DISCLOSURES (Contd.)

B Details of related party transactions during the year (Contd.)

(₹ in Lakhs)

Sr. no.	Nature of transaction	Subsidiaries		Key Managerial Personnel		Independent Directors		Enterprise over which KMP or close member of their family exercise control		Relatives of key managerial personnel		Post employment benefit plan of the Company	
		Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
14	Rent, rates and taxes	-	-	-	-	-	-	-	-	2.33	2.66	-	-
15	Travelling expenses	-	-	-	-	-	-	184.24	169.33	-	-	-	-
16	Telephone expenses	2.37	2.96	-	-	-	-	-	-	-	-	-	-
17	Professional tax	0.10	0.10	-	-	-	-	-	-	-	-	-	-
18	Interest & finance charges	0.07	-	-	-	-	-	-	-	-	-	-	-
19	Dividend received	9.55	11,414.68	-	-	-	-	-	-	-	-	-	-
20	Directors' remuneration and perquisites	-	-	127.31	135.40	-	-	-	-	-	-	-	-
21	Sitting fees paid	-	-	-	-	3.20	3.50	-	-	1.05	1.35	-	-
22	Remuneration for finance related services	-	-	-	-	22.50	22.50	-	-	-	-	-	-
23	Bank guarantees given by the Company on behalf of subsidiaries	2,076.07	1,954.29	-	-	-	-	-	-	-	-	-	-
	Total	2,40,964.97	1,92,160.28	260.16	239.96	25.70	26.00	4,062.89	3,469.81	4.92	5.55	168.42	178.36
	Outstanding balance receivable at year end	75,222.63	56,844.21	-	-	-	-	5.78	6.82	-	-	-	-
	Outstanding balance payable at year end	1,041.46	754.55	-	-	-	-	159.78	104.79	-	-	-	-

Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 42 RELATED PARTY DISCLOSURES (Contd.)
C Disclosures in respect of transactions with related parties during the year:

(₹ in Lakhs)

Sr. no.	Nature of transaction	Name of related party	Year ended 31 March 2019	Year ended 31 March 2018
1	Sale of products (inclusive of taxes)	Vega Industries (Middle East) F.Z.C.	2,04,980.48	1,49,342.15
		Welcast Steels Limited	279.89	577.76
2	Recovery of freight charges	Vega Industries (Middle East) F.Z.C.	4,524.71	3,007.38
3	Miscellaneous receipt of Income	Vega Industries (Middle East) F.Z.C.	12.80	43.50
		Vega Industries Limited, U.K.	17.30	16.28
		Wuxi Vega Trade Co. Limited	17.30	16.29
4	Purchase of goods (inclusive of taxes)	Vega Industries (Middle East) F.Z.C.	79.00	-
		Welcast Steels Limited	28,383.63	25,549.46
		Harsha Engineers Limited	3,668.74	3,087.37
5	Investment in equity shares	PT Vega Industries Indonesia	-	1.30
6	Commission eceptsnes on sales	Vega Industries (Middle East) F.Z.C.	101.28	-
7	Recovery of travelling expenses	Vega Industries (Middle East) F.Z.C.	152.17	134.12
8	CSR expenses	AIA CSR Foundation	328.25	100.00
9	Commission expense on purchases	AB Tradelink Limited	110.74	87.32
10	Legal and professional consultancy fees	RNCA & Associates	7.59	5.80
11	SAP ERP functional and technical support	Discus IT Private Limited	91.58	119.99
12	Salary, bonus and perquisites	Mrs. Gitaben B. Shah	1.54	1.54
		Mr. S. N. Jetheliya	53.78	47.55
		Mr. Kunal D. Shah (up to 13 November 2017)	-	28.14
		Mr. Bhupesh P. Porwal (w.e.f. 14 November 2017)	79.07	28.87
13	Contribution to gratuity fund	AIA Employee's Gratuity Trust Fund	168.42	178.36
14	Rent, rates and taxes	Mrs. Giraben K. Shah	2.33	2.66
15	Travelling expenses	Vee Connect Travel Private Limited	184.24	167.87
		AB Tradelink Limited	-	1.46
16	Telephone expenses	Welcast Steels Limited	2.37	2.96
17	Interest to others	Welcast Steels Limited	0.07	-
18	Professional tax	Welcast Steels Limited	0.10	0.10
19	Dividend received	Vega Industries (Middle East) F.Z.C.	-	11,405.13
		Welcast Steels Limited	9.55	9.55
20	Directors' remuneration and perquisites	Mr. Bhadresh K. Shah	112.59	110.68
		Mr. Yashwant M. Patel	14.72	24.72



Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE - 42 RELATED PARTY DISCLOSURES (Contd.)

C Disclosures in respect of transactions with related parties during the year (Contd.)

(₹ in Lakhs)

Sr. no.	Nature of transaction	Name of related party	Year ended 31 March 2019	Year ended 31 March 2018
21	Sitting fees paid	Mr. Rajendra S. Shah	0.75	1.15
		Mr. Sanjay S. Majmudar	1.00	1.15
		Mr. Dileep C. Choksi	0.45	0.30
		Mr. Rajan Harivallabhdas	1.00	0.90
		Mrs. Khushali Samip Solanki	0.60	0.60
		Mrs. Bhumika Shyamal Shodhan	0.45	0.75
22	Remuneration for finance related services	Mr. Sanjay S. Majmudar	22.50	22.50
23	Bank guarantees given by the Company on behalf of subsidiaries	Vega Industries Limited, U.K.	692.02	651.43
		Vega Industries (Middle East) F.Z.C.	692.02	651.43
		Wuxi Vega Trade Co. Limited	692.02	651.43

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

(₹ in Lakhs)

Sr. no.	Particulars	Name of related party	As at 31 March 2019	As at 31 March 2018
1	Trade receivables			
(a)	Subsidiaries	Vega Industries (Middle East) F.Z.C.	75,185.59	56,811.64
		Wuxi Vega Trade Co., Limited	17.30	16.29
		Vega Industries Limited, U.K.	17.30	16.28
		Welcast Steels Limited	2.44	-
		Total	75,222.63	56,844.21
2	Trade payables			
(a)	Subsidiaries	Vega Industries (Middle East) F.Z.C.	59.58	-
		Welcast Steels Limited	981.88	754.55
		Sub Total (a)	1,041.46	754.55
(b)	Enterprise over which key managerial personnel or close member of their family exercise control	AB Tradelink Limited	1.89	3.44
		RNCA & Associates	0.08	1.02
		Harsha Engineers Limited	157.81	90.76
		Vee Connect Travels Private Limited	-	9.57
		Sub Total (b)	159.78	104.79
		Total (a + b)	1,201.24	859.34
3	Advances			
(a)	Enterprise over which key managerial personnel or close member of their family exercise control	Discus IT Private Limited	3.43	-
		Vee Connect Travels Private Limited	2.35	6.82
		Total	5.78	6.82

Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 42 RELATED PARTY DISCLOSURES (Contd.)
E Breakup of compensation paid to key managerial personnel:

(₹ in Lakhs)

Sr. no.	Particulars	Name of key managerial personnel	Year ended 31 March 2019	Year ended 31 March 2018
1	Short-term employee benefits	Mr. Bhadresh K. Shah	112.59	110.68
		Mr. Yashwant M. Patel	14.72	24.72
		Mr. Kunal D. Shah (up to 13 November 2017)	-	28.14
		Mr. Bhupesh P. Porwal (w.e.f. 14 November 2017)	79.07	28.87
		Mr. S. N. Jetheliya	53.78	47.55
		Sub Total (a)	260.16	239.96
2	Post-employment benefits	Mr. Bhupesh P. Porwal	1.49	0.55
		Mr. S. N. Jetheliya	1.52	1.27
		Sub Total (b)	3.01	1.82
		Total (a + b)	263.17	241.78

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

All related party transactions entered during the year were in ordinary course of the business and are on arm's length basis. No amount has been recognised as bad or doubtful in respect of transactions with the related parties. (Refer Note 48)

NOTE - 43 OPERATING SEGMENTS
(a) Information about reportable segment:

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

(b) Information about geographical segment:

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

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(1) Revenues from external customers including operating revenue:		
India	76,208.98	66,036.72
U.A.E. [revenue from Vega Industries (Middle East) F.Z.C.]	2,04,980.48	1,49,342.15
Others	2,569.04	1,203.10
(2) Non-current assets:		
India	91,180.49	79,796.04
Others	-	-

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(a) Breakup of revenues :		
Revenue from operations	2,73,716.71	2,09,573.23
Other operating revenue	10,041.79	7,008.74
(b) Non-current assets		
Non-current assets (excluding financial instruments and tax assets). All non-current assets of the Company are located in India	91,180.49	79,796.04

There are no transactions with a single external customer which amounts to 10% or more of the Company's revenue. The sales to Vega Industries (Middle East) F.Z.C. (a wholly owned subsidiary) is disclosed above.

**Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 44 LEASE TRANSACTIONS**

The operating lease arrangements are cancellable subject to the stipulated notice period which generally does not exceed 3 months. Thus, management is of the view that there is no right to receive or obligation to pay the agreed lease rentals in case of termination.

NOTE - 45 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 analyse 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 optimising returns and protect the Company's financial investments while maximising returns.

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

Nature of risk	Exposure arising from	Measurement	Management
Credit risk	Cash and Cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis Credit rating	Credit limit set and aging analysis protect Company from potential losses due to excess credit to the customers. Further the Company has also obtained ECGC insurance cover for export sales.
Liquidity risk	Borrowing and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk - foreign exchange	Future commercial transactions recognised financial assets and liabilities not denominated in INR	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts.
Commodity risk	Purchase of raw material	Fluctuation in imported metal scrap and ferro chrome prices and currency rates	Procurement and inventory strategy

Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle the obligation as agreed. To manage this, the 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:

**Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 45 FINANCIAL RISK MANAGEMENT (Contd.)**

- (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 categorises financial assets based on the assumptions, inputs and factors specific to the class of financial asset into High-quality assets, negligible credit risk; Quality assets, low credit risk; Standard assets, moderate credit risk; Substandard assets, relatively high credit risk; Low quality assets, very high credit risk; Doubtful assets, credit impaired.

Financial assets are written off only when there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company considers a loan or receivable for write off review when it pasts greater than one year from due date. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the standalone statement of profit and loss.

Provision for expected credit losses:

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, counter-party where the capacity 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		

**Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 45 FINANCIAL RISK MANAGEMENT (Contd.)****Expected credit loss for loans and deposits:**

(₹ in Lakhs)

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
As at 31 March 2019					
Loss allowance measured at 12 month expected credit losses:					
Financial assets for which credit risk has not increased significantly since initial recognition	Loans	260.31	-	-	260.31
	Deposits	513.65	-	-	513.65
Loss allowance measured at life time expected credit losses:					
Financial assets for which credit risk has increased significantly and not credit impaired or credit impaired	NA	-	-	-	-
As at 31 March 2018					
Loss allowance measured at 12 month expected credit losses:					
Financial assets for which credit risk has not increased significantly since initial recognition	Loans	270.66	-	-	270.66
	Deposits	637.07	-	-	637.07
Loss allowance measured at life time expected credit losses:					
Financial assets for which credit risk has increased significantly and not credit impaired or credit impaired	NA	-	-	-	-

Expected credit loss for trade receivables under simplified approach:**Ageing of trade receivables as at year end:**

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Not due	38,193.00	29,967.78
0 - 3 months	24,937.29	27,641.66
3 - 6 months	18,280.67	8,294.30
6 - 12 months	8,717.43	3,818.38
Beyond 12 months	399.05	755.60
Gross carrying amount	90,527.44	70,477.72
Expected credit loss	(63.01)	(63.01)
Net carrying amount	90,464.43	70,414.71

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 year ended 31 March 2019 (Contd.)****NOTE - 45 FINANCIAL RISK MANAGEMENT (Contd.)****Financing arrangements**

The Company had access to following undrawn borrowing facilities as at year end:

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Fund and non-fund based facilities	59,474.00	67,468.03

The table below analyses derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Lakhs)

Particulars	0-1 years	1-5 years	Total
As at 31 March 2019			
Non-derivative financial liabilities			
Long term borrowings (including current maturity of long term debt)	21.87	1,500.00	1,521.87
Short term borrowings	11,169.31	-	11,169.31
Trade payables	15,165.87	-	15,165.87
Other financial liabilities	1,477.91	-	1,477.91
Total	27,834.96	1,500.00	29,334.96
Derivative financial liabilities			
Forward exchange contracts used for hedging inflows	-	-	-
As at 31 March 2018			
Non-derivative financial liabilities			
Long term borrowings (including current maturity of long term debt)	15.75	19.85	35.60
Short term borrowings	11,794.31	-	11,794.31
Trade payables	11,658.76	-	11,658.76
Other financial liabilities	8,254.55	-	8,254.55
Total	31,723.37	19.85	31,743.22
Derivative financial liabilities			
Forward exchange contracts used for hedging inflows	229.34	-	229.34

Note: Guarantees issued by the Company aggregating to ₹ 2,076.07 lakhs (previous year: ₹ 1,954.29 lakhs) on behalf of subsidiaries are with respect to borrowing limits obtained by the respective entity. These amounts will be payable on default by the concerned entity. As of the reporting date, none of the subsidiary have any outstanding borrowing and hence the Company does not have any present obligation to third parties in relation to such guarantees.

Market risk - interest rate

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimise 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 Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Borrowings bearing fixed rate of interest	12,669.31	11,794.31
Borrowings bearing variable rate of interest	-	-

**Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 45 FINANCIAL RISK MANAGEMENT (Contd.)****Interest rate sensitivity**

A change of 50 bps in interest rates would have following impact on profit before tax:

Movement - effects on profit before tax	2018-19	2017-18
50 bp increase-decrease in profits	-	-
50 bp decrease-increase in profits	-	-

Market risk - Foreign currency risk

The Company operates internationally and large portion of the business is transacted in several currencies. Consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Exports of the Company are significantly higher in comparison to its imports. As a policy the Company does not cover the foreign exchange requirements for its imports and the same is managed from the export earnings in foreign currency. Foreign currency exchange rate exposure for exports is managed by prudent hedging policy.

Foreign currency exposure:

Particulars	USD	EURO	ZAR	CAD
As at 31 March 2019:				
Trade receivables (net of hedge)(a)	58,948,040	6,859,576	128,558,594	1,525,368
Bank balances in EEFC accounts (b)	465,259	48,308	244,944	42
Exposure to foreign currency risk (assets)(a+b)	59,413,299	6,907,884	128,803,538	1,525,410
Trade payables (c)	174,445	113,238	-	-
Foreign currency loans (d)	13,250,000	-	-	-
Exposure to foreign currency risk (liabilities)(c+d)	13,424,445	113,238	-	-
As at 31 March 2018:				
Trade receivables (net of hedge)(a)	43,102,716	4,701,773	118,543,506	-
Bank balances in EEFC accounts (b)	162,397	52,185	592,235	42
Exposure to foreign currency risk (assets)(a+b)	43,265,113	4,753,958	119,135,741	42
Trade payables (c)	138,730	357,873	-	-
Foreign currency loans (d)	13,500,000	-	-	-
Exposure to foreign currency risk (liabilities)(c+d)	13,638,730	357,873	-	-

Foreign currency risk sensitivity

(₹ in Lakhs)

Particulars	Movement (%)		Effect on profit before tax		Effect on cost of assets	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018	31 March 2019	31 March 2018
USD sensitivity						
INR / USD- increase by	1.00	1.00	318.25	193.00	-	-
INR / USD- decrease by	1.00	1.00	(318.25)	(193.00)	-	-
Euro sensitivity						
INR / Euro- increase by	1.00	1.00	52.76	35.29	-	-
INR / Euro- decrease by	1.00	1.00	(52.76)	(35.29)	-	-
ZAR sensitivity						
INR / ZAR- increase by	1.00	1.00	61.49	65.46	-	-
INR / ZAR- decrease by	1.00	1.00	(61.49)	(65.46)	-	-
CAD sensitivity						
INR / CAD- increase by	1.00	1.00	7.91	-	-	-
INR / CAD- decrease by	1.00	1.00	(7.91)	-	-	-

Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 45 FINANCIAL RISK MANAGEMENT (Contd.)

The following significant exchange rates have been applied during the year

Rupees	Average rate		Year-end spot rate	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
USD	67.17	64.97	69.20	65.14
EUR	78.97	74.76	77.65	80.29
ZAR	5.13	5.17	4.77	5.49

Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forwards to mitigate the risk of changes in exchange rate on foreign currency exposures relating to the underlying transactions and firm commitments. The counterparty for these contracts are banks. These derivative financial instruments are generally with a maturity upto 1 year. The Company does not enter into any derivative instruments for trading or speculative purposes.

Cash flow hedge:

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

Currency - sold / bought	Exposure to buy / sell	No. of contracts	Net position		Fair value gain / (loss) in cash flow hedge reserve ₹ in Lakhs
			Foreign currency	₹ in Lakhs	
31 March 2019					
USD / INR	Sell	77	26,000,000	17,992.62	652.64
ZAR / INR		96	96,000,000	4,583.33	343.85
					996.49
		Less : Deferred tax			(348.21)
		Balance in cash flow hedge reserve			648.28
31 March 2018					
EUR / USD *	Sell	10	2,500,000	2,007.14	-
USD / INR		88	23,750,000	15,471.46	(25.42)
ZAR / INR		36	60,500,000	3,324.24	(177.05)
					(202.47)
		Less : Deferred tax			70.75
		Balance in cash flow hedge reserve			(131.72)

* Not qualified for hedge accounting and hence no impact in cash flow hedge reserve.

The movement of cash flow hedges in other comprehensive income is as follows:

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year (net of tax)	(131.72)	720.93
Change in the fair value of effective portion of cash flow hedges in Other comprehensive income (net of tax)	780.00	(852.65)
Balance at the end of the year (net of tax)	648.28	(131.72)

**Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 45 FINANCIAL RISK MANAGEMENT (Contd.)****Commodity Risk**

Principal raw material for Company's products are metal scrap and ferro chrome. Company sources its raw material requirement from domestic and international markets. Domestic market price generally remains in line with international market prices. Volatility in metal prices, currency fluctuation of rupee viz a viz other prominent currencies coupled with demand-supply scenario in the world market affect the effective price of scrap and ferrous metal. Company effectively manages availability of material as well as price volatility through:

- (i) widening its sourcing base;
- (ii) appropriate contracts with vendors and customers and commitments;
- (iii) well planned procurement and inventory strategy.

Risk committee of the Company has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

Consumption details of Metal scrap and Ferro chrome:

Particulars	(Qty in MT)	
	2018-19	2017-18
Metal scrap	1,97,612	1,50,954
Ferro chrome	59,708	45,503

Commodity price sensitivity:

Increase / (decrease) in prices of metal scrap / ferro chrome by Re. 1 per kg would have following impact on profit before tax:

(₹ in Lakhs)

Particulars	2018-19	2017-18
Re. 1 increase in commodity price	(2,573.20)	(1,964.57)
Re. 1 decrease in commodity price	2,573.20	1,964.57

(B) Capital Management

- A. The Company's objectives when managing capital are to:
- safeguard their ability to continue as a going concern so that they can continue to provide return for shareholders and benefits for other stakeholders.
 - maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the following debt equity ratio:

(₹ in Lakhs)

Particulars	2018-19	2017-18
Debt *	12,691.18	11,829.91
Total equity	3,17,604.61	2,76,027.28
Debt to total equity	0.04	0.04

* Debt includes borrowings and current maturities of long term debt in other financial liabilities.

Company believes in conservative leverage policy. Company's capital expenditure plan over the medium term shall be largely funded through internal accruals and suppliers' credit.

- B. The Company follows the policy of Dividend for every financial year as may be decided by the Board considering financial performance of the Company and other internal and external factors enumerated in the Company's dividend policy such as reinvestment of capital in business. Company's Dividend policy is to distribute 10-25% of its consolidated net profit as dividend (including dividend distribution tax).

Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 46 FAIR VALUE MEASUREMENTS

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable input).

A. Financial assets :

(₹ in Lakhs)

Particulars	Note	Instruments carried at			Total carrying value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
As at 31 March 2019						
Non-current investments #	7	85.58	-	-	85.58	85.58
Current investments (Level 1)	13	1,05,346.24	-	2,500.00	1,07,846.24	1,05,346.24
Trade receivables	8, 14	-	-	90,464.43	90,464.43	-
Loans	9, 16	-	-	773.96	773.96	-
Cash and cash equivalents	15	-	-	2,066.47	2,066.47	-
Bank balances other than above	15	-	-	633.82	633.82	-
Derivatives		996.49	-	-	996.49	996.49
Other financial assets	17	-	-	6,468.23	6,468.23	-
Total		1,06,428.31	-	1,02,906.91	2,09,335.22	1,06,428.31
As at 31 March 2018						
Non-current investments #	7	85.58	-	-	85.58	85.58
Current investments	13	1,03,162.78	-	-	1,03,162.78	1,03,162.78
Trade receivables	8, 14	-	-	70,414.71	70,414.71	-
Loans	9, 16	-	-	907.73	907.73	-
Cash and cash equivalents	15	-	-	3,028.93	3,028.93	-
Bank balances other than above	15	-	-	8,191.44	8,191.44	-
Other financial assets	17	-	-	4,508.23	4,508.23	-
Total		1,03,248.36	-	87,051.04	1,90,299.40	1,03,248.36

Investments in subsidiaries classified as equity investments and investment in government securities have been accounted at historical cost. Since these are scope out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the above table. Investments in unquoted equity shares of entities other than subsidiaries have been designated as FVTPL and such investment upon sale is only going to fetch the principle amount invested and hence the management considers cost and fair value to be the same.

**Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 46 FAIR VALUE MEASUREMENTS (Contd.)****B. Financial Liability :**

(₹ in Lakhs)

Particulars	Note	Instruments carried at			Total carrying value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
As at 31 March 2019						
Borrowings	21, 23	-	-	12,669.31	12,669.31	-
Trade payables	24	-	-	15,165.87	15,165.87	-
Other financial liabilities	25	-	-	1,499.78	1,499.78	-
Total		-	-	29,334.96	29,334.96	-
As at 31 March 2018						
Borrowings	21, 23	-	-	11,814.16	11,814.16	-
Trade payables	24	-	-	11,658.76	11,658.76	-
Derivatives		229.34	-	-	229.34	229.34
Other financial liabilities	25	-	-	8,270.30	8,270.30	-
Total		229.34	-	31,743.22	31,972.56	229.34

The following table provides the fair value measurement hierarchy of the group's financial assets and financial liabilities:

(₹ in Lakhs)

Particulars	Note	Fair value	Level 1	Level 2	Level 3
As at 31 March 2019					
Financial assets					
Current investments	13				
Investments in mutual funds (quoted)		90,550.14	90,550.14	-	-
Investments in bonds (unquoted)		14,796.10	-	14,796.10	-
Derivatives		996.49	-	996.49	-
As at 31 March 2018					
Financial assets					
Current investments	13				
Investments in mutual funds (quoted)		1,01,162.78	1,01,162.78	-	-
Investments in debentures (unquoted)		2,000.00		2,000.00	
Financial liabilities					
Derivatives		229.34	-	229.34	-

Note: During the year, there has not been any transfer of any financial assets or financial liabilities between level 1 and level 2.

**Notes to the Standalone Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 47 CORPORATE SOCIAL RESPONSIBILITY ('CSR') EXPENSES**

Based on the guidance note on Accounting for Expenditure on Corporate Social Responsibility Activities (CSR) issued by the Institute of Chartered Accountants of India and Section 135 of the Companies Act, 2013, read with rules made thereunder, the Company has incurred the following expenditure on CSR activities for the year ended 31 March:

(₹ in Lakhs)

Sr. no.	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
1	Gross amount required to be spent by the Company during the year	1,063.59	1,079.65
2	Details of amount spent during the year:		
	Eradicating hunger, poverty and malnutrition	21.00	10.00
	Promoting healthcare including preventing health care	242.00	545.40
	Promoting education	231.00	102.00
	Ensuring environmental sustainability	527.75	4.48
	Heritage, art and culture	28.51	11.25
	Contribution to AIA CSR Foundation as per Schedule 7 of the Companies Act, 2013 (Refer 3 below) #	328.25	100.00
	Total amount spent during the year	1,378.51	773.13
3	Related party transactions in relation to CSR expenses: Contribution to AIA CSR Foundation #	328.25	100.00
4	Amount unspent, if any #	13.33	306.52
5	Provision movement during the year:		
	Opening provision	-	-
	Additions during the year	1,378.51	773.13
	Utilised during the year *	(1,378.51)	(773.13)
	Closing provision	-	-

Contribution of ₹ 328.25 Lakhs made to AIA CSR Foundation during the year is against unspent amount for financial year 2015-16. This is excluded from calculating unspent amount for the year ended 31 March 2019.

* Represents actual outflow during the year.

NOTE - 48

The Company's international transactions with associated enterprises are at arm's length, as per the independent accountant's report for the year ended 31 March 2018. The management believes that the Company's international transactions with associated enterprises post 31 March 2018 continue to be at arm's length and that transfer pricing legislations will not have any impact on the standalone financial statements, particularly on the amount of tax expenses for the financial year 2018-19 and the amount of provision for taxation as at 31 March 2019.

NOTE - 49

Previous year's figures have been regrouped / reclassified wherever necessary to confirm to current year presentation.

As per our report of even date attached.

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 27 May 2019

For and on behalf of the Board of Directors

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

BHUPESH P. PORWAL
Chief Financial Officer

Place : Ahmedabad
Date : 27 May 2019

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

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

Place : Ahmedabad
Date : 27 May 2019



Independent Auditor's Report

to the Members of AIA Engineering Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Opinion

We have audited the consolidated Ind AS financial statements of AIA Engineering Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the 'consolidated Ind AS financial statements').

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid consolidated Ind AS financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of

the consolidated state of affairs of the Group as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key Audit Matter #1 : Revenue Recognition

Refer Note 3(j) and Note 29 to the consolidated Ind AS financial statements

Description of key audit matter	How the matter was addressed in our audit
<p>Revenue of the Group mainly comprise of sale of high chrome mill internals to its customers.</p> <p>Revenue recognition is a significant audit risk primarily as there is a risk that revenue is recognised on sale of goods before the control in the goods is transferred.</p> <p>Revenue is also a key performance indicator of the Group.</p>	<p>Our key audit procedures to assess the recognition of revenue on sale of goods included the following:</p> <ul style="list-style-type: none"> We assessed the appropriateness of the Group's revenue recognition policies, including those related to discounts and incentives by comparing with the applicable accounting standards; We obtained an understanding of process and assessed the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition from sale of goods. We also tested the Company's controls over timing of revenue recognition; We also tested, on a sample basis, whether specific revenue transactions around the year end had been recognised in the appropriate period on the basis of the terms of sale of the contract; We inspected key customer contracts to identify terms and conditions related to acceptance of goods and the right to return and assessing the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards. We also considered adequacy of the Group's disclosures in respect of revenue and related estimates and judgements in the consolidated Ind AS financial statements.



Independent Auditor's Report on the consolidated Ind AS financial statements of AIA Engineering Limited for the year ended 31 March 2019 (Contd.)

Key Audit Matter #2 : Litigations

Refer Note 41 to the consolidated Ind AS financial statements

Description of key audit matter	How the matter was addressed in our audit
<p>The Holding Company is contesting a litigation which is under arbitration, whereby the claimant has claimed damages inter alia alleging infringement of its Patent by the Company in relation to the Holding Company's particular technology and breach of the Settlement Deed as disclosed in Note 41 of the consolidated Ind AS financial statements as at 31 March 2019.</p> <p>The amount involved in the said dispute is approximately ₹ 41,521.44 Lakhs, including costs and damages, which could have a significant impact on the results of the Holding Company if the potential exposures were to materialise.</p> <p>Given that the arbitration is still pending, its potential impact on the consolidated Ind AS financial statements are subject to significant judgments and estimates made by the management, we identify it as key audit matter.</p>	<p>Our key audit procedures included the following:</p> <ul style="list-style-type: none"> We have held discussions with in-house legal team of the Holding Company regarding the status of the ongoing arbitration to understand the associated risk and management's assessment of the potential impact of the arbitration; We obtained confirmation from external legal counsel and considered the appropriateness of the disclosure made in the consolidated Ind AS financial statements.

Other information

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

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

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

Responsibilities of management and those charged with governance for the consolidated Ind AS financial statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated Ind AS financial statements in term of

the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each Company, and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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.

In preparing the consolidated Ind AS financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each Company to continue as a going



Independent Auditor's Report on the consolidated Ind AS financial statements of AIA Engineering Limited for the year ended 31 March 2019 (Contd.)

concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each Company.

Auditor's responsibilities for the audit of the consolidated Ind AS financial statements

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

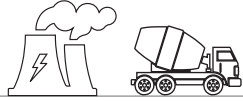
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated Ind AS financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group (Holding Company and its subsidiaries) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated Ind AS financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated Ind AS financial statements of which we are the



Independent Auditor's Report on the consolidated Ind AS financial statements of AIA Engineering Limited for the year ended 31 March 2019 (Contd.)

independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

(a) We did not audit the financial statements of 8 subsidiaries, whose financial statements reflect total assets of ₹ 119,759.04 Lakhs as at 31 March 2019, total revenues of ₹ 251,974.90 Lakhs and net cash inflows amounting to ₹ 2,852.77 Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. 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 Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the audit reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located

outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

(b) The financial information of 3 subsidiaries whose financial information reflect total assets of ₹ 3,055.22 Lakhs as at 31 March 2019, total revenues of ₹ 488.25 Lakhs and net cash inflows amounting to ₹ 824.89 Lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements, have not been audited either by us or by other auditors. These unaudited financial information have been certified and furnished to us by the Holding Company's management and our opinion on the consolidated Ind AS 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) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information is not material to the Group.

Our opinion on the consolidated Ind AS financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management of the Holding Company.

Report on Other Legal and Regulatory Requirements

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

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



Independent Auditor's Report on the consolidated Ind AS financial statements of AIA Engineering Limited for the year ended 31 March 2019 (Contd.)

- 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 and the reports of the other auditors.
- c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the 'Other Matters' paragraph:
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group. Refer Note 40 and Note 41 to the consolidated Ind AS financial statements;
- ii. The Group did not have any material foreseeable losses on long-term contracts, including derivative contracts, during the year ended 31 March 2019;
- iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2019; and
- iv. The disclosures in the consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these consolidated Ind AS financial statements since they do not pertain to the financial year ended 31 March 2019.
- C. With respect to the matter to be included in the Auditor's report under section 197(16):
- In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For **BSR & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

Nirav Patel

Partner

Membership No.: 113327

Ahmedabad
27 May 2019



Annexure "A" to the Independent Auditor's Report on the consolidated Ind AS financial statements of AIA Engineering Limited for the year ended 31 March 2019

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

Report on the internal financial controls with reference to the aforesaid consolidated Ind AS financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Opinion

In conjunction with our audit of the consolidated Ind AS financial statements of the Holding Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to financial statements of AIA Engineering Limited (hereinafter referred to as the 'Holding Company') and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as the 'Act').

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed

under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated Ind AS financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies, which are the companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with reference to financial statements

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being



Annexure "A" to the Independent Auditor's Report on the consolidated Ind AS financial statements of AIA Engineering Limited for the year ended 31 March 2019 (Contd.)

made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated Ind AS financial statements.

Inherent limitations of Internal Financial controls with reference to financial statements

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

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

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference financial statements insofar as it relates to two subsidiary companies, which are incorporated in India, is based on the corresponding report of the other auditors of such companies incorporated in India.

For **BSR & Co. LLP**

Chartered Accountants

Firm Registration Number: 101248W/W-100022

Nirav Patel

Partner

Membership No.: 113327

Ahmedabad

27 May 2019



Consolidated Balance Sheet

as at 31 March 2019

(₹ in Lakhs)

Particulars	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	82,236.25	64,918.28
(b) Capital work-in-progress	5	5,980.85	9,675.16
(c) Goodwill	6	460.69	460.69
(d) Goodwill on consolidation	6	1,516.03	1,502.95
(e) Other intangible assets	6	252.07	229.54
(f) Financial assets			
(i) Investments	7	85.64	85.64
(ii) Trade receivables	8	389.28	115.49
(iii) Loans	9	1,018.62	1,088.72
(g) Other tax assets (net)	10	2,487.07	2,712.37
(h) Other non-current assets	11	3,164.82	5,353.67
Total non-current assets		97,591.32	86,142.51
Current assets			
(a) Inventories	12	78,591.94	55,338.97
(b) Financial assets			
(i) Investments	13	1,14,372.03	1,09,100.18
(ii) Trade receivables	14	70,637.76	60,020.12
(iii) Cash and cash equivalents	15	20,830.85	18,115.60
(iv) Bank balances other than (iii) above	15	800.72	8,383.56
(v) Loans	16	370.73	451.20
(vi) Derivatives		996.49	-
(vii) Other financial assets	17	6,576.55	4,622.66
(c) Other current assets	18	12,509.23	13,677.46
Total current assets		3,05,686.30	2,69,709.75
Total assets		4,03,277.62	3,55,852.26
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	19	1,886.41	1,886.41
(b) Other equity	20	3,49,484.40	2,99,044.23
Equity attributable to owners of the Company		3,51,370.81	3,00,930.64
(c) Non-controlling interest		929.63	891.32
Total equity		3,52,300.44	3,01,821.96
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	1,500.00	19.85
(b) Provisions	22	917.85	854.45
(c) Deferred tax liabilities (net)	37(b)	8,698.67	7,347.32
Total non-current liabilities		11,116.52	8,221.62
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	11,289.31	12,294.31
(ii) Trade payables	24		
Total outstanding dues of micro and small enterprises		1,703.88	1,194.48
Total outstanding dues of creditors other than micro and small enterprises		15,656.77	14,578.21
(iii) Other financial liabilities	25	1,504.37	8,275.13
(iv) Derivatives		-	229.34
(b) Other current liabilities	26	7,826.47	6,304.34
(c) Provisions	27	1,868.19	1,647.58
(d) Current tax liabilities (net)	28	11.67	1,285.29
Total current liabilities		39,860.66	45,808.68
Total liabilities		50,977.18	54,030.30
Total equity and liabilities		4,03,277.62	3,55,852.26
The accompanying notes are integral part of these consolidated financial statements		2 - 48	

As per our report of even date attached.

For and on behalf of the Board of Directors

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 27 May 2019

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

BHUPESH P. PORWAL
Chief Financial Officer

Place : Ahmedabad
Date : 27 May 2019

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

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

Place : Ahmedabad
Date : 27 May 2019



Consolidated Statement of Profit and Loss

for the year ended 31 March 2019

(₹ in Lakhs)

Particulars	Note	Year ended 31 March 2019	Year ended 31 March 2018
INCOME			
Revenue from operations	29	3,06,949.99	2,46,668.77
Other income	30	12,089.29	12,181.49
Total income		3,19,039.28	2,58,850.26
EXPENSES			
Cost of materials consumed	31	1,43,230.12	98,718.66
Excise duty on sales		-	2,155.28
Changes in inventories of finished goods and work-in-progress	32	(20,683.34)	(2,282.23)
Employee benefits expense	33	12,639.13	11,315.78
Finance costs	34	754.71	692.76
Depreciation and amortisation expense	35	7,884.57	6,558.07
Other expenses	36	1,05,774.08	83,191.32
Total expenses		2,49,599.27	2,00,349.64
Profit before tax		69,440.01	58,500.62
Tax expense			
Current tax	37	17,116.40	14,887.54
Deferred tax		1,179.84	(749.02)
Total tax expenses		18,296.24	14,138.52
Profit for the year		51,143.77	44,362.10
Other Comprehensive Income			
A (i) Items that will not be reclassified to consolidated statement of profit and loss	39(iv)	(8.02)	54.42
(ii) Income tax relating to items that will not be reclassified to consolidated statement of profit and loss		(1.39)	1.75
B (i) Items that will be reclassified to consolidated statement of profit and loss	20	(585.82)	(2,087.15)
(ii) Income tax relating to items that will be reclassified to consolidated statement of profit and loss	37(c)	(58.07)	(34.85)
Other comprehensive income for the year (net of taxes)		(653.30)	(2,065.83)
Total comprehensive income for the year (comprising profit and other comprehensive income for the year)		50,490.47	42,296.27
Profit for the year attributable to :			
- Owners of the Company		51,083.05	44,335.22
- Non-controlling interests		60.72	26.88
Other comprehensive income for the year attributable to :			
- Owners of the Company		(654.21)	(2,064.94)
- Non-controlling interests		0.91	(0.89)
Total comprehensive income for the year attributable to :			
- Owners of the Company		50,428.84	42,270.28
- Non-controlling interests		61.63	25.99
Earnings per equity share of par value of ₹ 2 each:			
Basic and diluted	38	54.16	47.00
The accompanying notes are integral part of these consolidated financial statements			

As per our report of even date attached.

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 27 May 2019

For and on behalf of the Board of Directors

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

BHUPESH P. PORWAL
Chief Financial Officer

Place : Ahmedabad
Date : 27 May 2019

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

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

Place : Ahmedabad
Date : 27 May 2019

Consolidated Statement of Changes in Equity

for the year ended 31 March 2019

A. EQUITY SHARE CAPITAL		As at 31 March 2019		As at 31 March 2018							
		1,886.41	1,886.41	-	1,886.41						
Balance at the beginning of the reporting year											
Add: changes in equity share capital during the year											
Balance at the end of the reporting year		1,886.41		1,886.41							
B. OTHER EQUITY											
Particulars	Reserves and Surplus			Other Comprehensive Income			Total attributable to owners of the Company	Attributable to Non-controlling interests	Total		
	Securities premium reserve	Capital redemption reserve	General reserve	Statutory reserve	Retained earnings	Cash flow hedge reserve				Exchange differences on translation of foreign operations	Remeasurement of defined benefit plan
Balance as at 1 April 2017	26,615.29	1,925.74	16,467.61	-	2,26,465.00	268.27	(1,771.87)	(131.14)	2,69,838.90	801.98	2,70,640.88
Changes during the year:											
Retained earnings on account of consolidation of wholly owned subsidiary	-	-	-	-	26.97	-	-	-	26.97	-	26.97
Adjustment on account of translating the financial statements of foreign operations	-	-	-	-	(2,844.62)	-	2,844.62	-	-	7.77	7.77
Securities premium for issue of shares in step down subsidiary	205.13	-	-	-	-	-	-	-	205.13	69.74	274.87
Share of non-controlling interest in opening balance of retained earnings	-	-	-	-	10.30	-	-	-	10.30	(10.30)	-
Profit for the year	-	-	-	-	44,335.22	-	-	-	44,335.22	26.88	44,362.10
Transfer to statutory reserve	-	-	-	7.97	(7.97)	-	-	-	-	-	-
Dividends paid on equity shares	-	-	-	-	(11,331.21)	-	-	-	(11,331.21)	(3.21)	(11,334.42)
Tax on dividends	-	-	-	-	(1,976.14)	-	-	-	(1,976.14)	(0.65)	(1,976.79)
Remeasurement of defined benefit plan	-	-	-	-	(74.08)	-	-	131.14	57.06	(0.89)	56.17
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(2,182.94)	-	(2,182.94)	-	(2,182.94)
Net movement in cash flow hedge reserve (net of tax)	-	-	-	-	-	60.94	-	-	60.94	-	60.94
Balance as at 31 March 2018	26,820.42	1,925.74	16,467.61	7.97	2,54,603.47	329.21	(1,110.19)	-	2,99,044.23	891.32	2,99,935.55



Consolidated Statement of Changes in Equity

for the year ended 31 March 2019

(₹ in Lakhs)

Particulars	Reserves and Surplus				Other Comprehensive Income			Total attributable to owners of the Company	Attributable to Non-controlling interests	Total	
	Securities premium reserve	Capital redemption reserve	General reserve	Statutory reserve	Retained earnings	Cash flow hedge reserve	Exchange differences on translation of foreign operations				Remeasurement of defined benefit plan
Balance as at 1 April 2018	26,820.42	1,925.74	16,467.61	7.97	2,54,603.47	329.21	(1,110.19)	-	2,99,044.23	891.32	2,99,935.55
Changes during the year:											
Adjustment on account of translating the financial statements of foreign operations	11.33	-	-	-	-	-	-	-	11.33	-	11.33
Profit for the year	-	-	-	-	51,083.05	-	-	-	51,083.05	60.72	51,143.77
Transfer to statutory reserve	-	-	-	0.49	(0.49)	-	-	-	-	-	-
Dividends paid on equity shares	-	-	-	-	-	-	-	-	-	(17.75)	(17.75)
Tax on dividends	-	-	-	-	-	-	-	-	-	(0.65)	(0.65)
Remeasurement of defined benefit plan	-	-	-	-	(10.32)	-	-	-	(10.32)	0.91	(9.41)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(752.07)	-	(752.07)	(4.92)	(756.99)
Movement in cash flow hedge reserve (net of tax)	-	-	-	-	-	108.18	-	-	108.18	-	108.18
Balance as at 31 March 2019	26,831.75	1,925.74	16,467.61	8.46	3,05,675.71	437.39	(1,862.26)	-	3,49,484.00	929.63	3,50,414.03

Nature and purpose of reserves:

- Securities premium reserve: The amount received in excess of face value of the equity shares is recognised in securities premium reserve.
- Capital redemption reserve: The company has recognised capital redemption reserve on redemption of cumulative redeemable preference shares.
- Statutory reserve: This reserve represents appropriation of certain percentage of profit as per the local statutory requirement of an overseas subsidiary.
- General reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.
- Retained earnings: Retained earnings are the profits that the Company has earned till date, less any transfer to general reserve, statutory reserve, dividends or other distribution paid to shareholders.
- Foreign Currency Translation Reserve: This reserve represents exchange differences arising on account of conversion of foreign operations to Company's functional currency.

The accompanying notes are integral part of these consolidated financial statements

As per our report of even date attached.

For BSR & CO. LLP
Chartered Accountants
Firm's Registration No : 101248W/W-100022

NIRAV PATEL
Partner
Membership No: 113327
Place : Ahmedabad
Date : 27 May 2019

For and on behalf of the Board of Directors

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

BHUPESH P. PORWAL
Chief Financial Officer

Place : Ahmedabad
Date : 27 May 2019

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

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

Place : Ahmedabad
Date : 27 May 2019



Consolidated Statement of Cash Flow

for the year ended 31 March 2019

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2019
A. Cash flow from operating activities:		
Profit before tax	69,440.01	58,500.62
Add / (less): adjustments		
Interest income	(1,633.68)	(655.74)
Loss / (profit) on sale of assets (net)	32.20	(26.47)
Provision for warranty / (excess provision written back) (net)	231.72	(82.30)
Excess provision for claims payable written back	-	(1,324.47)
Sundry balances written back	(14.17)	(15.01)
Profit on sale of mutual funds	(4,294.60)	(904.71)
Fair value of current investments	(2,824.85)	(5,136.10)
Unrealised loss / (gain) on foreign exchange fluctuation (net)	(950.17)	(572.83)
Finance costs	754.71	692.76
Depreciation and amortisation	7,884.57	6,558.07
Provision for doubtful trade receivables	112.09	42.75
(Gain) / loss on fair valuation of forward contracts	(26.87)	73.96
Foreign currency fluctuation on translation of foreign operations	(775.21)	(1,110.19)
	67,935.75	56,040.34
Changes in working capital:		
(Increase) in trade receivables	(11,242.56)	(8,449.58)
Decrease / (increase) in loans	150.57	(7.20)
Decrease / (increase) in other assets	2,438.26	(202.19)
(Increase) in inventories	(23,252.97)	(1,933.01)
(Increase) in other financial assets	(1,939.24)	(1,414.30)
Increase / (decrease) in provisions	44.27	(30.49)
Increase in trade payables	1,588.34	2,598.77
Increase / (decrease) in other financial liabilities	769.54	(12.95)
Increase / (decrease) in other current liabilities	1,522.13	(1,077.79)
Cash generated from operations	38,014.09	45,511.60
Income taxes paid (net of refunds)	(18,052.67)	(16,093.72)
Net cash generated from operating activities (A)	19,961.42	29,417.88
B. Cash flow from investing activities:		
Acquisition of property, plant and equipment, capital work-in-progress and other intangibles	(20,664.56)	(13,778.16)
Proceeds from sale of property, plant and equipment	20.42	70.44
Purchase of current investments	(19,835.02)	(15,228.34)
Proceeds from sale of current investments	21,682.62	8,045.29
Interest income	1,619.03	605.17
Investment in / (maturity of) fixed deposits with bank (net)	33.34	(217.90)
Net cash (used in) investing activities (B)	(17,144.17)	(20,503.50)
C. Cash flow from financing activities:		
Proceeds from / (repayment of) borrowings net	600.05	(1,811.32)
Dividends paid (including taxes on dividend)	(1.46)	(13,307.84)
Finance costs paid	(752.13)	(707.10)
Net cash (used in) financing activities	(153.54)	(15,826.26)
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	2,663.71	(6,911.88)
E. Add : Cash and cash equivalents at the beginning of the year	18,115.60	24,160.06



Consolidated Statement of Cash Flow

for the year ended 31 March 2019 (Contd.)

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2019
F. Cash and cash equivalents in subsidiary consolidated during the year	-	874.01
G. Less: Foreign exchange gain / (loss) on restatement of cash and cash equivalents	51.54	(6.59)
H. Cash and cash equivalents at the end of the year	20,830.85	18,115.60

Notes:

1 Cash and cash equivalents include (Refer Note 15): (₹ in Lakhs)

	As at 31 March 2019	As at 31 March 2018
Balances with banks	20,559.87	17,844.57
Cash on hand	10.98	11.03
Balances with banks in fixed deposit accounts (with original maturity upto 3 months)	260.00	260.00
Total	20,830.85	18,115.60

2 Movement in financial liabilities and financial assets arising from financing activities: (₹ in Lakhs)

Particulars	Non-current borrowings (including current maturity of long term debt)	Current borrowings	Dividends paid (including taxes)	Finance costs
Balance as at 1 April 2017	2,474.41	11,545.64	-	27.33
Proceeds from borrowings	-	42,163.27	-	-
Repayment of borrowings	(2,438.81)	(41,535.78)	-	-
Dividends paid (including taxes)	-	-	(13,307.84)	-
Interest paid	-	-	-	(707.10)
Net cash outflows	(2,438.81)	627.49	(13,307.84)	(707.10)
Charge to consolidated statement of profit and loss	-	-	-	692.76
Impact of foreign exchange fluctuations	-	121.18	-	-
Balance as at 31 March 2018	35.60	12,294.31	-	12.99
Proceeds from borrowings	1,500.00	64,066.97	-	-
Repayment of borrowings	(13.73)	(64,953.19)	-	-
Interest paid	-	-	-	(752.13)
Net cash outflows	1,486.27	(886.22)	-	(752.13)
Charge to consolidated statement of profit and loss	-	-	-	754.71
Impact of foreign exchange fluctuations	-	(118.78)	-	-
Balance as at 31 March 2019	1,521.87	11,289.31	-	15.57

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

The accompanying notes are integral part of these consolidated financial statements

As per our report of even date attached.

For and on behalf of the Board of Directors

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

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

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

NIRAV PATEL
Partner
Membership No: 113327

BHUPESH P. PORWAL
Chief Financial Officer

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

Place : Ahmedabad
Date : 27 May 2019

Place : Ahmedabad
Date : 27 May 2019

Place : Ahmedabad
Date : 27 May 2019

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

1. BACKGROUND

AIA Engineering Limited (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its equity shares are listed on the Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE') in India. The registered office of the Company is located at 115, G.V.M.M. Estate, Odhav road, Odhav, Ahmedabad - 382410, Gujarat, India. These Consolidated financial statements comprise financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2019. The Group is primarily involved in the manufacturing of High Chrome Mill Internals.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements of the Group are prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015.

The consolidated Ind AS financial statements of the Group comprises, the consolidated balance sheet as at 31 March 2019, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (herein referred to as "consolidated financial statements"). These consolidated financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The consolidated financial statements are approved for issue by the Audit Committee and Board of Directors at their meetings held on 27 May 2019.

Details of the Group's accounting policies are included in Note 3 of the consolidated financial statements.

2.2 Basis of measurement

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

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

2.3 Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

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

- **Note 45** - determining the amount of expected credit loss on financial assets (including trade receivables) and
- **Note 43** - lease classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

- **Note 4 and 6** - estimate of useful life used for the purposes of depreciation and amortisation on property plant and equipment and intangible assets, impairment of goodwill;
- **Note 37(c)** - recognition of deferred tax liabilities;
- **Note 39** - measurement of defined benefit obligations: key actuarial assumptions;
- **Notes 22, 27, 40 and 41** - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- **Note 45** - impairment of financial assets.



Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

2.4 Measurement of fair values

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

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

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

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

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

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

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

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the company has:

- Power over the investee
- Is exposed or has rights to variable returns from its involvement with the investee, and
- Has the ability to use its power over the investee to affect its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on 31 March. When the end of the reporting period of the Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Company to enable the Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the Company's investment in each subsidiary and the Company's portion of equity of each subsidiary.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

- (c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.
- (d) Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The list of entities included in these consolidated financial statements along with its shareholding is summarised hereunder:

Name of entity	Country of Incorporation	Ownership interest held by the Group		Proportion of ownership interests and voting rights held by non-controlling interests	
		31 March 2019	31 March 2018	31 March 2019	31 March 2018
Direct subsidiaries					
Welcast Steels Limited	India	74.85%	74.85%	25.15%	25.15%
AIA CSR Foundation	India	100%	100%	-	-
Vega Industries (Middle East) F.Z.C	U.A.E.	100%	100%	-	-
Indirect subsidiaries					
Vega Industries Limited ⁽¹⁾	U.K.	100%	100%	-	-
Vega Industries Limited ⁽²⁾	U.S.A.	100%	100%	-	-
Vega Steel Industries (RSA) Proprietary Limited ⁽³⁾	South Africa	74.63%	74.63%	25.37%	25.37%
Wuxi Vega Trade Co., Limited ⁽¹⁾	China	100%	100%	-	-
PT. Vega Industries Indonesia ⁽⁴⁾	Indonesia	100%	100%	-	-
AIA Industries Chile SPA ⁽¹⁾	Chile	100%	-	-	-
AIA Ghana Limited ⁽¹⁾	Ghana	100%	-	-	-
Vega Industries Australia Pty Ltd ⁽¹⁾	Australia	100%	-	-	-

⁽¹⁾ Wholly owned subsidiaries of Vega Industries (Middle East) F.Z.C., U.A.E.

⁽²⁾ Wholly owned subsidiary of Vega Industries Limited, U.K.

⁽³⁾ Subsidiary of Vega Industries (Middle East) F.Z.C., U.A.E. During the year ended 31 March 2018, the subsidiary had issued additional shares which has resulted in decrease of Group's share holding.

⁽⁴⁾ 99% of shares are held by Vega Industries (Middle East) F.Z.C., U.A.E. and balance 1% is held by AIA Engineering Limited.



Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

3. SIGNIFICANT ACCOUNTING POLICIES

a) Foreign currency transactions

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

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

The functional currency and the presentation currency of the Company is Indian rupees.

b) Financial instruments

Recognition and initial measurement

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

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

Financial assets - classification and subsequent measurement

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

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

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

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

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

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

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

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

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

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash



Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired

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

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

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive



Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

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

Financial liabilities

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

Offsetting

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

c) Derivative financial instruments and hedge accounting

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

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

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

Recognition and measurement of cash flow hedge:

The Company strictly uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain forecasted transactions. As per Ind AS 109 - Financial Instruments, foreign currency forward contracts are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognised in hedge

reserve (under reserves and surplus) through other comprehensive income and the ineffective portion is recognised immediately in the consolidated statement of profit and loss.

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

Derecognition:

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

d) Property, plant and equipment

Recognition and measurement

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

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

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

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

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

Subsequent measurement

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

Depreciation

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

Estimated useful life adopted by the Group:

Block of assets	Useful lives (years)
Buildings	30 - 60
Plant and equipments	5 - 15
Furniture and fixtures	4 - 10
Vehicles	4 - 10
Office equipments	4 - 5
Others - laboratory equipments	10
Others - computer hardware	3 - 6

Depreciation method followed by respective Companies is as under:

Name of entity	Method of depreciation
AIA Engineering Limited, India	Depreciation on fixed assets is charged on Straight line method over the useful life of assets as prescribed by Schedule II of Companies Act, 2013.
Welcast Steels Limited, India	Depreciation on fixed assets is charged on written down value method over the useful life of assets as prescribed by Schedule II (except for Plant & Machinery for which useful life determined as per technical estimate) of Companies Act, 2013.
Vega Industries (Middle East) F.Z.C, U.A.E.	Straight-line method over estimated useful lives of the assets.
Vega Industries Limited, U.S.A.	Straight-line method over estimated useful lives of the assets.
Vega Industries Limited, U.K.	Written Down Value Method over estimated useful lives of the assets.
Wuxi Vega Trade Co. Ltd., China	Straight-line method over estimated useful lives of the assets.
Vega Steel Industries (RSA) Proprietary Limited, South Africa	Straight-line method over estimated useful lives of the assets.
PT. Vega Industries, Indonesia	Straight-line method over estimated useful lives of the assets.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

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

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

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

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

Derecognition

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



Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

e) Goodwill and Other intangible assets

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

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

Subsequent measurement

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

Amortisation

Goodwill is not amortised and is tested for impairment annually.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in consolidated statement of profit and loss.

The estimated useful lives of intangibles is as per below:

Software - 6 years

Patent - 20 years

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

f) Inventories

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

- **Raw materials and stores and spares:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Cost basis.

- **Finished goods and work in progress:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on Weighted Average Cost basis.

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

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

g) Impairment

Impairment of financial assets

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

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

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

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

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

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. The Group follows 'simplified approach'

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

for recognition of impairment loss allowance on trade receivables. Under the simplified approach, the Group is not required to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime expected credit loss together with appropriate management estimates for credit loss at each reporting date, right from its initial recognition.

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write off

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

Impairment of non-financial assets

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

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the

smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

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

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

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

h) Employee benefits

Defined benefit plans

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

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



Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

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

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

Short term employee benefits

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

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Consolidated Statement of profit 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.

Other long-term employee benefits

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

Termination benefits

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

i) Provisions (other than employee benefits), Contingent Liabilities and Contingent Assets.

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

Warranties

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

Onerous contracts

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

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

Contingent liability

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

Contingent assets

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

j) Revenue

The Group adopted Ind AS 115 "Revenue from contracts with customers", with effect from 1 April 2018. Ind AS 115 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the contracts with its customers and replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts.

Sale of goods

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

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

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

Transition

The Group has adopted Ind AS 115 prospectively whereby the effect of applying this standard is recognised at the date of initial application (i.e. 1 April 2018). Accordingly, the comparative information in the consolidated statement of profit and loss is not restated. The

impact on account of adoption of the Standard on the consolidated financial statements of the Company as well as disclosures under Ind AS 115 are given in Note 29 of these consolidated financial statements.

Other operating revenue – export incentives

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

k) Other income

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

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

l) Leases

Asset held under lease

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

Assets held under operating leases are neither recognised in (in case the Group is lessee) nor derecognised (in case the Group is lessor) from the Consolidated Balance Sheet.

Lease payments

Payments made under operating leases are generally recognised in consolidated statement of profit and loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the



Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

m) Income taxes

Current tax

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

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

Deferred tax

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

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

The measurement of deferred tax reflects the tax

consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Tax on income of foreign subsidiaries

Foreign companies recognise tax liabilities and assets in accordance with the local laws.

n) Borrowing cost

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

o) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group. For the disclosure on reportable segments see Note 44.

p) Cash and cash equivalents

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

q) Earnings per share

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

r) Events after reporting date

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

s) Recent Indian Accounting Standards (Ind AS)

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

i. Ind AS 116 - Leases

Ind AS 116 is applicable for financial reporting periods beginning on or after 1 April 2019 and replaces existing lease accounting guidance, namely Ind AS 17 Leases. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature of expenses related to those leases will change as Ind AS 116 replaces the operating lease expense (i.e., rent) with depreciation charge for ROU assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases.

The Group is in the process of evaluating the requirement of amendment and its impact on consolidated financial statements.

ii. Amendments to Ind AS 12 - Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments):

This interpretation, which will be effective from 1 April 2019, The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in statement of profit and loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax

bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability clarifies how entities should evaluate and reflect uncertainties over income tax treatments, in particular when assessing the outcome a tax authority might reach with full knowledge and information if it were to make an examination.

The Group is currently in process of evaluating the impact of this amendment on its consolidated financial statements.

iii. Ind AS 109 - Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group does not expect this amendment to have any significant impact on its consolidated financial statements.

iv. Ind AS 19 - Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not



Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

expect this amendment to have any significant impact on its consolidated financial statements.

v. **Ind AS 23 – Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect this amendment to have any significant impact on its consolidated financial statements.

vi. **Ind AS 103 – Business Combinations and Ind AS 111**

- Joint Arrangements

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Group currently does not have any joint operations or joint control and hence there is no impact on its consolidated financial statements.

Notes to the Consolidated Financial Statements as at 31 March 2019 (Contd.)

Particulars	(₹ in Lakhs)										Total
	Freehold Land	Leasehold Land	Buildings	Plant & equipments	Furniture & fixtures	Vehicles	Office equipments	Others*			
Gross block:											
As at 1 April 2017	2,765.80	2,998.62	29,544.61	43,561.59	1,273.38	249.84	445.30	1,048.26			81,887.40
Exchange differences on translation of foreign operations	-	-	-	-	13.39	30.45	43.29	37.21			124.34
Additions during the year	227.98	-	2,899.14	3,095.51	177.56	101.76	22.69	87.53			6,612.17
Disposal / adjustments during the year	-	-	(0.09)	(308.74)	(6.61)	(33.17)	(0.39)	(59.41)			(408.41)
As at 31 March 2018	2,993.78	2,998.62	32,443.66	46,348.36	1,457.72	348.88	510.89	1,113.59			88,215.50
Exchange differences on translation of foreign operations	-	-	-	-	2.05	6.77	7.00	3.26			19.08
Additions during the year	219.77	-	2,626.59	22,005.84	70.76	12.19	52.56	213.94			25,201.65
Disposal / adjustments during the year	-	-	-	(580.40)	(9.48)	(48.87)	(38.53)	(46.19)			(723.47)
As at 31 March 2019	3,213.55	2,998.62	35,070.25	67,773.80	1,521.05	318.97	531.92	1,284.60			1,12,712.76
Accumulated depreciation / amortisation:											
As at 1 April 2017	-	76.26	2,437.69	13,367.01	416.70	99.08	252.64	419.41			17,068.79
Exchange differences on translation of foreign operations	-	-	-	-	14.89	29.87	32.36	17.54			94.66
Charge for the year	-	16.86	1,194.79	4,836.17	170.05	39.23	72.20	168.91			6,498.21
Disposal / adjustments during the year	-	-	(0.09)	(289.81)	(3.90)	(24.07)	3.18	(49.75)			(364.44)
As at 31 March 2018	-	93.12	3,632.39	17,913.37	597.74	144.11	360.38	556.11			23,297.22
Exchange differences on translation of foreign operations	-	-	-	-	3.69	6.24	8.85	6.08			24.86
Charge for the year	-	16.86	1,290.64	6,100.26	165.59	41.04	56.70	155.06			7,826.15
Disposal / Adjustments	-	-	(0.01)	(537.21)	(6.46)	(36.60)	(42.94)	(48.50)			(671.72)
As at 31 March 2019	-	109.98	4,923.02	23,476.42	760.56	154.79	382.99	668.75			30,476.51
Net block:											
As at 31 March 2018	2,993.78	2,905.50	28,811.27	28,434.99	859.98	204.77	150.51	557.48			64,918.28
As at 31 March 2019	3,213.55	2,888.64	30,147.23	44,297.38	760.49	164.18	148.93	615.85			82,236.25

* Others include laboratory equipments and computer hardware.

Notes:

- Out of total assets, identified assets comprising factory land, buildings and plant and machineries of the Company are mortgaged / hypothecated to banks for availing various working capital facilities to the tune of ₹24,880.00 Lakhs.
- Refer note 40 (b) for contractual commitments with respect to property, plant and equipment.

**Notes to the Consolidated Financial Statements as at 31 March 2019 (Contd.)****NOTE - 5 CAPITAL WORK-IN-PROGRESS**

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	9,675.16	4,259.05
Additions during the year	6,209.13	7,634.50
Capitalisation during the year	(9,903.44)	(2,218.39)
Balance at the end of the year	5,980.85	9,675.16

Note:

- The year end balance of capital work-in-progress primarily consists of proposed capacity expansion at Kerala GIDC, Ahmedabad.
- Refer note 40 (b) for contractual commitments with respect to property, plant and equipment.

NOTE - 6 GOODWILL AND OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Other intangibles			Goodwill (refer note a)	Goodwill on consolidation (refer note a)
	Software	Patents and Copyrights	Total		
Gross block:					
As at 1 April 2017	630.01	38.24	668.25	460.69	1,501.84
Exchange differences on translation of foreign operations	-	-	-	-	1.11
Additions during the year	70.10	0.87	70.97	-	-
Disposal / adjustments during the year	0.61	-	0.61	-	-
As at 31 March 2018	699.50	39.11	738.61	460.69	1,502.95
Exchange differences on translation of foreign operations	-	-	-	-	13.08
Additions during the year	55.44	24.66	80.10	-	-
Disposal / adjustments during the year	1.53	-	1.53	-	-
As at 31 March 2019	756.47	63.77	820.24	460.69	1,516.03
Amortisation:					
As at 1 April 2017	440.85	8.97	449.82	-	-
Charge for the year	57.81	2.05	59.86	-	-
Disposal / adjustments during the year	0.61	-	0.61	-	-
As at 31 March 2018	498.05	11.02	509.07	-	-
Charge for the year	55.27	3.15	58.42	-	-
Disposal / adjustments during the year	0.68	-	0.68	-	-
As at 31 March 2019	554.00	14.17	568.17	-	-
Net block:					
As at 31 March 2018	201.45	28.09	229.54	460.69	1,502.95
As at 31 March 2019	202.49	49.60	252.07	460.69	1,516.03

Note (a):

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

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

Notes to the Consolidated Financial Statements as at 31 March 2019 (Contd.)
NOTE - 7 INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current investments (unquoted)		
A. Investment in equity instruments		
Others companies (measured at FVTPL) #		
(a) 25 (Previous year: 25) equity shares of Koramangala Properties Limited of face value ₹100/- each, fully paid up	0.03	0.03
(b) 8,55,501 (Previous year: 9,85,045) equity shares of Arkay Energy (Rameswarm) Limited of face value ₹10/- each, fully paid up	85.55	85.55
B. Investment in Government Securities (measured at cost)		
National Savings Certificate	0.06	0.06
Total	85.64	85.64
Aggregate amount of unquoted investments - at cost	85.64	85.64

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

NOTE - 8 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current trade receivables (unsecured)		
Considered good *	389.28	115.49
Significant increase in credit risk	-	-
Credit impaired	-	-
Total	389.28	115.49

* Trade receivables are hypothecated to secure working capital facilities from Banks (Refer Note 23).

NOTE - 9 LOANS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current loans		
Security deposits (unsecured, considered good)	866.54	927.14
Loans to staff		
Secured, considered good	56.87	70.02
Unsecured, considered good	95.21	91.56
Total	1,018.62	1,088.72

NOTE - 10 OTHER TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Advance income tax / tax deducted at source (net of provision for tax)	2,487.07	2,712.37
Total	2,487.07	2,712.37

**Notes to the Consolidated Financial Statements as at 31 March 2019 (Contd.)****NOTE - 11 OTHER NON-CURRENT ASSETS**

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Capital advances	1,898.80	2,817.62
Advances other than capital advances		
Balance with government authorities	939.23	2,202.63
Others*	326.79	333.42
Total	3,164.82	5,353.67

* Includes Advance paid under protest of ₹ 326.49 Lakhs (previous year ₹ 331.27 Lakhs)

NOTE - 12 INVENTORIES * (valued at lower of cost or net realisable value)

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Raw materials	6,396.84	6,712.35
Raw materials in transit	1,797.84	654.99
Work-in-progress	19,887.03	11,961.56
Finished goods	39,783.52	27,025.66
Stores and spares	10,455.66	8,788.09
Stores and spares in transit	271.05	196.32
Total	78,591.94	55,338.97

* Inventories are hypothecated to secure working capital facilities from Banks (Refer Note 23).

NOTE - 13 INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Current investments		
Measured at FVTPL		
Investment in mutual funds (quoted)	90,550.14	1,01,162.77
Investment in bonds (unquoted)	21,321.89	5,937.41
Investment in non-convertible debentures (unquoted)		
Nil (previous year: 200) Nil % (previous year 7.9%) Debentures of ₹ 10,00,000 each, maturing in Nil (previous year 2018-19)	-	2,000.00
Measured at amortised cost		
Investment in non-convertible debentures (unquoted)		
250 (previous year: Nil) 7.85% (previous year Nil) Debentures of ₹ 10,00,000 each, maturing in 2019-20 (previous year Nil)	2,500.00	-
Total	1,14,372.03	1,09,100.18
Aggregate amount of quoted investments - at cost	87,380.26	84,018.62
Aggregate amount of quoted investments - at market value	90,550.14	1,01,162.77
Aggregate amount of unquoted investments - at cost	23,277.70	7,939.75
Aggregate amount of unquoted investments - at market value	23,821.89	7,937.41

Notes to the Consolidated Financial Statements as at 31 March 2019 (Contd.)
NOTE - 14 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Current trade receivables (unsecured)		
Considered good *	70,637.76	60,020.12
Significant increase in credit risk	356.63	216.10
Credit impaired	-	-
Sub Total	70,994.39	60,236.22
Less: Provision for doubtful receivables	(356.63)	(216.10)
Total	70,637.76	60,020.12

* Trade receivables are hypothecated to secure working capital facilities from Banks (Refer Note 23).

NOTE - 15 CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents		
Balances with banks	20,559.87	17,844.57
Cash on hand	10.98	11.03
Balances with banks in fixed deposit accounts (with original maturity upto 3 months)	260.00	260.00
Sub Total (a)	20,830.85	18,115.60
Other bank balances		
Balances with banks in fixed deposit accounts (maturity within 3-12 months from reporting date)	788.07	821.41
Earmarked balances with banks (unpaid dividend) *	12.65	7,562.15
Sub Total (b)	800.72	8,383.56
Total (a+b)	21,631.57	26,499.16

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

NOTE - 16 LOANS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Current loans		
Security deposits (unsecured, considered good)	133.45	194.12
Loan to a minority shareholder (unsecured, considered good)	114.60	137.44
Loans to staff		
Secured, considered good	37.08	39.07
Unsecured, considered good	85.60	80.57
Total	370.73	451.20

**Notes to the Consolidated Financial Statements as at 31 March 2019 (Contd.)****NOTE - 17 OTHER FINANCIAL ASSETS**

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Export incentives receivable	6,426.34	4,487.10
Interest accrued on investments	150.21	135.56
Total	6,576.55	4,622.66

NOTE - 18 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Advances other than capital advances		
Advance to a related party	5.78	6.82
Other advances		
Advances to suppliers	3,209.02	2,704.81
Advances to staff	202.43	152.37
Other advances	0.17	15.37
Others		
Balance with government authorities	8,668.14	10,326.73
Prepaid expenses	423.69	471.36
Total	12,509.23	13,677.46

NOTE - 19 EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Authorised share capital		
23,00,00,000 equity shares (previous year: 23,00,00,000) of ₹2/- each	4,600.00	4,600.00
Total	4,600.00	4,600.00
Issued, subscribed & fully paid up share capital		
9,43,20,370 equity shares (previous year: 9,43,20,370) of ₹2/- each, fully paid up	1,886.41	1,886.41
Total	1,886.41	1,886.41

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	No. of shares	Amount in Lakhs	No. of shares	Amount in Lakhs
Shares outstanding at the beginning of the year	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

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

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

Notes to the Consolidated Financial Statements as at 31 March 2019 (Contd.)
NOTE - 19 EQUITY SHARE CAPITAL (Contd.)
(c) The details of shareholders holding more than 5% shares are set out below :

Name of the shareholders	As at 31 March 2019		As at 31 March 2018	
	No. of shares	% of holding	No. of shares	% of holding
Bhadresh K. Shah	5,51,28,901	58.45%	5,81,28,900	61.63%
Nalanda India Equity Fund Limited	91,27,809	9.68%	91,27,809	9.68%

NOTE - 20 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Reserves and surplus		
(a) Securities premium reserve		
Balance at the beginning of the year	26,820.42	26,615.29
Additions during the year	-	205.13
Adjustment on account of translating the financial statements of foreign operations	11.33	-
Balance at the end of the year	26,831.75	26,820.42
(b) Capital redemption reserve		
Balance at the beginning and at end of the year	1,925.74	1,925.74
(c) Statutory reserve		
Balance at the beginning of the year	7.97	-
Additions during the year	0.49	7.97
Balance at the end of the year	8.46	7.97
(d) General reserve		
Balance at the beginning and at end of the year	16,467.61	16,467.61
(e) Retained earnings		
Balance at the beginning of the year	2,54,603.47	2,26,465.00
Add: Retained earnings on account of consolidation of wholly owned subsidiary	-	26.97
Less: Adjustment on account of translating the financial statements of foreign operations	-	(2,844.62)
Less: Share of non-controlling interest	-	10.30
Add: Profit for the year	51,083.05	44,335.22
Less: Remeasurement of defined benefit plan transferred from other comprehensive income	(10.32)	(74.08)
Less: Transfer to statutory reserve	(0.49)	(7.97)
Less: Dividend on equity shares #	-	(11,331.21)
Less: Tax on dividend #	-	(1,976.14)
Balance at the end of the year	3,05,675.71	2,54,603.47
Total Reserves and Surplus (A)	3,50,909.27	2,99,825.21
Other comprehensive income		
(a) Cash flow hedge reserve:		
Balance at the beginning of the year	329.21	268.27
Recognised in consolidated statement of profit and loss		
Mark to market of hedging designated instruments and effective as hedges of future cash flow	1,198.96	(1,304.94)
Restatements of trade receivables to the extent of hedging	(1,032.71)	1,400.73
	166.25	95.79
Effect of tax on above	(58.07)	(34.85)
Balance at the end of the year	437.39	329.21



Notes to the Consolidated Financial Statements as at 31 March 2019 (Contd.)

NOTE - 20 OTHER EQUITY (Contd.)

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
(b) Gain and losses arising from translating the financial statements of foreign operations		
Balance at the beginning of the year	(1,110.19)	(1,771.87)
Less: Adjustment on account of translating the financial statements of foreign operations	-	2,844.62
Recognised in consolidated statement of profit and loss	(752.07)	(2,182.94)
Balance at the end of the year	(1,862.26)	(1,110.19)
(c) Remeasurement of defined benefit plan		
Balance at the beginning of the year	-	(131.14)
Recognised in consolidated statement of profit and loss	(10.32)	57.06
Less: Transfer to retained earnings	10.32	74.08
Balance at the end of the year	-	-
Total other comprehensive income (B)	(1,424.87)	(780.98)
Total other equity (A + B)	3,49,484.40	2,99,044.23

Refer Consolidated Statement of changes in equity for nature and purpose of reserves.

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
# Dividend on equity shares paid during the year:		
Final dividend for the financial year 2016-17 [₹ nil (previous year: ₹4) per equity share of ₹2 each]	-	3,772.81
Dividend distribution tax on final dividend	-	663.83
Interim dividend for the financial year 2017-18 [₹ nil (previous year: ₹8) per equity share of ₹2 each]	-	7,545.63
Dividend distribution tax on interim dividend	-	1,309.72

Note:

Board of Directors of the Company have proposed final dividend of ₹9/- per equity share for the financial year 2018-19. Proposed dividend on equity shares are subject to approval at the Annual General Meeting and hence not recognised as a liability as at 31 March 2019. No interim dividend was declared and paid during the financial year 2018-19.

NOTE - 21 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current borrowings (unsecured)		
From bank #	1,500.00	-
Deferred payment liabilities *	-	19.85
Total	1,500.00	19.85

Unsecured term loan from Citi Bank N.A. carrying interest rate of 8.50% is repayable in single bullet payment at the end of two years from disbursement, i.e. in financial year 2020 - 2021.

* Deferred sales tax under Package Scheme of Incentives 1993 of Maharashtra for erstwhile Paramount Centrispun Castings Private Limited.

Terms of repayment of deferred sales tax:

Year	Amount (₹ in lakhs)
2019-20	19.85

Notes to the Consolidated Financial Statements as at 31 March 2019 (Contd.)
NOTE - 22 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Non-current provisions		
Provision for employee benefits (Refer Note 39)		
Gratuity	281.12	252.03
Leave encashment	57.96	46.18
Provision for warranties	578.77	556.24
Total	917.85	854.45

Movement in provision for warranties (also Refer Note 27)

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	1,847.42	1,966.51
Utilisation during the year	(5.64)	(42.33)
Provision for the year (net of provision written back) #	231.72	(82.30)
Changes due to exchange differences on translation	65.35	5.54
Balance at the end of the year	2,138.85	1,847.42
Non-current	578.77	556.24
Current	1,560.08	1,291.18
Total	2,138.85	1,847.42

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

NOTE - 23 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Current borrowings		
Loans repayable on demand		
Secured loans from banks *	11,289.31	12,294.31
Total	11,289.31	12,294.31

Nature of security *

- Packing Credit in Foreign Currency ('PCFC') carrying interest rate ranging from 5.25% - 5.50% (previous year: 1.33% to 2.99%) and Export Packing Credit ('EPC') facilities held in previous year which carried interest rate ranging from 4.60% - 5.05% in previous year, both facilities from Citi Bank N.A., are secured by:
 - Pari passu charge over inventories and book debts of the Company to the extent of ₹15,000 lakhs, and
 - Demand Promissory Note and Letter of Continuity for ₹15,000 lakhs.
- Export Packing Credit ('EPC') facility from State Bank of India carrying interest rate of 5.25% (previous year: N.A.) is hypothecated against entire chargeable current assets of the Company including inventories and receivables on pari passu basis.
- Export Packing Credit ('EPC') facility held in previous year from Hong Kong and Shanghai Banking Corporation which carried interest rate ranging from 4.60% - 4.80% in previous year was secured by pari passu charge over current assets of the Company.

**Notes to the Consolidated Financial Statements as at 31 March 2019 (Contd.)****NOTE - 23 BORROWINGS (Contd.)**

4. PCFC facility from State Bank of India in previous year which carried interest rate of 4.8% was secured against:
- hypothecation of entire chargeable current assets of the Company, including receivables and inventories;
 - collateral security (exclusive charge) by way of mortgage of identified factory land and buildings and hypothecation of identified plant and machineries of the Company.
5. EPC facility from Canara Bank carrying interest rate ranging from 9.20% to 9.40% (previous year: 9.05% to 9.15%) is secured by hypothecation of identified plant and equipments, book debts and inventories of subsidiary company and further secured by mortgage of land and buildings acquired out of subsidiary company's own funds.

NOTE - 24 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Total outstanding dues of micro enterprises and small enterprises	1,703.88	1,194.48
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Due to related parties [Refer Note 42 (d)]	160.26	105.55
Due to others	15,496.51	14,472.66
Total	17,360.65	15,772.69

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

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act):		
Principal amount due to micro and small enterprise	1,684.09	1,194.48
Interest due on above	19.79	-
Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	19.79	-
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

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

Notes to the Consolidated Financial Statements as at 31 March 2019 (Contd.)
NOTE - 25 OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Deferred payment liabilities (Refer Note 21)	21.87	15.75
Unpaid dividends *	12.66	7,561.66
Interest accrued on borrowings	15.57	12.99
Capital creditors	1,370.43	600.89
Other payables	83.84	83.84
Total	1,504.37	8,275.13

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

NOTE - 26 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Customer advances	3,946.16	3,916.85
Others		
Fund held in corpus donation	1,055.25	926.04
Security deposits	17.14	11.59
Salary, wages and bonus payable	1,191.95	1,108.67
Statutory dues and other payables	1,615.97	341.19
Total	7,826.47	6,304.34

NOTE - 27 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Current provisions		
Provision for employee benefits (Refer Note 39)		
Gratuity	202.68	139.07
Leave encashment	105.43	217.33
Provision for warranties (Refer Note 22)	1,560.08	1,291.18
Total	1,868.19	1,647.58

NOTE - 28 CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Provision for income tax (net of advance tax and tax deducted at source)	11.67	1,285.29
Total	11.67	1,285.29

**Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 29 REVENUE FROM OPERATIONS**

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Sale of products		
Export sales	2,28,070.54	1,79,174.21
Domestic sales (including excise duty)*	68,672.92	60,455.75
Sub Total (a)	2,96,743.46	2,39,629.96
Other operating revenue		
Export incentives	10,206.53	7,038.81
Sub Total (b)	10,206.53	7,038.81
Total (a+b)	3,06,949.99	2,46,668.77

* Effective 1 July 2017, the Government of India has introduced Goods and Service tax whereby sales are recorded net of GST whereas earlier sales were recorded gross of excise duty which formed part of expenses.

Disclosures pursuant to Indian Accounting Standard (Ind AS) 115 - Revenue from Contract with Customers**Reconciliation of revenue from operations with the contracted price:**

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Contracted price	2,97,259.97	2,40,187.77
Adjustments :		
- Discounts	(363.82)	(369.01)
- Sales return	(152.69)	(188.80)
Sale of products	2,96,743.46	2,39,629.96
Other operating revenue - export incentives	10,206.53	7,038.81
Revenue from operations	3,06,949.99	2,46,668.77
Revenue disaggregation by geography:		
India	78,879.45	67,494.56
Outside India:	2,28,070.54	1,79,174.21
Total	3,06,949.99	2,46,668.77

Contract balances:

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

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Trade receivables	71,027.04	55,825.05
Contract assets	-	-
Contract liabilities		
Advance from customers	3,946.16	3,916.85

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 29 REVENUE FROM OPERATIONS (Contd.)
Changes in significant accounting policies / Transition to Ind AS 115

The group has adopted Ind AS 115 "Revenue from contracts with customers" with effect from 1 April 2018. Ind AS 115 establishes principles for reporting information about the nature, amount, timing and uncertainty of revenues and cash flows arising from the contracts with its customers and replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The group has adopted Ind AS 115 prospectively whereby the effect of applying this standard is recognised at the date of initial application (i.e. 1 April 2018). Accordingly, the comparative information i.e. information for the year ended 31 March 2018, has not been restated. Additionally, the disclosure requirements in Ind AS 115 have not generally been applied to comparative information.

The impact of transition to Ind AS 115 on retained earning as at 1 April 2018 is not significant and hence no disclosures have been provided in this regard.

NOTE - 30 OTHER INCOME

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest income from financial assets	1,633.68	655.74
Other non-operating income		
Profit on sale of mutual fund units	4,294.60	904.71
Gain on foreign exchange fluctuations (net)	2,968.28	3,643.95
Fair value of current investments	2,824.85	5,136.10
Provision for claims payable written back	-	1,324.47
Provision for warranties written back	-	283.30
Profit on sale of assets (net)	-	26.47
Miscellaneous receipts	367.88	206.75
Total	12,089.29	12,181.49

NOTE - 31 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Opening stock at the beginning of the year	7,367.35	8,837.87
Add: Purchases during the year	1,44,057.45	97,248.13
Less: Closing stock at the end of the year	(8,194.68)	(7,367.34)
Total	1,43,230.12	98,718.66

NOTE - 32 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Opening stock:		
Work-in-progress	11,961.56	14,591.12
Finished goods	27,025.66	22,113.87
Sub Total (a)	38,987.22	36,704.99
Closing stock:		
Work-in-progress	19,887.03	11,961.56
Finished goods	39,783.53	27,025.66
Sub Total (b)	59,670.56	38,987.22
(a) - (b)	(20,683.34)	(2,282.23)

**Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 33 EMPLOYEE BENEFITS EXPENSE**

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Salaries, wages and bonus	11,426.56	10,217.31
Contribution to provident and other funds	568.28	572.16
Expenses related to post employment defined benefit plans [Refer Note 39(iv)]	229.01	216.00
Staff welfare expenses	415.28	310.31
Total	12,639.13	11,315.78

NOTE - 34 FINANCE COSTS

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Interest on:		
Bank borrowings	589.45	504.53
Income-tax	-	95.00
Others	52.52	5.36
Foreign exchange adjustments to borrowing costs	112.74	87.87
Total	754.71	692.76

NOTE - 35 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Depreciation of property, plant and equipment (Refer Note 4)	7,826.15	6,498.21
Amortisation of intangible assets (Refer Note 6)	58.42	59.86
Total	7,884.57	6,558.07

NOTE - 36 OTHER EXPENSES

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Consumption of stores	31,300.56	23,265.87
Power and fuel	33,649.42	25,213.67
Contract labour charges	8,058.16	6,902.85
Repairs and maintenance		
- Buildings	207.28	197.58
- Plant and machineries	792.68	660.68
- Others	633.22	603.77
Rent	406.37	264.32
Insurance	691.59	660.69
Rates and taxes	115.90	622.40
Security expenses	444.00	366.66
Printing, stationery and communication expenses	384.23	389.38
Travelling and conveyance	2,257.87	2,128.30
Advertisement and sales promotion	240.79	162.02

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 36 OTHER EXPENSES (Contd.)

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Clearing, forwarding and freight outward expenses	17,617.35	14,028.87
Commission expenses	2,595.22	2,333.81
Warranty expenses	231.72	201.00
Directors' sitting fees	6.40	7.40
Payments to auditors		
- Statutory audit fees	16.50	16.00
- Others services	16.20	10.40
- Reimbursement of expenses	0.98	0.93
Legal and professional consultancy fees	3,479.55	3,168.97
Bank commission charges	358.06	391.40
Donation	4.84	38.72
Corporate social responsibility expenses	1,378.51	773.13
Loss on sale of assets (net)	32.20	-
Fair value of forward contracts	-	73.96
Bad debts	164.80	53.75
Provision for doubtful trade receivables (net)	112.09	42.75
Other miscellaneous expenses	577.59	612.04
Total	1,05,774.08	83,191.32

NOTE - 37 TAX EXPENSES

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(a) Income tax expense		
Current tax		
Provision for current tax	17,368.94	16,094.11
Excess provision for current tax of earlier years written back	(252.54)	(1,206.57)
Net deferred tax [Refer Note 37(c)]	1,179.84	(749.02)
Income tax expense for the year	18,296.24	14,138.52
(b) Deferred tax		
Deferred tax liabilities		
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	6,684.43	4,696.07
Fair valuation of current investments	3,074.73	3,317.62
Hedge reserve balance	348.24	176.83
Others	0.10	-
Sub Total (a)	10,107.50	8,190.52
Deferred tax assets		
Leave encashment	25.31	72.19
Unrealised profit on intra group stock	1,317.62	716.09
Others	65.90	54.92
Sub Total (b)	1,408.83	843.20
Deferred tax liabilities (net) [Refer Note 37(c)]	(a) - (b)	7,347.32



Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE - 37 TAX EXPENSES (Contd.)

(c) Movement in deferred tax

(₹ in Lakhs)

Particulars	Opening balance as at 1 April	Consolidated Statement of profit and loss	Other comprehensive income 31 March	Closing balance as at 31 March
2018-19				
Deferred tax liabilities				
Difference between written down value of property, plant and equipments and other intangible assets as per the books of accounts and Income tax Act, 1961.	4,696.07	1,988.36	-	6,684.43
Fair valuation of current investments	3,317.62	(242.89)	-	3,074.73
Hedge reserve balance	176.83	-	171.41	348.24
Others	-	-	0.10	0.10
Sub Total (a)	8,190.52	1,745.47	171.51	10,107.50
Deferred tax assets				
Leave encashment	72.19	(46.88)	-	25.31
Unrealised profit on intra-group inventory	716.09	601.53	-	1,317.62
Others	54.92	10.98	-	65.90
Sub Total (b)	843.20	565.63	-	1,408.83
Deferred tax liabilities (net) (a) - (b)	7,347.32	1,179.84	171.51	8,698.67
2017-18				
Deferred tax liabilities				
Difference between written down value of property, plant and equipments and other intangible assets as per the books of accounts and Income tax Act, 1961	4,462.37	233.70	-	4,696.07
Fair valuation of current investments	4,141.56	(823.94)	-	3,317.62
Hedge reserve balance	141.98	-	34.85	176.83
Sub Total (a)	8,745.91	(590.24)	34.85	8,190.52
Deferred tax assets				
Leave encashment	97.00	(24.81)	-	72.19
Unrealised profit on intra group inventory	524.68	191.41	-	716.09
Foreign currency translation reserve	937.75	0.42	-	938.17
Adjustment on account of translating the financial statements of foreign operations	-	-	-	(938.17)
Others	63.16	(8.24)	-	54.92
Sub Total (b)	1,622.59	158.78	-	843.20
Deferred tax liabilities (net) (a) - (b)	7,123.32	(749.02)	34.85	7,347.32

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 37 TAX EXPENSES (Contd.)
(d) Effective tax reconciliation

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Profit before tax for the year	69,440.01	58,500.62
Tax at statutory income tax rate of 34.944% (previous year 34.608%) in India	24,265.12	20,245.89
Adjustments:		
Non-deductible expenses for tax purposes	210.21	214.59
Difference in tax rate of subsidiary companies	(3,059.78)	(2,798.14)
Income from long term investment taxed at lower rate	(2,274.46)	(2,629.12)
Tax of earlier years written back	(252.54)	(1,206.57)
Tax impact on intra-group stock reserve	(601.91)	(191.41)
Tax on income recognised in other comprehensive income	-	505.43
Others	9.60	(2.15)
Income tax expense reported in the consolidated statement of profit and loss	18,296.24	14,138.52

The Group has ongoing dispute with Income tax authorities relating to tax treatment of certain items. These amounts have been disclosed as contingent liabilities (Refer Note 40).

NOTE - 38 EARNINGS PER SHARE

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Net profit attributable to the equity shareholders (₹ in lakhs)	51,083.05	44,335.22
Weighted average number of equity shares outstanding during the period (nos.)	9,43,20,370	9,43,20,370
Nominal value of equity share (₹)	2.00	2.00
Basic and diluted earnings per share (₹)	54.16	47.00

NOTE - 39 EMPLOYEE BENEFITS

The group has the following post-employment benefit plans:

A. Defined contribution plan

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

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2019
Employer's contribution to provident fund	478.69	452.47

**Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 39 EMPLOYEE BENEFITS (Contd.)****B. Defined benefit plan**

Gratuity: The employees' gratuity fund scheme is 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 recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The benefits are governed by the Payment of Gratuity Act, 1972. The key features are as under :

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

(i) Risks associated to the defined benefit plans:

- Actuarial risk: Risks due to adverse salary growth / Variability in mortality and withdrawal rates.
- Investment risk: Risks due to significant changes in discounting rate during the inter-valuation period.
- Liquidity risk: Risks on account of Employees resign/retire from the company and as result strain on the cash flow arises.
- Market risk: Risks related to changes and fluctuation of the financial markets and assumption depends on the yields on government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
- Legislative risk: Risks of increase in the plan liabilities or reduction in plan assets due to change in legislation.

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

(₹ in Lakhs)

Particulars	Gratuity (funded)		Gratuity (unfunded)*	
	2018-19	2017-18	2018-19	2017-18
Defined benefit obligation at the beginning of the year	2,540.04	2,382.52	124.27	116.48
Recognised in consolidated statement of profit and loss:				
Current service cost	186.12	182.68	30.10	7.79
Past service cost	-	18.97	-	-
Interest cost	176.34	163.12	-	-
Actuarial (gain) / loss recognised in other comprehensive income:				
Due to change in financial assumptions	1.91	(53.64)	-	-
Due to experience adjustments	33.25	(17.72)	-	-
Benefits paid	(82.67)	(135.89)	-	-
Defined benefit obligation at the end of the year	2,854.99	2,540.04	154.37	124.27

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 39 EMPLOYEE BENEFITS (Contd.)
(iii) Reconciliation of opening and closing balances of fair value of plan assets:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2018-19	2017-18
Fair value of plan assets at the beginning of the year	2,273.21	1,937.58
Interest income	163.55	137.59
Return on plan assets excluding amounts included in interest income	27.14	(16.94)
Contributions by the employer	133.74	319.37
Benefits paid	(72.08)	(104.39)
Fair value of plan assets at the end of the year	2,525.56	2,273.21
Actual return on plan assets	190.69	120.65

(iv) Expense recognised during the year:

(₹ in Lakhs)

Particulars	Gratuity (funded)		Gratuity (unfunded) #	
	2018-19	2017-18	2018-19	2017-18
Current service cost	186.12	182.68	30.10	7.79
Net interest cost	12.79	25.53	-	-
Net value of remeasurements on the obligation and plan assets	-	-	-	-
Net cost recognised in consolidated statement of profit and loss	198.91	208.21	30.10	7.79
Components of actuarial gains / (losses):				
Due to change in financial assumptions	1.91	(53.64)	-	-
Due to experience adjustments	33.25	(17.72)	-	-
Return on plan assets excluding amounts included in interest income	(27.14)	16.94	-	-
Net cost recognised in other comprehensive income	8.02	(54.42)	-	-

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

(₹ in Lakhs)

Particulars	Gratuity (funded)		Gratuity (unfunded) #	
	2018-19	2017-18	2018-19	2017-18
Present value of obligation	2,854.99	2,540.04	154.37	124.27
Fair value of plan assets	2,525.56	2,273.21	-	-
Net defined benefit liability at end of the year	329.43	266.83	154.37	124.27

(vi) Composition of plan assets:

Particulars	Gratuity (funded)	
	2018-19	2017-18
Debt instruments		
Government of India securities	-	-
High quality corporate bonds	-	0% - 1%
State Government securities	-	0% - 1%
Cash and cash equivalents		
Bank balances	0% - 2%	0% - 1%
Special deposit scheme	0% - 1%	0% - 1%
Investment funds		
Insurance policies	96% - 100%	95% - 100%
Others	0% - 1%	0% - 1%



Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE - 39 EMPLOYEE BENEFITS (Contd.)

(vii) Key actuarial assumptions:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2018-19	2017-18
Financial assumptions		
Discount rate	7.15% - 7.60%	7.3% - 7.6%
Salary growth rate	7.00% - 8.50%	7.00% - 8.50%
Demographic assumptions		
Withdrawal rate	5% - 10% at younger ages reducing to 1% at older ages	
Mortality table	Indian assured lives mortality (2006-08)	

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

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

(viii) Sensitivity analysis:

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

Impact on defined benefit obligations - Gratuity:

Particulars	Increase in assumption		Decrease in assumption	
	2018-19	2017-18	2018-19	2017-18
Discount rate				
Change in assumption by 0.50%	-3.96%	-3.92%	4.36%	4.23%
Salary growth rate				
Change in assumption by 0.50%	4.27%	4.18%	-3.93%	-3.91%
Withdrawal rate				
Change in assumption by 0.10%	-0.08%	-0.13%	0.13%	0.11%

The Methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior period.
Gratuity (unfunded) represents defined benefit plan in a wholly owned overseas subsidiary.

C. Other long-term employee benefits

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

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

Salary for encashment	Basic salary
Salary for availment	Cost to Company
Benefit event	Death or resignation or retirement or availment
Maximum accumulation	90
Benefit Formula	(Leave days)x(Basic salary)/(Leave denominator)
Leave denominator	30
Leave credited annually	30
Retirement age	58, 60, 62, 65 or 70 years

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 39 EMPLOYEE BENEFITS (Contd.)
Key actuarial assumptions:

Particulars	Leave encashment (funded)	
	2018-19	2017-18
Financial assumptions		
Discount rate	7.30% - 7.60%	7.30% - 7.60%
Expected rate of return on plan assets	7.30% - 7.60%	7.30% - 7.60%
Salary growth rate	7.00% - 8.50%	7.00% - 8.50%
Demographic assumptions		
Withdrawal rate	5% - 10% at younger ages reducing to 1% at older ages	
Mortality table	Indian assured lives mortality (2006-08)	

Leave encashment recognised during the year in consolidated statement of profit and loss is ₹ 219.61 lakhs (previous year: ₹ 202.06 lakhs).

D. Estimate of contributions expected to be paid during financial year 2018-19 is as under:

(i) Defined contribution plan:	
(a) Employer's contribution to provident fund	12% of basic salary
(ii) Defined benefit plan:	
(a) Gratuity (funded)	202.68
(iii) Other long-term employee benefits	
(a) Leave encashment	105.43

NOTE - 40 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS
(a) Contingent liabilities

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Claims against the group not acknowledged as debts:		
Central Excise and Service-tax	2,830.10	2,794.71
Income-tax	15,200.53	15,329.67
Sales-tax / VAT	52.42	52.72
Duty of customs	879.62	835.43
Guarantees:		
Outstanding bank guarantees	14,308.54	15,064.75
Outstanding corporate guarantees given to customers of the Company	451.79	289.32
Letter of Credit	48.50	1,691.67
Others matters including claims related to ESIC, Electricity and Ex-employees	746.05	724.31
Total	34,517.55	36,782.58

**Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 40 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS (Contd.)****(b) Capital commitments:**

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	1,292.94	4,471.49
Total	1,292.94	4,471.49

Notes:

- (i) Most of the issue of litigation pertaining to Central Excise/ Service tax / Income tax are based on interpretation of the respective law and 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 Consolidated financials of the Company is envisaged.
- (ii) Sales tax / VAT related litigation/demand primarily pertains to non submission of required declaration forms in time due to non-receipt of the same from customers and / or some interpretation related issues. However in most of the cases, required documents are being filed and given in minor impact if any, shall be the year of final outcome of respective matter in appeal.
- (iii) The Hon'ble Supreme Court of India vide its order dated 28 February 2019 held that 'Basic Wages' for the contribution towards Provident Fund (PF) should only exclude [in addition to specific exclusions under Section 2(b)(ii) of the Employees Provident Fund Act, 1952]:
 - a) amounts that are payable to the employee for undertaking work beyond the normal work which he/she is otherwise required to put in; and
 - b) allowances which are either variable or linked to any incentive for production resulting in greater output by an employee anthat the allowances are not paid across the board to all employees in a particular category or were being paid especially to those who avail the opportunity.

With reference to the aforesaid judgment, the Company's management based on legal advice is of the view that there is considerable uncertainty around the timing, manner and extent in which the judgment will be interpreted and applied by the regulatory authorities. The Company's management is of the view that any incremental outflow in this regard can only be determined once the position being taken by the regulatory authorities in this regard is known and the management is able to evaluate all possible courses of action available. Accordingly, no provision has been currently recognised in the consolidated financial statements in this regard.

NOTE - 41 ARBITRATION MATTER

On termination of Joint Venture and Shareholders' Agreement), a Settlement Deed dated 16 February 2000 was executed between Mr. Bhadresh K. Shah, and Magotteaux International S.A. Belgium (Magotteaux). Under the arbitral mechanism provided in Settlement Deed, Magotteaux has initiated arbitral proceedings against Mr. Bhadresh K. Shah and the Holding Company before the International Chamber of Commerce, London (ICC) claiming damages inter alia alleging infringement of its patent by the Holding Company (in relation to its Sintercast Product) and breach of the Settlement Deed (in relation to Company's Sintercast product). The amount involved in the said arbitral dispute is at least US\$ 60 million [equivalent to ₹ 41,521.44 Lakhs, (conversion rate 1 US\$ = ₹ 69.2024)] including costs and damages. However, the Holding Company disputes the arbitration request and denies the allegations made therein and is confident of successfully defending the matter in accordance with law. Accordingly, no provision is made in the books of account of the Holding Company.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 42 RELATED PARTY DISCLOSURES
A List of related parties:
(i) Key managerial personnel ('KMP'):

Sr. no. Name	Designation
KMP of Holding company:	
1 Mr. Rajendra S. Shah	Chairman
2 Mr. Bhadrash K. Shah #	Managing Director
3 Mr. Yashwant M. Patel	Whole-time Director
4 Mr. Kunal D. Shah	Executive Director - Finance (upto 13 November 2017)
5 Mr. S. N. Jetheliya	Company Secretary
6 Mr. Bhupesh P. Porwal	Chief Financial Officer (w.e.f. 14 November 2017)
KMP of subsidiary companies:	
1 Mr. Vinod Narain	Chairman, Welcast Steels Limited
2 Mr. Pradip R. Shah	Director, Welcast Steels Limited
3 Mr. Paryank R. Shah	
4 Mr. R. A. Gilani	Director, Vega Industries (Middle East) F.Z.C.
5 Mr. Himanshu K. Patel	

Controlling party. Refer Note 19 for shareholding pattern.

(ii) Independent directors:

Sr. no. Name	Company
1 Mr. Rajendra S. Shah	
2 Mr. Sanjay S. Majmudar	
3 Mr. Dileep C. Choksi	AIA Engineering Limited
4 Mr. Rajan Harivallabhdas	
5 Mrs. Janaki U. Shah (w.e.f. 26 March 2019)	
6 Mr. D. P. Dhanuka	
7 Mr. Pradip R. Shah	Welcast Steels Limited
8 Mr. Ashok A. Nichani	

(iii) Others:

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

* Non - Executive Directors of the Holding Company.



Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE - 42 RELATED PARTY DISCLOSURES (Contd.)

B Details of related party transactions during the year:

Sr. no.	Nature of transaction	Key Managerial Personnel		Independent Directors		Enterprise over which KMP or close member of their family exercise control		Relatives of key managerial personnel		Post employment benefit plan of the Company	
		Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018	Year ended 31 March 2019	Year ended 31 March 2018
1	Purchase of goods (inclusive of taxes)	-	-	-	-	3,668.74	3,087.37	-	-	-	-
2	Commission expense on purchases	-	-	-	-	110.74	87.32	-	-	-	-
3	Legal and professional consultancy fees	1.20	1.20	-	-	9.71	7.91	-	-	-	-
4	SAP ERP functional and technical support	-	-	-	-	91.58	119.99	-	-	-	-
5	Salary, bonus and perquisites	132.85	104.56	-	-	-	-	1.54	1.54	-	-
6	Contribution to gratuity fund	-	-	-	-	-	-	-	-	168.42	178.36
7	Rent, rates and taxes	-	-	-	-	-	-	2.33	2.66	-	-
8	Travelling expenses	-	-	-	-	184.47	171.17	-	-	-	-
9	Directors' remuneration and perquisites	368.79	419.97	-	-	-	-	-	-	-	-
10	Sitting fees paid	-	-	3.20	3.50	-	-	1.05	1.35	-	-
11	Remuneration for finance related services	-	-	22.50	22.50	-	-	-	-	-	-
	Total	502.84	525.73	25.70	26.00	4,065.24	3,473.76	4.92	5.55	168.42	178.36
	Outstanding balance receivable at year end	-	-	-	-	5.78	6.82	-	-	-	-
	Outstanding balance payable at year end	0.27	0.27	-	-	160.26	105.28	-	-	-	-

(₹ in Lakhs)

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 42 RELATED PARTY DISCLOSURES (Contd.)
C Disclosures in respect of transactions with related parties during the year:

(₹ in Lakhs)

Sr. no.	Nature of transaction	Name of related party	Year ended 31 March 2019	Year ended 31 March 2019
1	Purchase of goods (inclusive of taxes)	Harsha Engineers Limited	3,668.74	3,087.37
2	Commission expense on purchases	AB Tradelink Limited	110.74	87.32
3	Legal and professional consultancy fees	RNCA & Associates	7.59	5.80
		Pradip Shah & Co.	2.12	2.11
		Mr. Vinod Narain	1.20	1.20
4	SAP ERP functional and technical support	Discus IT Private Limited	91.58	119.99
5	Salary, bonus and perquisites	Mrs. Gitaben B. Shah	1.54	1.54
		Mr. S. N. Jetheliya	53.78	47.55
		Mr. Kunal D. Shah (up to 13 November 2017)	-	28.14
		Mr. Bhupesh P. Porwal (w.e.f. 14 November 2017)	79.07	28.87
6	Contribution to gratuity fund	AIA Employee's Gratuity Trust Fund	168.42	178.36
7	Rent, rates and taxes	Mrs. Giraben K. Shah	2.33	2.66
8	Travelling expenses	Vee Connect Travels Private Limited	184.47	169.71
		AB Tradelink Limited	-	1.46
9	Directors' remuneration and perquisites	Mr. Bhadresh K. Shah	112.59	110.68
		Mr. Yashwant M. Patel	14.72	24.72
		Mr. Paryank R. Shah	97.84	130.27
		Mr. R.A .Gilani	58.88	97.28
		Mr. Himanshu K. Patel	84.77	57.02
10	Sitting fees paid	Mr. Rajendra S. Shah	0.75	1.15
		Mr. Sanjay S. Majmudar	1.00	1.15
		Mr. Dileep C. Choksi	0.45	0.30
		Mr. Rajan Harivallabhdas	1.00	0.90
		Mrs. Khushali Samip Solanki	0.60	0.60
		Mrs. Bhumika Shyamal Shodhan	0.45	0.75
11	Remuneration for finance related services	Mr. Sanjay S. Majmudar	22.50	22.50

**Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 42 RELATED PARTY DISCLOSURES (Contd.)****D The details of amounts due to or due from related parties as at 31 March are as follows:**

(₹ in Lakhs)

Sr. no.	Particulars	Name of related party	As at 31 March 2019	As at 31 March 2018
1	Other current liabilities			
	Key managerial personnel	Mr. Vinod Narain	0.27	0.27
		Sub Total (a)	0.27	0.27
	Trade payables			
	Enterprise over which key managerial personnel or close member of their family exercise control	AB Tradelink Limited	1.89	3.44
		Pradip Shah & Co	0.48	0.49
		RNCA & Associates	0.08	1.02
		Harsha Engineers Limited	157.81	90.76
		Vee Connect Travels Private Limited	-	9.57
		Sub Total (b)	160.26	105.28
		Total (a + b)	160.53	105.55
2	Advances			
	Enterprise over which key managerial personnel or close member of their family exercise control	Discus IT Private Limited	3.43	6.82
		Vee Connect Travels Private Limited	2.35	-
		Total	5.78	6.82

E Breakup of compensation paid to key managerial personnel:

(₹ in Lakhs)

Sr. no.	Particulars	Name of key managerial personnel	As at 31 March 2019	As at 31 March 2018
1	Short-term employee benefits	Mr. Bhadrash K. Shah	112.59	110.68
		Mr. Yashwant M. Patel	14.72	24.72
		Mr. Kunal D. Shah	-	28.14
		Mr. Bhupesh P. Porwal	79.07	28.87
		Mr. S. N. Jetheliya	53.78	47.55
		Mr. Paryank R. Shah	97.84	130.27
		Mr. R.A. Gilani	58.88	97.28
		Mr. Himanshu K. Patel	84.77	57.02
		Sub Total (a)	501.64	524.53
2	Post-employment benefits	Mr. Bhupesh P. Porwal	1.49	0.55
		Mr. S. N. Jetheliya	1.52	1.27
		Sub Total (b)	3.01	1.82
		Total (a + b)	504.65	526.35

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

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

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 43 LEASE TRANSACTIONS

The operating lease arrangements are cancellable subject to the stipulated notice period which generally does not exceed 3 months. Thus, management is of the view that there is no right to receive or obligation to pay the agreed lease rentals in case of termination.

NOTE - 44 OPERATING SEGMENTS
(a) Information about reportable segment:

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

(b) Information about geographical segment:

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

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(1) Revenues from external customers including operating revenue		
India	78,879.45	67,494.56
Outside India	2,28,070.54	1,79,174.21
(2) Non-current assets:		
India	93,333.59	81,867.88
Other countries	277.12	272.41

(₹ in Lakhs)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(a) Breakup of revenues :		
Revenue from operations	2,96,743.46	2,39,629.96
Other operating revenue	10,206.53	7,038.81
(b) Non-current assets		
Non-current assets (excluding financial instruments and tax assets)	93,610.71	82,140.29

There are no transactions with a single external customer or in any single country outside India which amounts to 10% or more of the group's total revenue.

NOTE - 45 FINANCIAL RISK MANAGEMENT

The group's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk, market risk and commodity risk. The group's senior management has overall responsibility for the establishment and oversight of the group's risk management framework. The Company has constituted a Risk Management Committee which is responsible for developing and monitoring the group's risk management policies. The key risks and mitigating actions are also placed before the Audit Committee of the Company. The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The Risk Management Committee of the Company is supported by the Finance team and experts who provide assurance that the group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the group's policies and risk objectives. The activities are designed to protect the group's financial results and position from financial risks, maintain market risks within the acceptable parameters while optimising returns and protect the group's financial investments while maximising returns.

**Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 45 FINANCIAL RISK MANAGEMENT (Contd.)**

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

Nature of risk	Exposure arising from	Measurement	Management
Credit risk	Cash and Cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis, Credit rating	Credit limit set and aging analysis protect group from potential losses due to excess credit to the customers. Further the group has also obtained ECGC insurance cover for export sales.
Liquidity risk	Borrowing and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk - foreign exchange	Future commercial transactions recognised financial assets and liabilities not denominated in ₹	Cash flow forecasting, Sensitivity analysis	Forward foreign exchange contracts.
Commodity risk	Purchase of raw material	Fluctuation in imported metal scrap and ferro chrome prices and currency rates	Procurement and inventory strategy

Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle the obligation as agreed. To manage this, the group periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable. Customer wise limits are set accordingly.

The group considers the probability of default of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the group compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

- (i) Actual or expected significant adverse changes in business;
- (ii) Actual or expected significant changes in the operating results of the counterparty;
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- (iv) Significant increase in credit risk on other financial instruments of the same counterparty.

The group categorises financial assets based on the assumptions, inputs and factors specific to the class of financial asset into High-quality assets, negligible credit risk; Quality assets, low credit risk; Standard assets, moderate credit risk; Substandard assets, relatively high credit risk; Low quality assets, very high credit risk; Doubtful assets, credit impaired.

Financial assets are written off when there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the group. The group considers a loan or receivable for write off review when contractual payments pasts greater than one year from due date. Where loans or receivables have been written off, the group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the consolidated statement of profit and loss.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 45 FINANCIAL RISK MANAGEMENT (Contd.)
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, counter-party where the capacity 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:

(₹ in Lakhs)

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
As at 31 March 2019					
Loss allowance measured at 12 month expected credit losses:					
Financial assets for which credit risk has not increased significantly since initial recognition	Loans	389.36	-	-	389.36
	Deposits	999.99	-	-	999.99
Loss allowance measured at life time expected credit losses:					
Financial assets for which credit risk has increased significantly and not credit impaired or credit impaired	NA	-	-	-	-
As at 31 March 2018					
Loss allowance measured at 12 month expected credit losses					
Financial assets for which credit risk has not increased significantly since initial recognition	Loans	418.66	-	-	418.66
	Deposits	1,121.26	-	-	1,121.26
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 year ended 31 March 2019 (Contd.)****NOTE - 45 FINANCIAL RISK MANAGEMENT (Contd.)****Expected credit loss for trade receivables under simplified approach:****Ageing of trade receivables as at year end:**

(₹ in Lakhs)

Due from date of invoice	As at 31 March 2019	As at 31 March 2018
Not due	44,815.19	41,589.08
0 - 3 months	23,761.60	14,469.75
3 - 6 months	1,099.73	2,797.51
6 - 12 months	1,164.45	464.01
Beyond 12 months	542.71	1,031.36
Gross carrying amount	71,383.67	60,351.71
Expected credit loss	(356.63)	(216.10)
Net carrying amount	71,027.04	60,135.61

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related such risks are overseen by senior management. Management monitors the group's net liquidity position through rolling forecasts on the basis of expected cash flows.

Financing arrangements

The group had access to following undrawn borrowing facilities as at year end:

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Fund and non-fund based facilities	64,332.37	71,477.93

The table below analyses derivative and non-derivative financial liabilities of the group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Lakhs)

Particulars	0-1 years	1-5 years	Total
As at 31 March 2019			
Non-derivative financial liabilities			
Current borrowings (including current maturity of long term debt)	21.87	1,500.00	1,521.87
Non-Current borrowings	11,289.31	-	11,289.31
Trade payables	17,360.65	-	17,360.65
Other financial liabilities	1,482.50	-	1,482.50
Total	30,154.33	1,500.00	31,654.33
Derivative financial liabilities			
Forward exchange contracts used for hedging inflows	-	-	-

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 45 FINANCIAL RISK MANAGEMENT (Contd.)

(₹ in Lakhs)

Particulars	0-1 years	1-5 years	Total
As at 31 March 2018			
Non-derivative financial liabilities			
Current borrowings (including current maturity of long term debt)	15.75	19.85	35.60
Non-Current borrowings	12,294.31	-	12,294.31
Trade payables	15,772.69	-	15,772.69
Other financial liabilities	8,259.38	-	8,259.38
Total	36,342.13	19.85	36,361.98
Derivative financial liabilities			
Forward exchange contracts used for hedging inflows	229.34	-	229.34

Note:

Guarantees issued by the Company aggregating to ₹ 2,076.07 lakhs (previous year: ₹ 1,954.29 lakhs) on behalf of subsidiaries are with respect to borrowing limits obtained by the respective entity. These amounts will be payable on default by the concerned entity. As of the reporting date, none of the subsidiary have any outstanding borrowing and hence the Company does not have any present obligation to third parties in relation to such guarantees.

Market risk - interest rate

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimise the group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Exposure to interest rate risk

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Borrowings bearing fixed rate of interest	12,789.31	12,294.31
Borrowings bearing variable rate of interest	-	-

Interest rate sensitivity

A change of 50 bps in interest rates would have following impact on profit before tax:

(₹ in Lakhs)

Movement - effects on profit before tax	As at 31 March 2019	As at 31 March 2018
50 bp increase-decrease in profits	-	-
50 bp decrease-increase in profits	-	-

The Group has no significant long-term debt.

Market risk - Foreign currency risk

The group operates internationally and large portion of the business is transacted in several currencies. Consequently the group is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Exports of the group are significantly higher in comparison to its imports. As a policy the group does not cover the foreign exchange requirements for its imports and the same is managed from the export earnings in foreign currency. Foreign currency exchange rate exposure for exports is managed by prudent hedging policy.

**Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 45 FINANCIAL RISK MANAGEMENT (Contd.)****Foreign currency exposure:**

Particulars	Assets			Liabilities		
	Trade receivables (net of hedge)	Bank balances in EEFC accounts	Total exposure to foreign currency risk	Trade payables	Foreign currency loans	Total exposure to foreign currency risk
As at 31 March 2019:						
USD	63,531,256	18,580,545	82,111,801	174,445	13,250,000	13,424,445
EURO	3,430,697	1,381,334	4,812,031	113,238	-	113,238
ZAR	63,130,241	29,881,985	93,012,226	-	-	-
GBP	883	21,787	22,670	-	-	-
CAD	682,459	234,332	916,791	-	-	-
AUD	5,572,359	2,917,182	8,489,541	-	-	-
AED	-	440,053	440,053	-	-	-
CNY	1,569,805	3,060,620	4,630,425	-	-	-
As at 31 March 2018:						
USD	32,298,086	14,227,472	46,525,558	1,845,133	13,500,000	15,345,133
EURO	5,482,085	2,413,978	7,896,063	530,740	-	530,740
ZAR	63,807	21,949,923	22,013,730	2,144,407	-	2,144,407
GBP	-	725,585	725,585	179,831	-	179,831
CAD	-	134,568	134,568	228	-	228
AUD	3,419,017	1,782,371	5,201,388	203,652	-	203,652
AED	-	83,987	83,987	-	-	-
CNY	5,316,379	2,474,942	7,791,321	-	-	-
CLP	176,433,113	38,256,642	214,689,755	-	-	-

Foreign currency risk sensitivity

(₹ in Lakhs)

Particulars	Movement (%)		Effect on profit before tax	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
USD sensitivity				
INR / USD- increase by	1.00	1.00	475.33	203.11
INR / USD- decrease by	1.00	1.00	(475.33)	(203.11)
Euro sensitivity				
INR / Euro- increase by	1.00	1.00	36.49	59.13
INR / Euro- decrease by	1.00	1.00	(36.49)	(59.13)
ZAR sensitivity				
INR / ZAR- increase by	1.00	1.00	44.46	10.92
INR / ZAR- decrease by	1.00	1.00	(44.46)	(10.92)
GBP sensitivity				
INR / GBP- increase by	1.00	1.00	0.20	4.98
INR / GBP- decrease by	1.00	1.00	(0.20)	(4.98)



Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE - 45 FINANCIAL RISK MANAGEMENT (Contd.)**Foreign currency risk sensitivity (Contd.)**

(₹ in Lakhs)

Particulars	Movement (%)		Effect on profit before tax	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
CAD sensitivity				
INR / CAD- increase by	1.00	1.00	4.76	0.68
INR / CAD- decrease by	1.00	1.00	(4.76)	(0.68)
AUD sensitivity				
INR / AUD- increase by	1.00	1.00	41.74	25.01
INR / AUD- decrease by	1.00	1.00	(41.74)	(25.01)
AED sensitivity				
INR / AED- increase by	1.00	1.00	0.35	0.08
INR / AED- decrease by	1.00	1.00	(0.35)	(0.08)
CNY sensitivity				
INR / CNY- increase by	1.00	1.00	4.78	8.09
INR / CNY- decrease by	1.00	1.00	(4.78)	(8.09)
CLP sensitivity				
INR / CLP- increase by	1.00	1.00	-	199.02
INR / CLP- decrease by	1.00	1.00	-	(199.02)

The following significant exchange rates have been applied during the year:

Rupees	Average rate		Year-end spot rate	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
USD	69.89	64.97	69.20	65.14
EUR	78.97	74.76	77.65	80.29
ZAR	5.14	5.17	4.77	5.49
GBP	90.81	86.25	90.36	91.27
CAD	51.19	49.64	51.87	50.51
AUD	49.60	49.36	49.16	50.03
AED	18.29	17.69	18.84	17.74

Derivative financial instruments

The Group holds derivative financial instruments such as foreign currency forwards to mitigate the risk of changes in exchange rate on foreign currency exposures relating to the underlying transactions and firm commitments. The counterparty for these contracts are banks. These derivative financial instruments are generally with a maturity upto 1 year. The Group does not enter into any derivative instruments for trading or speculative purposes.

**Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 45 FINANCIAL RISK MANAGEMENT (Contd.)****Derivative financial instruments (Contd.)****Cash flow hedge:**

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

Currency - sold / bought	Exposure to buy / sell	No. of contracts	Net position		Fair value gain / (loss) in cash flow hedge reserve ₹ in lakhs
			Foreign currency	₹ in lakhs	
31 March 2019					
USD / INR	Sell	77	26,000,000	17,992.62	652.64
ZAR / INR		96	96,000,000	4,583.33	343.85
					996.49
			Less : Deferred tax		(348.21)
			Balance in cash flow hedge reserve		648.28
31 March 2018					
EUR / USD *	Sell	10	2,500,000	2,007.14	-
USD / INR		88	23,750,000	15,471.46	(25.42)
ZAR / INR		36	60,500,000	3,324.24	(177.05)
					(202.47)
			Less : Deferred tax		70.75
			Balance in cash flow hedge reserve		(131.72)

* Not qualified for hedge accounting and hence no impact in cash flow hedge reserve.

The movement of cash flow hedges in other comprehensive income is as follows:

(₹ in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year (net of tax)	(131.72)	720.93
Change in the fair value of effective portion of cash flow hedges in Other comprehensive income (net of tax)	780.00	(852.65)
Balance at the end of the year (net of tax)	648.28	(131.72)

Commodity Risk

Principal raw materials for Group's products are metal scrap and ferro chrome. Group sources its raw material requirement from domestic and international markets. Domestic market price generally remains in line with international market prices. Volatility in metal prices, currency fluctuation of rupee vis a vis other prominent currencies coupled with demand-supply scenario in the world market affect the effective price of metal scrap and ferrous metal. The group effectively manages availability of material as well as price volatility through:

- widening its sourcing base;
- appropriate contracts with vendors and customers and commitments;
- well planned procurement and inventory strategy.

Risk committee has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 45 FINANCIAL RISK MANAGEMENT (Contd.)
Derivative financial instruments (Contd.)
Consumption details of Metal scrap and Ferro chrome:

Particulars	(Qty in MT)	
	2018-19	2017-18
Metal scrap	2,28,141	1,80,035
Ferro chrome	70,144	55,538

Commodity price sensitivity:

Increase / (decrease) in prices of metal scrap / ferro chrome by Re. 1 per kg would have following impact on profit before tax:

(₹ in Lakhs)

Particulars	2018-19	2017-18
Re. 1 increase in commodity price	(2,982.85)	(2,355.73)
Re. 1 decrease in commodity price	2,982.85	2,355.73

(B) Capital Management

- A. The group's objectives when managing capital are to:
- safeguard their ability to continue as a going concern so that they can continue to provide return for shareholders and benefits for other stakeholders.
 - maintain an optimal capital structure to reduce the cost of capital.

The group monitors capital on the basis of the following debt equity ratio:

(₹ in Lakhs)

Particulars	2018-19	2017-18
Debt *	12,811.18	12,329.91
Total equity	3,51,370.81	3,00,930.64
Debt to total equity	0.04	0.04

* Debt comprise of non-current borrowings (including current maturity of long-term debts) and current borrowings.

Group believes in conservative leverage policy. Group's capital expenditure plan over the medium term shall be largely funded through internal accruals and suppliers' credit.

- B. The companies within the group follows the policy of dividend for every financial year as may be decided by the Board considering financial performance of respective company and other internal and external factors.

**Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)****NOTE - 46 FAIR VALUE MEASUREMENTS**

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable input).

A. Financial assets :

(₹ in Lakhs)

Particulars	Note	Instruments carried at			Total carrying value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
As at 31 March 2019						
Non-current investments #	7	85.58	-	-	85.58	85.58
Current investments	13	1,11,872.03	-	2,500.00	1,14,372.03	1,11,872.03
Trade receivables	8, 14	-	-	71,027.04	71,027.04	-
Loans	9, 16	-	-	1,389.35	1,389.35	-
Cash and cash equivalents	15	-	-	20,830.85	20,830.85	-
Bank balances other than above	15	-	-	800.72	800.72	-
Derivatives		996.49	-	-	996.49	996.49
Other financial assets	17	-	-	6,576.55	6,576.55	-
Total		1,12,954.10	-	1,03,124.51	2,16,078.61	1,12,954.10
As at 31 March 2018						
Non-current investments #	7	85.58	-	-	85.58	85.58
Current investments	13	1,09,100.18	-	-	1,09,100.18	1,09,100.18
Trade receivables	8, 14	-	-	60,135.61	60,135.61	-
Loans	9, 16	-	-	1,539.92	1,539.92	-
Cash and cash equivalents	15	-	-	18,115.60	18,115.60	-
Bank balances other than above	15	-	-	8,383.56	8,383.56	-
Other financial assets	17	-	-	4,622.66	4,622.66	-
Total		1,09,185.76	-	92,797.35	2,01,983.11	1,09,185.76

Investments in subsidiaries classified as equity investments and investment in government securities have been accounted at historical cost. Since these are scope out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the above table. Investments in unquoted equity shares of entities other than subsidiaries have been designated as FVTPL and such investment upon sale is only going to fetch the principle amount invested and hence the Company considers cost and fair value to be the same.

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 46 FAIR VALUE MEASUREMENTS (Contd.)
B. Financial Liabilities :

(₹ in Lakhs)

Particulars	Note	Instruments carried at			Total carrying value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
As at 31 March 2019						
Borrowings	21, 23	-	-	12,789.31	12,789.31	-
Trade payables	24	-	-	17,360.65	17,360.65	-
Other financial liabilities	25	-	-	1,504.37	1,504.37	-
Total		-	-	31,654.33	31,654.33	-
As at 31 March 2018						
Borrowings	21, 23	-	-	12,314.16	12,314.16	-
Trade payables	24	-	-	15,772.69	15,772.69	-
Derivatives	-	229.34	-	-	229.34	229.34
Other financial liabilities	25	-	-	8,275.13	8,275.13	-
Total		229.34	-	36,361.98	36,591.32	229.34

The following table provides the fair value measurement hierarchy of the group's financial assets and financial liabilities:

(₹ in Lakhs)

Particulars	Note	Fair value	Level 1	Level 2	Level 3
As at 31 March 2019					
Financial assets					
Current investments	13				
Investments in mutual funds (quoted)		90,550.14	90,550.14	-	-
Investments in bonds (unquoted)		21,321.89	-	21,321.89	-
Derivatives		996.49	-	996.49	-
As at 31 March 2018					
Financial assets					
Current investments	13				
Investments in mutual funds (quoted)		1,01,162.77	1,01,162.77	-	-
Investments in bonds (unquoted)		5,937.41	-	5,937.41	-
Investments in debentures (unquoted)		2,000.00	-	2,000.00	-
Financial liabilities					
Derivatives		229.34	-	229.34	-

Note: During the year, there has not been transfer of any financial assets or financial liabilities between level 1 and level 2.


Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

Name of the Company As at 31 March 2019	Country of incorporation	Net assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		Net assets	As % of consolidated net assets	Profit / (loss)	As % of consolidated profit or loss	Other comprehensive income	As % of consolidated OCI	Total comprehensive income	As % of consolidated TCI
Holding Company									
AIA Engineering Limited	India	3,17,604.61	90.39%	41,482.17	81.21%	95.16	-14.55%	41,577.33	82.45%
Indian subsidiaries (direct)									
Welcast Steels Limited	India	3,501.40	1.00%	183.90	0.36%	1.79	-0.27%	185.69	0.37%
AIA CSR Foundation	India	1.00	0.00%	0.82	0.00%	-	-	0.82	0.00%
Foreign subsidiaries (direct)									
Vega Industries (Middle East) F.Z.C.	U.A.E.	31,487.23	8.96%	9,622.64	18.84%	-	-	9,622.64	19.08%
Foreign subsidiaries (indirect)									
Vega Industries Limited	U.K.	4,626.75	1.32%	158.63	0.31%	-	-	158.63	0.31%
Vega Industries Limited	U.S.A.	916.44	0.26%	119.40	0.23%	-	-	119.40	0.24%
Vega Steel Industries (RSA) Proprietary Limited	South Africa	212.65	0.06%	39.34	0.08%	-	-	39.34	0.08%
Wuxi Vega Trade Co. Limited	China	220.73	0.06%	(40.98)	-0.08%	-	-	(40.98)	-0.08%
PT. Vega Industries Indonesia	Indonesia	40.32	0.01%	(25.38)	-0.05%	-	-	(25.38)	-0.05%
Vega Industries Chile SpA	Chile	(19.78)	-0.01%	(83.08)	-0.16%	-	-	(83.08)	-0.16%
AIA Ghana Limited	Ghana	482.55	0.14%	(173.06)	-0.34%	-	-	(173.06)	-0.34%
Vega Industries Australia PTY Limited	Australia	(2.66)	0.00%	(2.79)	-0.01%	-	-	(2.79)	-0.01%
Add / (less):									
Adjustment arising out of consolidation		(6,770.80)	-1.93%	(137.84)	-0.27%	-	-	(137.84)	-0.27%
Exchange differences on translation of foreign operations		-	-	-	-	(752.07)	114.96%	(752.07)	-1.49%
Non-controlling interests in:									
Welcast Steels Limited		(880.60)	-0.25%	(46.25)	-0.09%	0.91	-0.14%	(45.34)	-0.09%
Vega Steel Industries (RSA) Proprietary Limited		(49.03)	-0.01%	(14.47)	-0.03%	-	-	(14.47)	-0.03%
Total		3,51,370.81	100.00%	51,083.05	100.00%	(654.21)	100.00%	50,428.84	100.00%

NOTE - 47

DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE HOLDING COMPANY AND ITS SUBSIDIARIES AS PER SCHEDULE III OF COMPANIES ACT, 2013:

(₹ in Lakhs)

Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)
NOTE - 47 DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE HOLDING COMPANY AND ITS SUBSIDIARIES AS PER SCHEDULE III OF COMPANIES ACT, 2013 (Contd.)

Name of the Company	Country of incorporation	Net assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)		As % of consolidated TCI
		Net assets	As % of consolidated net assets	Profit / (loss)	As % of consolidated profit or loss	Other comprehensive income	As % of consolidated OCI	Total comprehensive income	As % of consolidated TCI	
As at 31 March 2018										
Holding Company										
AIA Engineering Limited	India	2,76,027.28	91.72%	46,990.65	105.99%	120.65	-5.84%	47,111.30	111.45%	
Indian subsidiaries (direct)										
Welcast Steels Limited	India	3,329.25	1.11%	159.36	0.36%	(3.54)	0.17%	155.82	0.37%	
AIA CSR Foundation	India	0.18	0.00%	(27.79)	-0.06%	-	-	(27.79)	-0.07%	
Foreign subsidiaries (direct)										
Vega Industries (Middle East) F.Z.C.	U.A.E.	20,885.28	6.94%	9,314.27	21.01%	-	-	9,314.27	22.04%	
Foreign subsidiaries (indirect)										
Vega Industries Limited	U. K.	4,525.88	1.50%	198.61	0.45%	-	-	198.61	0.47%	
Vega Industries Limited	U. S. A.	753.38	0.25%	92.33	0.21%	-	-	92.33	0.22%	
Vega Steel Industries (RSA) Proprietary Limited	South Africa	250.63	0.08%	31.70	0.07%	-	-	31.70	0.07%	
Wuxi Vega Trade Co. Limited	China	256.56	0.09%	(6.73)	-0.02%	-	-	(6.73)	-0.02%	
P.T. Vega Industries Indonesia	Indonesia	61.17	0.02%	(43.88)	-0.10%	-	-	(43.88)	-0.10%	
Vega Industries Chile SpA	Chile	54.65	0.00%	(20.15)	-0.05%	-	-	(20.15)	-0.00%	
AIA Ghana Limited	Ghana	-	-	0.00	0.00%	-	-	-	-	
Add / (less):										
Adjustment arising out of consolidation		(4,322.30)	-1.44%	(12,326.27)	-27.80%	-	-	(12,326.27)	-29.16%	
Exchange differences on translation of foreign operations		-	-	-	-	(2,182.94)	105.71%	(2,182.94)	-5.16%	
Non-controlling interests in:										
Welcast Steels Limited		(837.31)	-0.28%	(40.08)	-0.09%	0.89	-0.04%	(39.19)	-0.09%	
Vega Steel Industries (RSA) Proprietary Limited		(54.01)	-0.02%	13.20	0.03%	-	-	13.20	0.00%	
Total		3,00,930.64	100.00%	44,335.22	100.00%	(2,064.94)	100.00%	42,270.28	100.00%	



Notes to the Consolidated Financial Statements for the year ended 31 March 2019 (Contd.)

NOTE - 48

Previous Year's figures have been regrouped / reclassified wherever necessary to confirm to current year presentation.

As per our report of even date attached.

For **BSR & CO. LLP**

Chartered Accountants

Firm's Registration No : 101248W/W-100022

NIRAV PATEL

Partner

Membership No: 113327

Place : Ahmedabad

Date : 27 May 2019

For and on behalf of the Board of Directors

BHADRESH K. SHAH

Managing Director

(DIN : 00058177)

BHUPESH P. PORWAL

Chief Financial Officer

Place : Ahmedabad

Date : 27 May 2019

YASHWANT M. PATEL

Whole-time Director

(DIN : 02103312)

S. N. JETHELIYA

Company Secretary

(ACS: 5343)

Place : Ahmedabad

Date : 27 May 2019

Corporate Information

Board of Directors

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 Director

Mr. Yashwant M. Patel

Whole-time Director

Mr. Dileep C. Choksi

Independent Director

Mrs. Khushali S. Solanki

Non-Executive- Non-Independent

Mrs. Bhumika S. Shodhan

Non-Executive- Non-Independent

Mr. Rajan Harivallabhdas

Independent Director

Mrs. Janaki U. Shah

Independent Director

Chief Financial Officer

Mr. Bhupesh P. Porwal

Company Secretary

Mr. S. N. Jetheliya

Statutory Auditors

B S R & CO. LLP

Chartered Accountants

Cost Auditors

Kiran J. Mehta & Co.

Cost Accountants

Secretarial Auditors

Tushar Vora & Associates

Company Secretaries

Bankers

State Bank of India

Citi Bank N.A.

HSBC Bank Ltd.

AXIS Bank Ltd.

IDBI Bank Ltd.

Registered Office

115, GVMM Estate, Odhav Road, Odhav, Ahmedabad - 382 410

Corporate Office

11-12, Sigma Corporates, B/h. HOF Show Room, Off. S.G. Highway,
Sindhu Bhavan Road, Bodakdev, Ahmedabad - 380 054

Registrar & Share Transfer Agent

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



If undelivered, please return to:

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E-mail : snj@aiaengineering.com, Website : www.aiaengineering.com

CIN : L29259GJ1991PLC015182