



**AIA ENGINEERING LIMITED**

24th  
ANNUAL REPORT  
2013-2014



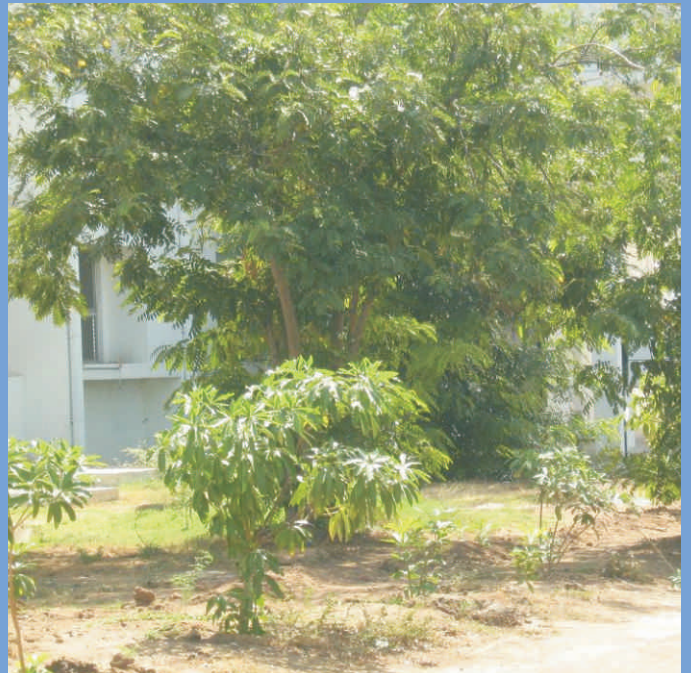
Tree plantation project at the Air Force Base in Chiloda, Gandhinagar.



Tree plantation project at the Air Force Base in Chiloda, Gandhinagar.



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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Rajendra S. Shah : *Chairman : Independent - Non-Executive*  
 Mr. Bhadresh K. Shah : *Managing Director : Executive - Promoter*  
 Mr. Vinod Narain : *Independent*  
 Mr. Sanjay S. Majmudar : *Independent*  
 Dr. S. Srikumar : *Non Independent - Non-Executive Director*  
 Mr. Yashwant M. Patel : *Whole-time Director*  
 Mr. Dileep C. Choksi : *Additional Director - w.e.f. 27<sup>th</sup> January 2014*

### EXECUTIVE DIRECTOR (FINANCE)

Mr. Kunal D. Shah

### COMPANY SECRETARY

Mr. S. N. Jetheliya

### AUDITORS

M/s.Talati & Talati,  
 Chartered Accountants,  
 Ambica Chambers, Near Old High Court,  
 Navrangpura, Ahmedabad-380 009  
 Firm Regn. No.: 110758W

### REGISTERED OFFICE

115, GVMM Estate,  
 Odhav Road, Odhav,  
 Ahmedabad - 382 410  
 Phone : 079-22901078 Fax: 079-22901077  
 e-mail : ric@aiaengineering.com  
 Website: www.aiaengineering.com  
 CIN : L29259GJ1991PLC015182

### CORPORATE OFFICE

11-12, Sigma Corporates,  
 Behind HOF, Sindhu Bhavan Road,  
 Off. S. G. Highway,  
 Bodakdev,  
 Ahmedabad - 380 058  
 Phone : 079-66047800 Fax : 079-66047848  
 e-mail : snj@aiaengineering.com

### REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited,  
 C/13, Pannalal Silk Mills Compound,  
 Kantilal Maganlal Ind. Estate,  
 L.B.S. Marg, Bhandup (West),  
 MUMBAI - 400 078  
 Phone No. 022-25960320-28  
 Fax No. 022-25960329

### BANKERS

State Bank of India  
 G.V.M.S.A.V. Ltd. Branch,  
 Odhav Road, Odhav,  
 Ahmedabad-382410

Citi Bank N.A.  
 1st Floor, Kalapurnam,  
 Nr. Municipal Market, C.G. Road,  
 Ahmedabad-380 009

HSBC Bank Ltd.  
 Maradia Plaza,  
 Upper Level, C.G. Road,  
 Ahmedabad-380 009

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**NUMBERS SPEAK**  
**STATEMENT OF PROFIT AND LOSS (CONSOLIDATED)**

Particulars	Year Ended 31st March, 2014 ₹ Lacs	Year Ended 31st March, 2013 ₹ Lacs
<b>I.</b> Revenue from Operations	216,162.11	183,699.77
Less : Central Excise Duty	8,154.28	8,568.70
Revenue from Operations (Net)	208,007.83	175,131.07
<b>II.</b> Other Income	3,341.49	2,131.94
<b>III. Total Revenue (I +II)</b>	<b>211,349.32</b>	<b>177,263.01</b>
<b>IV. Expenses:</b>		
Cost of Materials Consumed	72,681.49	68,593.16
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	6,958.68	(3,163.26)
Employee Benefits Expense	8,883.53	8,089.34
Finance Costs	636.45	633.85
Depreciation and Amortisation Expense	3,814.22	3,448.40
Other Expenses	69,269.67	70,588.03
<b>Total Expenses (IV)</b>	<b>162,244.04</b>	<b>148,189.52</b>
<b>V.</b> Profit Before Exceptional Items and Tax (III - IV)	<b>49,105.28</b>	<b>29,073.49</b>
<b>VI.</b> Exceptional Items (Refer Note No.19)	3,111.00	-
<b>VII.</b> Profit Before Tax (V - VI)	<b>45,994.28</b>	<b>29,073.49</b>
<b>VIII. Tax expense:</b>		
(1) Current Tax	13,254.74	7,795.21
(2) Deferred Tax	167.62	115.95
<b>IX.</b> Profit for the period before Minority Interest (VII - VIII)	<b>32,571.92</b>	<b>21,162.33</b>
<b>X.</b> Minority Interest	74.94	80.37
<b>XI.</b> Profit for the period after adjustment of Minority Interest (IX-X)	<b>32,496.98</b>	<b>21,081.96</b>
<b>XII.</b> Earnings per Equity Share: (Face Value of ₹ 2 each)		
Basic and Diluted (₹)	34.45	22.35

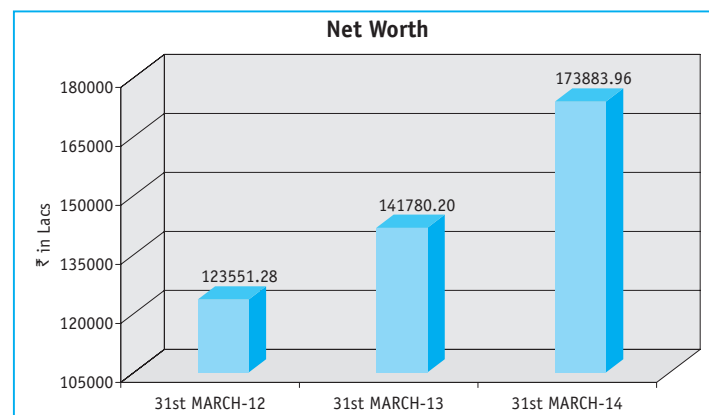
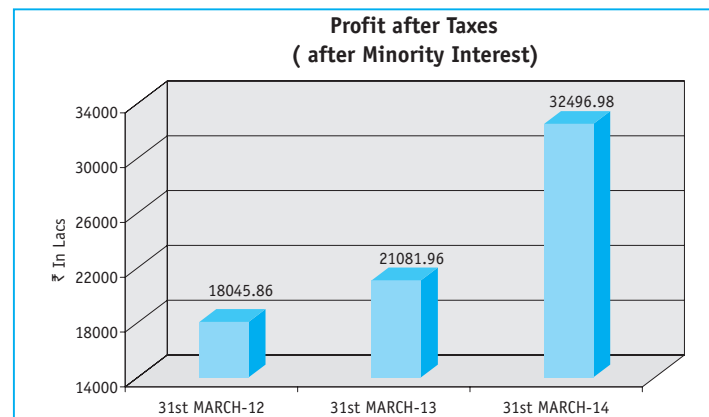
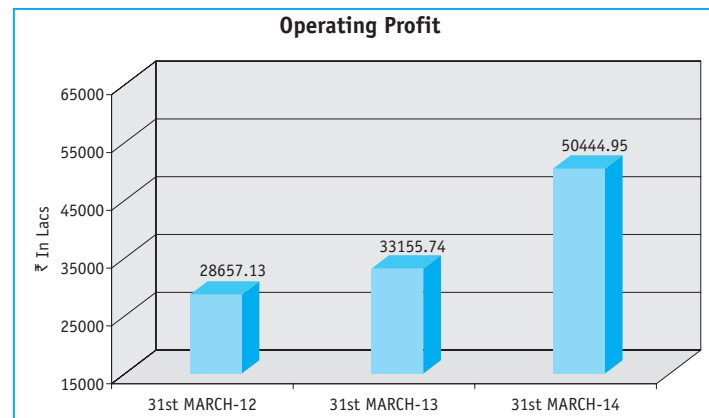
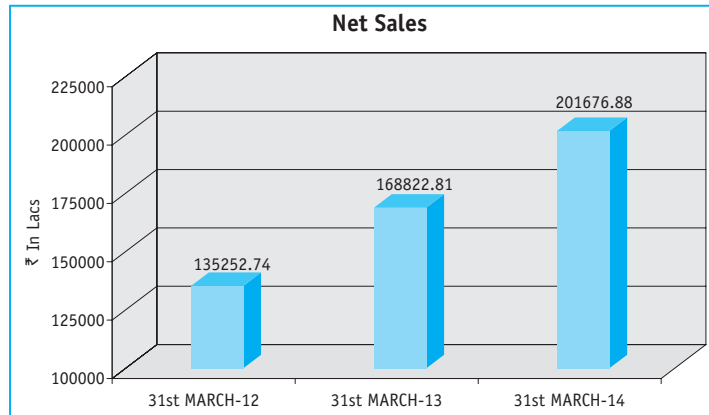
**BALANCE SHEET (CONSOLIDATED)**

Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
<b>I. EQUITY AND LIABILITIES:</b>		
<b>(1) Shareholders' Funds</b>		
(a) Share Capital	1,886.41	1,886.41
(b) Reserves and Surplus	171,997.55	139,893.79
	<b>173,883.96</b>	<b>141,780.20</b>
<b>(2) Minority Interest</b>	781.01	808.41
<b>(3) Non-Current Liabilities</b>		
(a) Long-Term Borrowings	8,671.76	10,632.66
(b) Deferred Tax Liabilities (Net)	1,995.92	1,320.79
(c) Long Term Provisions	646.05	590.11
	<b>11,313.73</b>	<b>12,543.56</b>
<b>(4) Current Liabilities</b>		
(a) Short-Term Borrowings	325.00	5,243.33
(b) Trade Payables	13,289.94	11,263.58
(c) Other Current Liabilities	11,611.27	5,323.05
(d) Short-Term Provisions	12,084.68	7,503.59
	<b>37,310.89</b>	<b>29,333.55</b>
<b>Total</b>	<b>223,289.59</b>	<b>184,465.72</b>
<b>II. ASSETS:</b>		
<b>(1) Non-Current Assets</b>		
(a) Fixed Assets		
(i) Tangible Assets	36,515.47	36,049.67
(ii) Intangible Assets	2,349.53	1,666.92
(iii) Capital Work in Progress	9,976.19	3,157.44
(b) Non-Current Investments	0.60	739.63
(c) Long Term Loans and Advances	2,118.15	1,645.92
(d) Other Non-Current Assets	98.36	373.38
	<b>51,058.30</b>	<b>43,632.96</b>
<b>(2) Current Assets</b>		
(a) Current Investments	52,909.35	18,670.35
(b) Inventories	35,077.41	40,298.14
(c) Trade Receivables	43,148.15	34,007.17
(d) Cash and Bank balances	21,976.36	27,913.56
(e) Short-Term Loans and Advances	19,087.70	19,836.75
(f) Other Current Assets	32.32	106.79
	<b>172,231.29</b>	<b>140,832.76</b>
<b>Total</b>	<b>223,289.59</b>	<b>184,465.72</b>



**RATIOS (Consolidated)**

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>FINANCIAL PERFORMANCE RATIOS %</b>		
Operating Profits	26.56	19.64
PAT / Net Sales	16.11	12.49
Interest / Total Income	0.31	0.35
<b>BALANCE SHEET RATIOS (TIMES)</b>		
Debt / Equity Ratio	0.05	0.07
Current Ratio	4.62	4.80
<b>PER SHARE DATA RATIOS (₹)</b>		
Earning Per Share	34.45	22.35

**GRAPHS ₹ Lacs**


**DIRECTORS' REPORT**

The Members,  
**AIA Engineering Limited**  
 Ahmedabad

Your Directors take pleasure in submitting the 24<sup>th</sup> Annual Report and the Audited Annual Accounts of the Company for the year ended 31st March, 2014.

**1. FINANCIAL HIGHLIGHTS:**

<b>Particulars</b>	<b>Year ended 31st March, 2014 ₹ Lacs</b>	<b>Year ended 31st March, 2013 ₹ Lacs</b>
<b>Revenue from Operations &amp; Other Income</b>	<b>181,557.92</b>	<b>160,536.72</b>
Profit before Finance Cost, Depreciation & Amortization and Tax Expenses	45,785.46	27,979.07
Finance Cost	574.07	405.93
Depreciation & Amortization	3,629.48	3,069.32
<b>Profit Before Tax</b>	<b>41,581.91</b>	<b>24,503.82</b>
(i) Provision for Taxation (Current)	12,899.26	7,455.88
(ii) Provision for Taxation (Deferred)	178.72	137.59
<b>Total Tax (i+ii)</b>	<b>13,077.98</b>	<b>7,593.47</b>
<b>Profit After Tax</b>	<b>28,503.93</b>	<b>16,910.35</b>
Surplus Brought Forward from Previous Year	68,628.21	57,820.00
<b>Balance available for appropriations</b>	<b>97,132.14</b>	<b>74,730.35</b>
Transferred to General Reserve	2,851.00	1,691.10
Proposed Dividend on Equity Shares	5,659.22	3,772.81
Tax on Dividend on Equity Shares	957.73	638.23
Balance Carried to Balance Sheet	87,664.19	68,628.21

**2. OPERATIONAL REVIEW:**

During the year under review, the Revenue from Operations of the Company has gone up to ₹ 178,301.05 Lacs as compared to ₹ 158,603.66 Lacs in the previous Financial Year. Exports Turnover has also gone up to ₹ 122,970.36 Lacs as compared to ₹ 103,394.24 Lacs in the previous Financial Year.

During the year under review, Company has registered a Profit Before Tax (PBT) of ₹ 41,581.91 Lacs and Profit After Tax (PAT) of ₹ 28,503.93 Lacs as compared to PBT of ₹ 24,503.82 Lacs and PAT of ₹ 16,910.35 Lacs respectively in the previous Financial year.

During the year under review, on a Consolidated basis, your Company (together with its Subsidiaries) registered Revenue from Operations of ₹ 208,007.83 Lacs as compared to the Turnover of ₹ 175,131.07 Lacs in the previous Financial Year. Correspondingly, the Consolidated Profit After Tax (PAT) [After Minority Interest] registered during the year under review is ₹ 32,496.98 Lacs as compared to PAT [After Minority Interest] of ₹ 21,081.96 Lacs in the previous Financial Year.

Your Directors are happy to inform the members that the consolidated Revenue from Operations has crossed the coveted ₹ 2,000 crore mark in the year under review, which is a significant milestone in the history of your Company's growth. The profitability for the year under review has also improved significantly.

**3. DIVIDEND:**

The Board of Directors are pleased to recommend a Dividend of ₹ 6 (300%) per Equity Share of the face value of ₹ 2 each amounting to ₹ 5,659.22 Lacs for the Financial Year 2013-14.

The dividend, if declared by the Members at the ensuing Annual General Meeting, will be paid to those Members, whose names stand registered in the Register of Members as on 31<sup>st</sup> August, 2014. In respect of Shares held in dematerialized form, it will be paid to the Members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services [India] Limited (CDSL), as beneficial owners.

The total Dividend outgo for the year ended 31<sup>st</sup> March, 2014 would be ₹ 6,616.95 Lacs including the Corporate Dividend Tax of ₹ 957.73 Lacs.

**4. CREDIT RATING:**

CRISIL has upgraded the rating from "[CRISIL AA/Positive]" to CRISIL AA+/Stable for your Company's working capital lines of ₹ 1,000 million from bank indicating a higher stability for timely payment of financial obligations. The Short-term rating of ₹ 500 million has been reaffirmed by CRISIL at "[CRISIL A1+]" indicating the ability of timely servicing of financial obligations.



**5. INCREASE IN THE SHAREHOLDING IN WELCAST STEELS LTD., A SUBSIDIARY OF THE COMPANY:**

Your Directors are pleased to inform that the Company has increased its shareholding in Welcast Steels Ltd., Bangalore, a Subsidiary of the Company from 72.59% to 74.85% during the year under review.

**6. AMALGAMATION OF DCPL FOUNDRIES LIMITED WITH THE COMPANY:**

Your Directors are pleased to inform that the Scheme of Amalgamation of DCPL Foundries Ltd. with the Company has been sanctioned by the Hon'ble High Court of Gujarat, Ahmedabad vide its order dated 4<sup>th</sup> April, 2014 (received by the Company on 2<sup>nd</sup> May, 2014).

The Scheme has become effective from 3<sup>rd</sup> May, 2014 and has been implemented with effect from the Appointed Date i.e. 1<sup>st</sup> April, 2013. The Company has given the accounting effects of the Scheme of Amalgamation of the above Company in its Annual Results for the year ended 31st March, 2014 and in view of this, the previous year's figures are not comparable with this year's figures.

**7. CAPITAL EXPENDITURE OUTLAY:**

During the year under review, the Company has incurred ₹ 10,956.23 Lacs (including ₹ 6,831.48 Lacs of Capital work-in-progress) on Capital Expenditure.

**8. HUMAN RESOURCE POLICY:**

The Company has till date witnessed very low attrition level. This is on account of its special emphasis on ensuring a fair and sustainable working environment in addition to sufficient growth opportunities. Staff undergoes regular functional and cross-functional training to ensure they are current with skill sets relevant in today's time. The Company has inducted some senior staff to further augment its HR function in this Fiscal Year. The Company's business is highly specialized and involves full cycle from designing solutions for customer specific applications, production of highest quality material, supervision of installation of parts at the customer's end. This requires dedicated staff at all level. Company's HR policy is aligned periodically to energize the employees for giving competitive edge to the customers in the present volatile market.

**9. BUSINESS PROSPECTS:**

The Company closed the Fiscal Year 2013-2014 with a growth of 13.09% in terms of revenue as compared to the previous year. Bulk of this growth has come from the mining space. The Company continued its pace of customer addition in this business segment. The Company today services different mineral ores like iron, copper, gold, platinum and zinc for blue chip mining customers in geographies like USA, Canada, Brazil, South Africa, Australia etc.

Bulk of your Company's growth is focused on mining segment where the Company relies heavily in its endeavour of replacing its products in place of the conventional forged parts or taking away some market share from its existing key competitor based out of Belgium. The addressable market opportunity relating to the replacement demand of consumable ware parts from the key ores can be regarded to be at least 1.5 million tons per annum and as against that not more than 20% has been converted into the high Chrome use – which is the opportunity on which your Company is very much focused upon. No doubt this entails a tremendous degree of customization which involves a long process anywhere between 9 to 15 months or even longer in some cases.

For the upcoming Fiscal Year, i.e. 2014-15, the Company expects to further increase its market share in the mining space by targeting increased business from existing customers as well as new customers. In the Cement market, the Company will continue to focus on countries with high growth potential.

In the utility market in India, there is a lot of optimism in relation to the planned commissioning of coal fired thermal power stations in the country and the Company will continue to benefit from its strong presence in this market.

**10. FUTURE EXPANSION:**

Company's effective capacity at end of Fiscal Year 2013-2014 stood at 260,000 Metric tons, the Company having successfully completed the Brownfield expansion project at its Moraiya plant. The Company is on target in implementing its Capex plans for FY 2014-15 and 2015-16 so as to effectively augment the total available capacity from the exiting level of 2.60 Lac TPA as on 31.03.2014 to 4.40 Lac TPA by 31.03.2016. The major expansion in the capacity will be at a new Greenfield site at GIDC Kerala, which is close to the existing Moraiya plant which is expected to be commissioned in phases; partly in FY 2014-15 and partly in FY 2015-16.

**11. SUBSIDIARY COMPANIES:**

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements as provided under the Listing Agreement with the Stock Exchanges, the audited Consolidated Financial Statements are provided in the Annual Report, which show the financial resources, assets, liabilities, income, profits and other details of the Company and its Subsidiaries as a single entity.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit and Loss and other documents of the Subsidiary Companies are not being attached with the Balance Sheet of the Company. As required under the circular, the Board of Directors at its meeting held on 27<sup>th</sup> January, 2014 passed a resolution giving consent for not attaching these documents with the Balance Sheet of the Company.



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 and that of the respective Subsidiary Companies. The Consolidated Financial Statements presented by the Company include financial results of its Subsidiary Companies.

The Annual Accounts of the Subsidiary Companies and the related detailed information will be made available to the members of the Company seeking such information at any point of time.

### 12. INSURANCE:

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

### 13. DEPOSITS:

The Company has not accepted any deposit from the public during the year under review, within the meaning of Section 58A of the Companies Act, 1956.

### 14. INDUSTRIAL RELATIONS:

The Company is extremely sensitive in dealing with its staff and workers and continues to take steps towards achieving the highest standards of industrial harmony. All statutory compliances are maintained and its focused efforts towards nurturing its staff are reflected in its work culture. Company has always tuned its policy and process to help staff and workers to have a quality life and keep high morale in the organization. Company has continued regular interaction with the business and industrial fraternity through prestigious institutions like Confederation of Indian Industries (CII), Gujarat Chamber of Commerce and Industries (GCCII), Ahmedabad Management Association (AMA) and other recognized associations and institutes.

### 15. INTERNAL CONTROL AND AUDIT:

Company has a proper and adequate system of Internal Control commensurate with its size and the nature of its operations to ensure that all assets are safeguarded and protected against loss from un-authorized use or disposition and those transactions are authorised, recorded and reported correctly.

During the year under review, M/s. Kunte & Associates, Chartered Accountants, Ahmedabad resigned as Internal Auditors of the Company on 31<sup>st</sup> August, 2013.

The Board of Directors at the recommendation of the Audit Committee appointed M/s. Shah & Shah Associates, Chartered Accountants, Ahmedabad as Internal Auditors of the Company for the period from 1<sup>st</sup> September, 2013 to 31<sup>st</sup> March, 2014.

### 16. 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 Clause 49 of the Listing Agreement with the Stock Exchanges.

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

### 17. MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA):

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

### 18. DIRECTORS:

Dr. S. Srikumar, a Director, of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offered himself for re-appointment.

The Board recommends for the approval of the Members, the re-appointment of Dr. S. Srikumar, as Director of the Company, at the ensuing Annual General Meeting of the members of the Company.

The Board of Directors of the Company in their meeting held on 27<sup>th</sup> January, 2014 appointed Mr. Dileep C. Choksi as an Additional Director (Independent) of the Company who holds office of Director up to the date of the forthcoming Annual General Meeting. Notice has been received from a member proposing his name for appointment as a Director.

The Board recommends for the approval of the members, the re-appointment of Mr. Dileep C. Choksi, as an Additional Director (Independent) of the Company, at the ensuing Annual General Meeting of the members of the Company.

The Board also recommends the appointment of Mr. Vinod Narain, Mr. Sanjay S. Majmudar and Mr. Rajendra S. Shah as Independent Directors for the 2<sup>nd</sup> term of five years from 11<sup>th</sup> September, 2014 to 10<sup>th</sup> September, 2019 for approval of the Members at the ensuing Annual General Meeting.

### 19. STATUTORY AUDITORS:

M/s. Talati & Talati, Chartered Accountants, Ahmedabad the Company's Statutory Auditors will hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re- appointment. The Audit Committee and the Board of Directors recommend their re-appointment as Statutory Auditors of your Company.

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

#### **20. AUDITORS' REPORT AND NOTES ON ACCOUNTS:**

The Board has duly reviewed the Statutory Auditors' Report on the Accounts. The observations and comments, appearing in the Auditors' Report are self-explanatory and do not call for any further explanation / clarification by the Board of Directors under Section 217[3] of the Companies Act, 1956.

#### **21. COST AUDITORS:**

In compliance with the Ministry of Corporate Affairs' order No. 52/26/CAB-2010 dated 3<sup>rd</sup> May, 2011, on the recommendations of the Audit Committee, the Board of Directors of the Company has appointed M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as the Cost Auditors to audit the Cost Accounting Records of the Company for the Financial Year 2013-14.

The Cost Auditor has filed the Cost Audit Report for the Financial Year ended 31<sup>st</sup> March, 2013 within the stipulated time.

#### **22. PARTICULARS OF EMPLOYEES:**

In terms of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and Accounts are being sent to the Shareholders excluding the particulars of the employees as mentioned in Section 217(2A) of the Companies Act, 1956. Any Shareholder interested in obtaining a copy of the same may write to the Company Secretary. None of the employees listed in the said Annexure is related to any Director of the Company.

#### **23. 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 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 are provided as an Annexure-A to this report.

#### **24. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956 your Directors hereby confirm that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- (ii) sound accounting policies have been selected and applied consistently and judgments and estimates made 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 ended 31<sup>st</sup> March, 2014 and the Profit for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Annual Accounts have been prepared on a going concern basis.

#### **25. SUSTAINABLE DEVELOPMENT:**

The Company is firm in its commitment towards sustainable growth and its social responsibility. Various initiatives are planned which are explained in more detail in Annexure 'B' of this report.

#### **26. ENVIRONMENT, HEALTH AND SAFETY:**

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

#### **27. 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 : 20<sup>th</sup> May, 2014

**(Rajendra S. Shah)**  
Chairman

**ANNEXURE – “A” TO THE DIRECTORS’ REPORT**

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors’ Report for the year ended 31<sup>st</sup> March, 2014.

**FORM - A****A) CONSERVATION OF ENERGY:**

- (i) Modification of Natural Gas Circuit and improved loading per batch in Heat Treatment of Castings resulted in energy savings of more than 10%.
- (ii) Installation of Air Cooled Heat Exchanger in place of Water Cooled Heat Exchanger in Grinding Media High Temperature Furnaces resulted in energy saving of at least 10 KW/Hour/Furnace apart from saving of water resources of 25000 Ltrs/Day/Furnace.
- (iii) Installation of Variable frequency drive in one Gas fired Gadda Industries (Italy) make heat treatment furnace at VM Plant resulted in energy saving of 7.5%.

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

Particulars	Current Year 2013-2014	Previous Year 2012-2013
Electricity		
a) Purchased Units	206,797,147	191,015,584
Total Amount (₹ Lacs)	12,359.42	12,270.60
Rate/Unit (₹)	5.98	6.42
b) Own Generation		
Through Diesel Generator Unit	248,941	83,168
Unit per Litre of Diesel Oil	2.30	2.39
Cost/Unit (₹)	25.01	43.91
c) Through Steam Turbine/Generator		
Units	N.A.	N.A.
Units per Ltr. of Fuel/Oil/Gas	N.A.	N.A.
Cost/Unit (₹)	N.A.	N.A.
d) Coal (Specify Quantity and where used)		
Quantity (in Tons)	N.A.	N.A.
Total cost (₹)	N.A.	N.A.
Average Rate (₹)	N.A.	N.A.
e) Light Diesel Oil/c <sup>9</sup>		
Quantity (in Ltrs)	3,541,247	2,388,155
Total Amount (₹ Lacs)	2,037.10	1,150.74
Average Rate (₹)	57.52	48.19
f) Others/Internal Generation, PNG		
Quantity Unit (SCM)	4,334,843	4,358,595
Total Cost (₹ Lacs)	2,060.66	1,723.62
Rate/Unit (₹)	47.54	39.55

**II. CONSUMPTION PER UNIT OF PRODUCTION:**

Particulars	Current Year 2013-2014	Previous Year 2012-2013
Product:		
Castings Unit (Tonnes)	138,457.62	123,195.00
Electricity per Ton of Castings (Units)	1,495.38	1,551.00

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

Development of new alloys of High Chrome Grinding Media for application in Mining Industry.

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

High Chrome Grinding Media is expected to perform superior to forged Grinding Media presently being used in the Industry.

**c) Future plans of action:**

Continue to introduce solutions with higher performance.

**d) Expenditure on R & D (₹ Lacs):**

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

**(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**
**a) Efforts in brief made towards Technology Absorption, Adaptation and Innovation:**

Installation of Thermal Reclamation unit for chemically bonded sand.

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

More than 90% recycling of silica sand resulting in reduction in the use of new silica sand and reduction in disposal of used silica sand.

**c) Imported Technology:**

Thermal Reclaimer imported from UK.

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

₹ Lacs

Particulars	Year ended 31 <sup>st</sup> March, 2014	Year ended 31 <sup>st</sup> March, 2013
i) Total foreign exchange used	19,948.02	19,202.09
ii) Total foreign exchange earned	122,970.36	103,394.25

For and on behalf of the Board,

Place : Ahmedabad  
Date : 20<sup>th</sup> May, 2014

**(Rajendra S. Shah)**  
Chairman

**ANNEXURE – “B” TO THE DIRECTORS’ REPORT**

**Corporate Sustainability**

Company is geared to meet evolving customer expectations; comply with present and future regulations; build brand reputation and adopt sustainable growth strategies. Sustainable growth is particularly relevant for the Company since Company service environmentally sensitive industrial sectors (mining, cement, power, aggregate and utilities) and is present in diverse and global geographies. Company’s sustainability drivers are represented below:



Company has been working on CSR prior to it being mandated, a separate function for CSR has been created & the person would be a part of CSR & Sustainability Committee.

Keeping in view expected future regulation, customer’s requirement and its reputation, Company has decided to implement Sustainability initiatives in the following operational areas:

**Reducing our Carbon Footprint**

Company along with Indian Air Force has taken an initiative to conserve plant biodiversity at Chiloda Air Force Base, Gandhinagar, Gujarat. Company has planned to plant 45,000 trees in the region in a span of three financial years i.e. 2012 -15.

Company tree plantation project is making progress with 27,000 trees already planted in the last two years. Over the next year, further 18,000 trees are expected to be planted. Plant level initiatives such as switch over to low carbon fuels and process efficiency are being implemented at all our facilities. The Carbon Footprint exercise has been completed and process for implementation of Sustainability Management System has been developed.

**Reducing our Water Footprint**

Company plans to treat all its domestic and industrial waste water and reuse it. Company has already installed, and put in operation a STP (Sewage Treatment Plant) at one of its units.

Company is upgrading its STP to adopt recycling of its domestic waste water not only for gardening, but to reuse it in industrial processes also. Company already reuses cooling tower discharge water for sand cooling purpose, thus making Company “ZERO LIQUID DISCHARGE”.

To make Company water neutral, Company has installed an additional RWH (Rain Water Harvesting) structure in Moraiya village and inside existing unit also. Through rain water harvesting approx. 3,17,000 M<sup>3</sup> (meter cube) of water was recharged in last monsoon.

Company is proposing to appoint a qualified consultant with sufficient experience to maintain and oversee operations of all Rainwater Harvesting Systems both within and outside Company premises.

**Waste Minimization and Recycling**

The management of Company has made it a priority to reduce the consumption of fresh sand by sand reclamation using state of art technologies like Thermal Reclaimer in one of its units and reusing discarded sand, fines and slag residue in making non structural bricks and blocks. Sample bricks and blocks have been developed and tested.

Company along with Centre for Environmental Planning and Technology (CEPT) University and Gujarat Pollution Control Board are collectively working on this issue.

As a part of resource conservation, Company recover metal from slag through the development of external processing agencies.

However, it is Company's endeavor to help develop entrepreneurs to be able to recycle waste generated not only by Company's own units, but also from other industries.

Company will continue its efforts to work with its neighbourhood areas in coordination with state authorities on a proactive basis. Company will directly be involved in such operations and monitoring including auditing of outsourced work. Company intends to avoid involving NGO's.

### **Sustaining Biodiversity**

Company intends to identify waste land every year as an ongoing exercise and develop ecologically relevant forestry providing not only for bio-diversity, but for some local economic & social advantages; also to reduce our carbon & water footprints over the duration of next three years.

Company has proposed the development of a bio-diversity park including rainwater surface harvesting near its new project site.

### **Skills Development**

Company has initiated appointing a consultant recommended by Quality Council of India to do a feasibility study for skills development institute. This would be National Council for Vocational Training (NCVT) recognized and supported internationally for certification program by Scottish Qualifications Authority (SQA).

It is proposed that once the institute commences operations, it would be self-sustaining after a period of three years.

### **Community Development**

As part of CSR activity, Company has made a bore well to provide drinking water in Moraiya Village. Company has taken initiatives to improve living conditions in neighboring areas of its units through tree plantation, developing parks for children and elderly people. The duration of the project shall be for three years.

### **Environment, Health and Safety**

In the current Financial Year, in line with Company's commitment to devote relevant resources and management priority, Company has inducted a senior person to head the EHS Division. Moreover, a new variable bonus scheme has been introduced for all its plant staff wherein a portion of their salary will be linked to improvement in EHS performance at the plant level. Senior Management is actively involved in improving the work area environment through monthly review meetings chaired by the Managing Director.

At the end of five years, depending upon progress made on the aforesaid fronts, the CSR & Sustainability Committee shall take a call on continuing with these activities or opt for other relevant issues.

Company's Sustainability Policy and Charter has undergone revision. It was the result of consultation with employees, customers and regulatory authorities. Key sustainability issues, risks and opportunities relevant to Company were incorporated.

## **SUSTAINABILITY POLICY AND CHARTER**

### **Vision**

To deliver superior value to Company's customers, Shareholders, employees, environment and society:

### **Sustainability Policy**

Company, is the solution provider and supplier of wear resistant and allied components for applications in cement, power, mining, aggregate manufacturing and other industry segments. Company recognizes sustainable development as a corporate priority and key to its growth and commit itself;

1. To integrate environmental, social and economic policies and practices into business processes and conduct its business in a fair and ethical manner.
2. To set objectives and targets for continual improvement and periodically review its performance.
3. To regularly engage with its stakeholders to understand and address their concerns and expectations.
4. To comply with the applicable statutory requirements and global charters subscribed by Company.
5. To continuously upgrade technology and infrastructure and remain EVA +.
6. To develop and offer products and services of superior quality, which are efficient, safe and environment friendly.
7. To integrate and train its people to conduct their business in line with its policies.

This policy has been communicated to all the employees and is available to public on demand.



### Sustainability Charter

#### Economic

The organization is committed to remain EVA positive by:

- ⤴ Following good governance practices,
- ⤴ Continuously upgrading technology and infrastructure, and
- ⤴ Continually improving quality, productivity and optimizing manufacturing cycle.

#### Human Rights

- ⤴ Company is committed to continually improve its human capital through integration and growth of its people.
- ⤴ Company follows the policy of freedom of association, collective bargaining, non-discrimination and non-employment of forced or child labour.
- ⤴ Company encourages its Suppliers and Sub-contractors to adhere to HR principles followed by it.

#### Knowledge Management

- ⤴ Company is developing its knowledge base through
  - Innovation and Research,
  - Partnering with customers,
  - Keeping abreast with latest developments in technology.
- ⤴ Promoting internal communication to develop and share individual knowledge and experience across the organization.

#### Environment, Health and Safety

- ⤴ Company believes that continual improvement in Health, Safety and Environmental performance will contribute to the sustainable growth of the organization.
- ⤴ Company is committed to promoting EHS Management practices in its organization by ensuring statutory compliance, training and awareness, periodic health examination, safe work environment and work practices.
- ⤴ Production units are audited by external competent agency.
- ⤴ Imparting a training program on various EHS topics.

#### Resource Conservation and Climate Change

- ⤴ The Company is committed to utilizing natural resources in an efficient manner by adopting the policy of Reduce, Recover, Renew, Reuse & Recycle (5R).
- ⤴ Company will reduce energy consumption in its operations by implementing energy efficiency measures.
- ⤴ Company will promote use of renewable energy.
- ⤴ Company shall consistently reduce its carbon footprint.

#### Sustainable Business Growth

- ⤴ Company is committed to sustainable business growth by consistently striving to expand its current market share and developing unserved markets. Company shall achieve this by introducing new technologies and new products conforming to its sustainability policy.
- ⤴ Company will ensure that its products are energy efficient, reduce ecological footprints and minimize waste.
- ⤴ Company shall foster social entrepreneurship and encourage community driven activities to generate and distribute wealth in its neighborhood.
- ⤴ The organization will periodically carry out risk assessments, implement and review management plans.

#### Community Development

- ⤴ Company recognizes that the community in and around its enterprises is an important stake holder and can offer conducive environment for business growth. Company commits itself to contribute its share towards improving their quality of life.



## 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.

The Company's corporate governance philosophy has been further strengthened through the Model Code of Conduct for the Directors / Designated Employees of the Company for prevention of Insider Trading. The said Code of Conduct for prevention of the Insider Trading has also been amended from time to time in line with the amended Securities and Exchange Board of India (SEBI) Prevention of Insider Trading Regulations in this regard.

We take pleasure in reporting that your Company has complied in all respects with the features of Corporate Governance specified in Clause 49 of the Listing Agreement.

### I. BOARD OF DIRECTORS:

#### (A) Composition of the Board:

The Composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meets the requirement of Code 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 7 which include 1 Executive - Promoter Director, 1 Executive - Whole-time Director, 4 Independent Directors and 1 Non Independent - Non-Executive Director in terms of Clause - I (A) (ii) of Clause 49 of the Listing Agreement. Board represents a balance mix of professionalism, knowledge and expertise.

#### Board Meetings / Details of Board Meetings:

The Board of Directors oversees management performance so as to ensure that the Company adheres to the highest standards of Corporate Governance. The Board provides leadership and guidance to the management and evaluates the effectiveness of management policies. Board meeting dates are finalized in consultation with all the directors and agenda of the board meeting 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, minutes of Board meetings of subsidiary company and Compliance Report in respect of various laws and regulations applicable to the company are tabled at Board meeting.

Company's Board met Five times during the year under review on 30<sup>th</sup> May, 2013, 12<sup>th</sup> August, 2013, 24<sup>th</sup> September, 2013, 1<sup>st</sup> November, 2013 and 27<sup>th</sup> January, 2014. The Company holds one Board Meeting in each quarter and the gap between any two Board Meetings was not more than four months as prescribed under the Listing Agreement. 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 other than your Company as on 31<sup>st</sup> March, 2014 are as follows:

Name of the Director	Category	Board Meetings Attended	Attendance at the Last AGM held on 12.08.2013
Mr. Rajendra S. Shah (Chairman)	Independent - Non Executive	5	Yes
Mr. Bhadresh K. Shah (Managing Director)	Executive - Promoter	5	Yes
Mr. Vinod Narain	Independent	-	No
Mr. Sanjay S. Majmudar	Independent	5	Yes
Dr. S. Srikumar	Non Independent - Non Executive	3	Yes
Mr. Yashwant M. Patel	Whole-time Director	5	Yes
Mr. Dileep C. Choksi*	Additional Director	-	No

\* Appointed as an Additional Director of the Company w.e.f. 27.01.2014.

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

Name of the Director	Other Directorships	Committee Memberships	Committee Chairmanships
Mr. Rajendra S. Shah	4	1	None
Mr. Bhadresh K. Shah	1	1	None
Mr. Vinod Narain	1	1	None
Mr. Sanjay S. Majmudar	5	3	1
Dr. S. Srikumar	1	None	None
Mr. Yashwant M. Patel	None	None	None
Mr. Dileep C. Choksi*	7	3	3

\* Appointed as an Additional Director of the Company w.e.f. 27.01.2014.

**(B) Independent Directors' Compensation and Disclosures:**

Independent Directors' are paid sitting fees/commission in accordance with the applicable laws, as specified in Para IV (E) herein.

The Board of Directors at their meeting held on 30<sup>th</sup> January, 2010 had decided to pay a sitting fees of ₹ 15,000 for attending a Board Meeting and ₹ 10,000 for attending a Audit Committee Meeting.

**Role of Independent / Non-Independent – Non Executive Directors:**

The Independent Directors / Non-Independent – Non-Executive Directors play an important role in the deliberations in Board Meetings and bring with them rich expertise in their respective fields.

**(C) Information available to the members of the Board:**

All the information as specified in – Annexure – I (A) of Clause 49 of the Listing Agreement is provided to the Board of Directors. Information like businesses to be transacted at Board Meeting is submitted well in advance through electronic mail mode and agenda papers are submitted to them during the course of Board Meetings.

**(D) Code of Conduct:**

Company's Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct is available on the website of the Company [www.aiaengineering.com](http://www.aiaengineering.com). All Board Members and Senior Management Personnel have affirmed compliance of the Code of Conduct. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

**(E) Prohibition of Insider Trading:**

In Compliance with SEBI Regulation for prevention of Insider Trading, the Company has formed Model Code of Conduct of Insider Trading Regulations which is applicable to all the Directors, Officers and the Designated Employees of the Company who are expected to have access to the unpublished Price Sensitive information relating to the Company.

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

**II. COMMITTEES OF THE BOARD:**

The Company has three (3) Board level Committees, namely:

- Audit Committee;
- Shareholders' / Investors' Grievance Committee; and
- Remuneration Committee.

**a) AUDIT COMMITTEE:**

As on 31<sup>st</sup> March, 2014, the Audit Committee comprise of 4 Independent Directors. Names of the members and the Chairman of the Committee as on 31<sup>st</sup> March, 2014 together with their attendance are given in the following table.

Name of the Member / Chairman	No. of Meetings	Meetings Attended
Mr. Rajendra S. Shah - Chairman	5	5
Mr. Vinod Narain	5	-
Mr. Sanjay S. Majmudar	5	5
Mr. Dileep C. Choksi*	-	-

\* Appointed as a member of the Committee w.e.f. 27.01.2014.

During Financial Year 2013-14, five (5) Audit Committee meetings were held on 30<sup>th</sup> May, 2013, 12<sup>th</sup> August, 2013, 24<sup>th</sup> September, 2013, 1<sup>st</sup> November, 2013 and 27<sup>th</sup> January, 2014. Necessary quorum was present in all the meetings. The time gap between any two Audit committee meetings was not more than four months.

Mr. Rajendra S. Shah, Chairman of the Audit Committee attended the last Annual General Meeting (AGM) of Shareholders of the Company.

The Managing Director, Executive Director (Finance), General Manager (Corporate Affairs), Statutory Auditors and Internal Auditors are invited to attend the meetings of the Audit Committee.

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

The Terms of Reference of the Audit Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

**Brief description of terms of reference:**

- i) Supervision of the Company's financial reporting process.
- ii) Reviewing with the management, the financial results before placing them to the Board with a special emphasis on accounting policies and practices, internal controls, compliance with the accounting standards and other legal requirements concerning financial statements.
- iii) Reviewing the adequacy of internal control systems and internal audit functions including their policies, procedures, techniques and other regulatory requirements with the Statutory Auditors.
- iv) Reviewing the Company's financial and Risk Management policies.
- v) Recommending the appointment and removal of External Auditors and their remuneration.
- vi) Keeping watch on timely payment to Shareholders, Creditors etc.
- vii) Reviewing of significant Related Party Transactions, if any.
- viii) Reviewing Management Discussion and Analysis of financial condition and result of operations.
- ix) Reviewing the performance of the Statutory and Internal Auditors and appointment, removal and terms of remuneration of Chief Internal Auditors.
- x) Recommend to the Board, the appointment of a Cost Accountant within the meaning of the Cost Accountants Act, 1959 to conduct audit of cost records of the Company in compliance with the provisions of Companies Act, 1956 and rules made thereunder.

In addition to the above, the Committee reviews the Management Discussion and Analysis; statement of significant related party transactions, management responses etc.

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.

**b) SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE:**

**The Company has constituted a Shareholders'/Investors' Grievance Committee of Directors to look into the:**

- (i) Redressal of Shareholders and Investors complaints like transfer of shares, non-receipt of Annual Reports, non-receipt of declared dividends etc.
- (ii) Oversee the performance of the Registrar and Transfer Agents and recommend measures for overall improvement in the quality of investor services.

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

1. Mr. Rajendra S. Shah - Chairman
2. Mr. Bhadrash K. Shah - Member

Mr. S. N. Jetheliya, Company Secretary acts as the Compliance Officer of the Committee pursuant to Clause 47 (a) of the Listing Agreement with the Stock Exchanges.



**Meetings and attendance during the year:**

The Committee meets on need basis. During the year under review Committee met four times on 30<sup>th</sup> May, 2013, 12<sup>th</sup> August, 2013, 1<sup>st</sup> November, 2013 and 27<sup>th</sup> January, 2014.

**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 received two Complaints from Shareholders and the same were resolved to their satisfactions. There is no outstanding complaint as on 31<sup>st</sup> March, 2014.

**Number of Complaints not solved to the satisfaction of Shareholders : Nil**

**Number of pending Share Transfers : Nil**

**c) REMUNERATION COMMITTEE:**

The Remuneration Committee comprises of Mr. Rajendra S. Shah (Chairman) and Mr. Sanjay S. Majmudar, both Independent Directors. Mr. S. N. Jetheliya, Company Secretary acts as the Secretary of the Committee. The Committee performs functions enumerated in Clause 49 of the Listing Agreement and Schedule XIII to the Companies Act, 1956.

The Committee reviews as well as recommends to the Board, the remuneration of Executive Directors. The Committee recommends the remuneration package after considering factors, such as experience, expertise, leadership, qualities, position etc.

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

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

**Meeting and Attendance during the year:**

One meeting of Remuneration Committee on 27<sup>th</sup> May, 2013 was held during the year under review.

**III. SUBSIDIARY COMPANIES:**

Company has one Non-Listed Indian Subsidiary viz. DCPL Foundries Limited which comes under the purview of the Material Non-Listed Subsidiary. However, the particulars of the significant transactions and the Financial Statements of Subsidiary, in particular, the investments, if any made during the quarter are reviewed by the Audit Committee of the Company.

The Copy of Minutes of the meetings of the Board of Directors of the Un-listed Subsidiary Company is placed in the subsequent Board Meeting of the Company.

DCPL Foundries Limited, an unlisted Subsidiary of the Company amalgamated with the Company by the Order of Hon'ble High Court of Gujarat, Ahmedabad dated 04/04/2014. The Scheme became effective from 3<sup>rd</sup> May, 2014 and applicable from the appointed date i.e. 01/04/2013.

**IV. DISCLOSURES:**

**(A) Material Significant Related Party Transactions:**

The Company has not entered into transactions of material nature with related parties i.e. Directors or Management, their 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:**

In the preparation of the Financial Statements, the Company has followed Accounting policies and Practices as prescribed in the Accounting Standards. The Company has voluntarily adopted Accounting Standard (AS) 30 "Financial Instruments: Recognition and Measurement" to the extent the standard does not conflict with the Accounting Standards notified under section 211(3C) of the Companies Act, 1956. Pursuant to the adoption, the Net Gain on foreign currency forwards and interest rate swap of INR 959.64 Lacs as required by AS-30 has been parked in the Cash Flow Hedging Reserve under Reserves & Surplus. This gain would be recycled in the Statement of Profit and Loss / Fixed Assets in the period during which the forecasted transactions occurs.

**(C) Board Disclosure – Risk Management:**

The Company has laid down procedures for the Risk Assessment and its Minimization. These procedures are periodically reviewed by the Audit Committee / Board to ensure that management controls risk through means of a properly defined framework.

**(D) The Company has not come out with any Public Issue, Right Issue or Preferential Issue etc. during the year under review.**

**(E) Remuneration of Directors:**

The details of remunerations paid to the Managing Director and Whole-time Director during the year 2013 - 2014 are given below:

(₹ Lacs)

Name of the Director and Designation	Salary	Perquisites	Total
Mr. Bhadresh K. Shah, Managing Director	72.00	13.60	85.60
Mr. Yashwant M. Patel, Whole-time Director	7.20	0.32	7.52

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 Independent Directors for attending Board and Committee Meetings during the Financial Year 2013-2014 is given below:

(₹ Lacs)

Sr. No.	Name of the Director	Sitting Fees Paid
1.	Mr. Rajendra S. Shah	1.25
2.	Mr. Sanjay S. Majmudar*	1.25

\* In addition to sitting fees, ₹ 15.00 Lacs has been paid as Commission during the Financial Year 2013-14.

The Directors' Remuneration Policy of your Company conforms to the provisions under Companies Act, 1956. The Board determines the remuneration of the Non-Executive Directors.

**(F) 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 report.

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

Dr. S. Srikumar, a Director of the Company will retire by rotation at the ensuing 24<sup>th</sup> Annual General Meeting of the Company and being eligible, has offered himself for re-appointment.

Mr. Vinod Narain, Mr. Sanjay S. Majmudar and Mr. Rajendra S. Shah, Directors of the Company would be appointed as Independent Directors for a 2<sup>nd</sup> term of five years having already completed first term of five years.

Mr. Dileep C. Choksi, was appointed as an Additional Director by the Board of Directors of the Company in their meeting held on 27<sup>th</sup> January, 2014 who holds office of Additional Director upto the ensuing AGM.

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

**(ii) Quarterly / Half yearly results are forwarded to the Stock Exchanges where the Equity Shares of the Company are listed and the same are also posted on Company's website.**
**(iii) Shareholding of Non-Executive Directors as on 31<sup>st</sup> March, 2014 is as under:**

Name of Director	Number of Shares
Mr. Rajendra S. Shah	847
Mr. Vinod Narain	NIL
Mr. Sanjay S. Majmudar	15120
Dr. S. Srikumar	NIL
Mr. Dileep C. Choksi	NIL

**(H) Compliance by the Company:**

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

**V. CEO / EXECUTIVE DIRECTOR (FINANCE) CERTIFICATION:**

The Managing Director and the Executive Director (Finance) of the Company have certified to the Board that the Financial Results of the Company for the year ended 31<sup>st</sup> March, 2014 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 under Clause 49 (V) of the Listing Agreement.

**VI. MEANS OF COMMUNICATION:**

- (1) The quarterly and half yearly results are published in widely circulating national and local dailies such as "Economic Times" in English and Gujarati. These results are not sent individually to the Shareholders but are put on the website of the Company.
- (2) The Company's results are displayed on the Company's website: [www.aiaengineering.com](http://www.aiaengineering.com). The Company holds meetings with the investors and analysts.

**VII. GENERAL BODY MEETINGS: (LAST THREE YEARS DISCLOSURES)****GENERAL MEETING:****ANNUAL GENERAL MEETINGS:**

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
2012-13	12 <sup>th</sup> August, 2013	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.	10.00 A.M.
2011-12	13 <sup>th</sup> August, 2012	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.	10.00 A.M.
2010-11	12 <sup>th</sup> August, 2011	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.	10.00 A.M.

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

**Annual General Meeting held on 12<sup>th</sup> August, 2013:**

- (i) To re-appoint Mr. Yashwant M. Patel as Whole-time Director of the Company.
- (ii) To take approval for the appointment of Powertec Engineering Pvt. Ltd. to hold Office or Place of Profit under Section 314 of the Companies Act, 1956.

**Annual General Meeting held on 13<sup>th</sup> August, 2012:**

To take approval for increase in the investment limits by SEBI Registered Foreign Institutional Investors under Portfolio Investment Scheme under FEMA from 24% to 49% of the paid-up Share Capital of the Company.

**Annual General Meeting held on 12<sup>th</sup> August, 2011:**

To take approval for the appointment of Powertec Engineering Pvt. Ltd. to hold Office or Place of Profit under Section 314 of the Companies Act, 1956.

**VIII. GENERAL SHAREHOLDERS' INFORMATION**

Date and Time of 24 <sup>th</sup> AGM	:	Thursday the 11 <sup>th</sup> September, 2014 at 10.00 a.m.
Venue of AGM	:	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015
Financial Year	:	31 <sup>st</sup> March, 2014.
Book Closure Date	:	1 <sup>st</sup> September, 2014 to 11 <sup>th</sup> September, 2014 (both days inclusive)
Registered Office Address	:	115, GVMM Estate, Odhav Road, Odhav, Ahmedabad 382 410
Dividend Payment Date	:	Within 30 days from the date of declaration of dividend.
Compliance Officer	:	Mr. S. N. Jetheliya, Company Secretary
Email for Redressal of Investors' Complaints in terms of Clause 47 (f) of the Listing Agreement	:	<a href="mailto:ric@aiaengineering.com">ric@aiaengineering.com</a>
Website	:	<a href="http://www.aiaengineering.com">www.aiaengineering.com</a>
Financial Calendar (subject to change) for the Financial Year 2014-15:		
First Quarter Results	:	On or before 14 <sup>th</sup> August, 2014
Second Quarter & Half Yearly Results	:	On or before 14 <sup>th</sup> November, 2014
Third Quarter Results	:	On or before 14 <sup>th</sup> February, 2015
Audited Results for the year 2014-15	:	On or before 30 <sup>th</sup> May, 2015

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

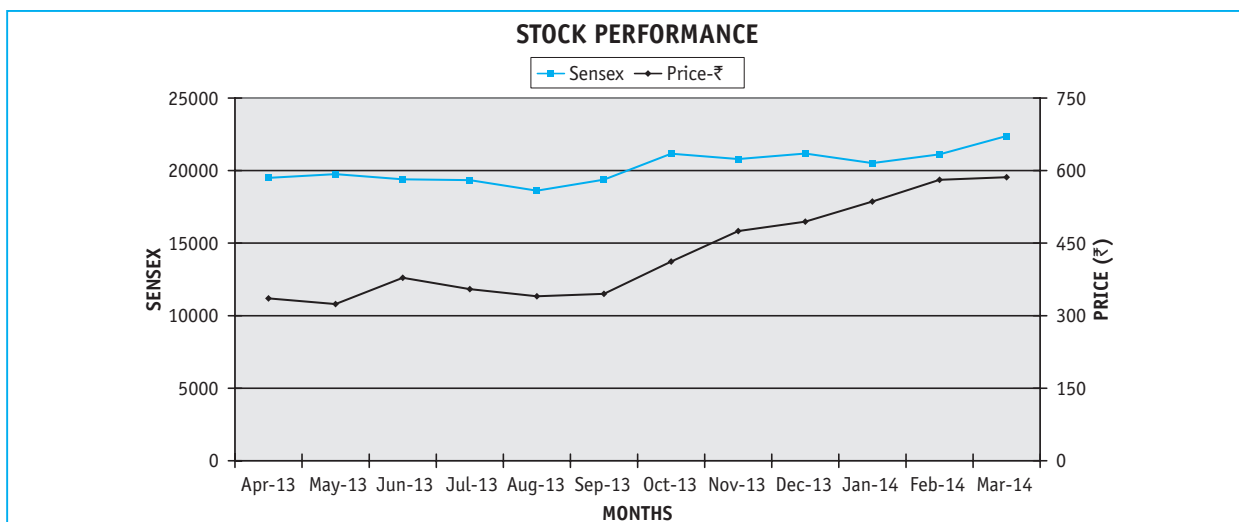
Name and Address of the Stock Exchanges	Scrip Code
Bombay Stock Exchange Limited 25 <sup>th</sup> Floor, P. J. Towers, Dalal Street, Fort, Mumbai – 400 001	532683
National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051	AIAENG

The listing fees for the year 2014-15 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 13	19504.18	335.60	297.00	325.00	300.00
May 13	19760.30	324.00	275.00	324.00	276.30
June 13	19395.81	378.35	300.55	378.00	305.00
July 13	19345.70	354.80	283.05	350.00	282.00
Aug. 13	18619.72	340.00	285.00	344.75	285.00
Sept. 13	19379.77	345.00	313.05	341.05	313.00
Oct. 13	21164.52	412.00	307.10	411.70	305.10
Nov.13	20791.93	475.00	378.00	479.00	375.05
Dec.13	21170.68	494.30	375.00	495.00	415.10
Jan.14	20513.85	536.00	448.10	538.00	447.65
Feb.14	21120.12	580.80	509.00	581.55	507.05
Mar.14	22386.27	586.40	526.60	587.00	526.05



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

C/13, Pannalal Silk Mills Compound,

Kantilal Maganlal Ind. Estate,

L.B.S. Marg, Bhandup (West),

**MUMBAI – 400 078**

Phone No. 022-25960320-28 Fax No. 022-25960329

Email : isrl@vsnl.com

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

303, 3rd Floor, Shopper's Plaza – V,

Nr. 5 Government Society, Opp. Municipal Market,

C. G. Road, Navrangpura,

**AHMEDABAD - 380 009**

Phone – 079-26465179

email:ahmedabad@linkintime.co.in

**(d) Share Transfer System:**

The Share transfers are processed and the Share Certificates are returned to the Shareholders within a maximum period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

**(e) Distribution of Shareholding:****(i) Shareholding pattern as on 31<sup>st</sup> March, 2014.**

Category	No. of Shares held		No. of Shares	% of holding
	Physical	Electronic		
Promoters Shareholding	-	58149120	58149120	61.6506
Mutual Funds & UTI	-	4859574	4859574	5.1522
Banks, FI & Insurance Companies	-	3740	3740	0.0040
Foreign Financial Institutions	-	25983402	25983402	27.5480
NRI's	-	113591	113591	0.1204
Other Corporate Bodies	-	2490520	2490520	2.6405
Indian Public	630	2719793	2720423	2.8843
<b>Total</b>	<b>630</b>	<b>94319740</b>	<b>94320370</b>	<b>100.0000</b>

**(ii) Distribution of Shareholding as on 31<sup>st</sup> March, 2014.**

No. of Equity Shares	No. of folios	% of total folios	No. of Shares	% of holding
1 to 500	8949	93.1314	858954	0.9107
501 to 1000	264	2.7474	200524	0.2126
1001 to 2000	126	1.3113	184101	0.1952
2001 to 3000	51	0.5308	130089	0.1379
3001 to 4000	32	0.3330	114433	0.1213
4001 to 5000	29	0.3018	137647	0.1459
5001 to 10000	43	0.4475	325067	0.3446
10001 & above	115	1.1968	92369555	97.9317
<b>Grand Total</b>	<b>9609</b>	<b>100.0000</b>	<b>94320370</b>	<b>100.0000</b>
Shareholders in Physical Mode	7	0.0007	630	0.0007
Shareholders in Electronic Mode	9602	99.9993	94319740	99.9993



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

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

As on 31<sup>st</sup> March, 2014, 94319740 Equity Shares are in Dematerialized Form representing 99.99% of the total 94320370 Equity Share Capital of the Company. The ISIN allotted to the Company's scrip is INE212H01026. The Shares of the Company are actively traded at Bombay Stock Exchange Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE).

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

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

**(h) Outstanding Shares in Unclaimed Suspense Account of the Company:**

The following Outstanding Shares are lying in the Unclaimed Suspense Account of the Company as on 31<sup>st</sup> March, 2014:

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

**(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, (erstwhile Reclamation Welding Ltd.) Odhav, Ahmedabad – 382 410
- 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, Ahmedabad – 382 410
- L-3, MIDC Industrial Area, (erstwhile Paramount Centrispun Castings Pvt. Ltd.) Hingna, Nagpur - 440016
- SF No. 514, 5A1, 5A2, 5A3, (erstwhile DCPL Foundries Ltd.) Thathamangalam Village, Kariamannickam Road, S. Pudur, Samayapuram, Trichy - 621 115

**(j) Address for Correspondence:**

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

**MUMBAI OFFICE:**

**Link Intime India Private Limited**  
C/13, Pannalal Silk Mills Compound,  
Kantilal Maganlal Ind. Estate,  
L.B.S. Marg, Bhandup (West), **MUMBAI – 400 078**  
Phone No. 022-25960320-28 Fax No. 022-25960329  
Email : isrl@vsnl.com

**AHMEDABAD BRANCH OFFICE:**

**Link Intime India Private Limited**  
303, 3rd Floor, Shopper's Plaza – V,  
Nr. 5 Government Society, Opp. Municipal Market,  
C. G. Road, Navrangpura, **AHMEDABAD - 380 009**  
Phone – 079-26465179  
email:ahmedabad@linkintime.co.in

- Any query relating to Dividend, Annual Reports etc.

Mr. S. N. Jetheliya,  
Company Secretary & Compliance Officer  
AIA Engineering Limited  
115, GVMM Estate, Odhav Road, Odhav, **AHMEDABAD-382 410**  
Phone No. 079-22901078-81 Fax No. 079-22901077  
Investors' related query mail to: ric@aiaengineering.com

Corporate Office:

AIA Engineering Limited  
11-12, Sigma Corporates, B/h. HOF Showroom,  
Sindhu Bhavan Road, Off. S. G. Highway,  
Bodakdev, **AHMEDABAD-380058**  
Phone No. 079-66047800 Fax No. 079-66047848  
Email: snj@aiaengineering.com



**Details of Non-Compliance:**

There was no non-compliance during the year and no penalty has been imposed or strictures passed on the Company by the Stock Exchanges, SEBI or Registrar of Companies (ROC). The Company has obtained a Certificate from M/s. Tushar Vora & Associates, Practicing Company Secretaries on Corporate Governance and has attached the certificate with the Directors' 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) Remuneration Committee:**

The Board has constituted a Remuneration Committee consisting of two Non-Executive Directors.

**c) Shareholder Rights:**

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

**d) Postal Ballot:**

No Postal Ballot was conducted during the year under review.

**e) Whistle Blower Policy:**

The Company promotes ethical behaviour in all its business and has put in place a mechanism of reporting of (i) Bribery and Corruption (ii) Financial Misappropriation and other illegal or unethical behaviour. The Company has a Whistle Blower Policy wherein the employees are free to report above violations directly to the Managing Director in a sealed envelope or to an email id provided in the Whistle Blower Policy.

The confidentiality of those reporting violations is maintained and they are not subject to any discriminatory practices and are suitably rewarded.

**PRACTICING COMPANY SECRETARIES 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 for the year ended 31<sup>st</sup> March, 2014 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges in India.

The Compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above Listing Agreement.

We state that during the year ended 31<sup>st</sup> March, 2014, two complaints were received and resolved and hence no Investor Complaint is pending against the Company as on 31<sup>st</sup> March, 2014 as per the records maintained by the Company and presented to the Investors/ Shareholders Grievance Committee and to us.

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

For **Tushar Vora & Associates**  
*Company Secretaries*

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

Place : Ahmedabad  
Date : 20<sup>th</sup> May, 2014

The above Corporate Governance Report was adopted by the Board of Directors at their Meeting held on 20<sup>th</sup> May, 2014.

**DECLARATION**

In compliance with Clause 49 of the Listing Agreement, I Bhadresh K. Shah, Managing Director of the Company hereby declares on the basis of information furnished to me that all Board Members and Senior Managerial Personnel have affirmed in writing the Compliance of their respective Code of Conducts adopted by the Board for the Financial Year 2013-14.

Place : Ahmedabad  
Date : 20<sup>th</sup> May, 2014

**(Bhadresh K. Shah)**  
*Managing Director*



**MANAGING DIRECTOR / EXECUTIVE DIRECTOR (FINANCE) CERTIFICATION**

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

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

- (a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31<sup>st</sup> March, 2014 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 Accounting Standards, applicable laws & regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions executed into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
- (c) We are responsible 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*

Place : Ahmedabad  
Date : 20<sup>th</sup> May, 2014

**Kunal D. Shah**  
*Executive Director (Finance)*

Place : Ahmedabad  
Date : 20<sup>th</sup> May, 2014

## MANAGEMENT DISCUSSION AND ANALYSIS

### A. INDUSTRY OVERVIEW:

The Company manufactures and markets a wide range of High Chromium consumable wear parts (mill internals) which are used in the process of Crushing/Grinding in the Cement, Mining, Thermal Power and Aggregate Industries. These are core industries from an economic stand-point and are the basic drivers of infrastructural development.

The Company employs alloy-casting process for manufacture of the products, which require designing of alloys in relation to end application. The casting process is followed by precision heat treatment to develop required end properties. Therefore, Company can generally be classified as a foundry. The industry produces a specific range of high chrome mill internals which are used as wear parts in the Crushing/Grinding operations in the mills/plants of Cement, Mining, Utility and Aggregate Industries and therefore the market prospects are linked with the requirement of these industries.

The Company has a global footprint with sales and service support in more than 95 countries. Segmentally, the global cement industry has been undergoing structural issues and virtually all new capacity addition has come to a halt except for a few select countries. Also, capacity utilization in developed countries continues to remain flat. Even in India, the Cement industry, having grown its capacity to 300 million tonnes per annum, seems to have entered a phase of consolidation with new capacity additions having slowed down. As for the mining business, as many reports suggest, it seems an era of super-cycle for commodities has come to an end. Capacity addition plans for many companies are being put on hold. But Company's prospects are more closely linked to the capacity utilization of the mines and the subsequent wear part replacement which seems to be holding up well till now. The Company will continue to monitor this very closely.

In India, in addition to the above two industries, Company is also servicing the replacement and new capex requirements of coal fired thermal power plants and is thus directly catering to the power sector. India is projected to continue to be power deficit for the foreseeable future and hence a sustained growth in this particular segment in India is predictable.

### B. SEGMENTWISE PERFORMANCE:

The Company primarily operates in only one segment i.e. manufacturing of High Chrome Mill Internals. In Fiscal Year 2013-14, 25.15% of its total sales came from India while balance 74.85% came from sales outside India.

### C. OUTLOOK AND PROSPECTS:

The annual replacement market of High Chrome mill internals for cement globally is estimated at around 0.300 million tons. The overall position of the cement industry in the key global markets continued to remain sluggish for a major part of FY 2013-14. There is expectation that to stimulate growth in the developed countries their governments will have to resort to infrastructure spending which will trigger positive improvements in capacity utilizations at Cement plants. Company will be a beneficiary as and when the same is witnessed. In addition, there are certain specific markets in Asia, Africa and South America that continue to add capacity and/or have increased capacity utilization. In China, the Company currently has a limited presence in form of a particular variety of products. China continues to remain a major market and the Company will continue to invest resources and strategy for a bigger market share. In India while new capacities were created the pace has distinctively slowed down. Nevertheless India's cement production has increased by around 8 to 10% in FY 2013-14 and on a matching basis your Company has maintained a similar growth in the cement replacement market in India.

In the mining industry the Company is predominantly focused on four major metal ore types viz. Iron, Platinum, Gold and Copper with emphasis on the replacement market. The growth prospects are primarily emanating out of the large annual replacement market in this industry. The addressable market opportunity relating to wear parts are estimated in the range of 1.5 to 2.0 million tons per annum out of this less than 20% requirement is converted into high chrome which implies the opportunity of conversion of the balance requirements into high chrome products. While your Company started its foray into mining space with concentration on grinding media, the Company has now successfully developed mining liners also. Even within grinding media, the Company has developed certain specialized applications. Now your Company is positioned as perhaps the only Company in the world offering the complete range of Mining High-Chrome consumables including grinding media products as well as mining liners made out of chrome alloys. This positioning is unique to your Company and augurs well for the consistent and steady growth in this industry over medium to long term. Again, since the Company is focused on the above four major ores some cyclical fluctuations in any of the above products does not impact significantly your Company's growth prospects. Company has steadily increased its market presence in the major mining groups across the Globe with particularly strong focus on major mining centers like Australia, Africa, North America etc. The focus of the Company in mining industry is predominantly outside India.

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

### D. CAPEX PLAN:

The Company's effective capacity at end of Fiscal Year 2013-2014 stood at 260,000 Metric tons, the Company having successfully completed the Brownfield expansion project at its Moraiya plant. The Company is on target in implementing its Capex plans for FY 2014-15 and 2015-16 so as to effectively augment the total available capacity from the exiting level of 2.60 Lac TPA as on 31.03.2014 to 4.40 Lac TPA by 31.03.2016. The major expansion in the capacity will be at a new Greenfield site at GIDC Kerala, which is close to the existing Moraiya plant which is expected to be commissioned in phases; partly in FY 2014-15 and partly in FY 2015-16.

**E. RISKS AND CONCERNS:**

Given its large exports, the Company is exposed to foreign exchange rate fluctuation risk. The Company is closely monitoring the Currency movements, so as to mitigate the risks.

Another major area of risk is with regard to fluctuation in the raw material prices. However, the Company has converted major portion of its contracts from fixed price to fluctuating price regime. Again, the Company is closely monitoring the price movements and is regularly buying the raw materials during low price cycles so as to average out the impact of price fluctuations.

The Company is exposed to certain operating business risks, similar to most manufacturing companies, which is mitigated by regular monitoring and corrective actions.

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

The Company has proper and adequate system 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 is mitigated by regular monitoring and corrective actions.

The internal control system has been designed so as to ensure that the financial and other records are reliable and reflects a true and fair view of the state of the Company's business.

The Company has successfully migrated to the SAP-ERP system in FY 2010 and this has helped in further strengthening the Internal Control System.

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

**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.2013-14	F.Y.2012-13
High Chrome Mill Internals	176,393	168,395

- Sales Turnover (Consolidated):**

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

₹ Lacs

Particulars	F.Y.2013-14	F.Y.2012-13
Sales in India (Net of Excise)	50,889.40	52,786.32
Sales Outside India	150,787.48	116,036.49
Total	201,676.88	168,822.81

- Key Performance Indicators (Consolidated):**

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

₹ Lacs

	Particulars	F.Y.2013-14	F.Y.2012-13
1	Revenue from Operations (Net)	208,007.83	175,131.07
2	Cost of Materials Consumed	72,681.49	68,593.16
	- % of revenue from operations	34.94%	39.17%
3	Employee Benefits Expense	8,883.53	8,089.34
	- % of revenue from operations	4.27%	4.62%
4	Other Expenses	69,269.67	70,588.03
	- % of revenue from operations	33.30%	40.31%
5	EBIDTA	50,444.95	33,155.74
	- % of revenue from operations	24.25%	18.93%
6	Finance Costs	636.45	633.85
	- % of revenue from operations	0.31%	0.36%
7	Depreciation and Amortization Expense	3,814.22	3,448.40
	- % of revenue from operations	1.84%	1.97%
8	Profit Before Tax	45,994.28	29,073.49
	- % of revenue from operations	22.11%	16.61%
9	Profit After Tax & Minority Interest	32,496.98	21,081.96
	- % of revenue from operations	15.62%	12.04%

## II. Standalone Performance:

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

- Sales Turnover (Standalone):**

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

₹ Lacs

Particulars	F.Y.2013-14	F.Y.2012-13
Sales in India (Net of Excise)	49,022.92	48,928.23
Sales Outside India	122,970.36	103,394.25
Total	171,993.28	152,322.48

- Key Performance Indicators (Standalone):**

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

₹ Lacs

Particulars	F.Y.2013-14	F.Y.2012-13
1 Revenue from Operations (Net)	178,301.05	158,603.66
2 Cost of Materials Consumed	78,977.10	74,523.35
- % of revenue from operations	44.29%	46.99%
3 Employee Benefits Expense	5,670.70	5,187.22
- % of revenue from operations	3.18%	3.27%
4 Other Expenses	48,786.56	52,373.63
- % of revenue from operations	27.36%	33.02%
5 EBIDTA	45,785.46	27,979.07
- % of revenue from operations	25.68%	17.64%
6 Finance Costs	574.07	405.93
- % of revenue from operations	0.32%	0.26%
7 Depreciation and Amortization Expense	3,629.48	3,069.32
- % of revenue from operations	2.04%	1.94%
8 Profit Before Tax	41,581.91	24,503.82
- % of revenue from operations	23.32%	15.45%
9 Profit After Tax	28,503.93	16,910.35
- % of revenue from operations	15.99%	10.66%

The Company has faced certain entry level pricing pressure in the Mining Segment. In addition, major currencies where the Company has an exposure, viz. Euro and USD also went through volatility. All these factors have affected the margin to an extent.

### H) INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT:

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

The Company continues to attract excellent talent to further its business interest. 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.

**None of the Senior Management personnel have Financial and Commercial transactions with the Company, where they have personal interest, that would / could emerge as potential conflict with the interest of the Company at large.**



**INDEPENDENT AUDITORS' REPORT**

To  
The Members of  
AIA Engineering Limited, Ahmedabad

**Report on the Financial Statements :**

We have audited the accompanying Financial Statements of AIA Engineering Limited ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of Significant Accounting Policies and other explanatory information.

**Management's Responsibility for the Financial Statements :**

Management is responsible for the preparation of these financial statements that gives a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular No. 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility :**

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the Auditors' judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the Auditor considers internal controls relevant to the Company's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion :**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- (b) In the case of Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements :**

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with this Report comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular No. 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013.;
  - e. On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2014, from being appointed as a Director in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956:

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

**(Anand Sharma)**  
Partner  
Membership No. 129033

Place : AHMEDABAD  
Date : 20<sup>th</sup> May, 2014



**ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

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

- (i) In respect of its Fixed Assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets on the basis of available information.
  - (b) As explained to us, Majority of the Fixed Assets have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) In our opinion, the Company has not disposed off any substantial part of the Fixed Assets during the year, and therefore, do not affect the going concern assumption.
- (ii) In respect of its Inventories:
  - (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
- (iii) (a) During the year the Company has not given any loans secured or unsecured to the Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence Clause (iii) (b), (c), (d) are not applicable to the Company.
  - (b) The Company has not taken any loans, secured or unsecured from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence Clause (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of Inventory, Fixed Assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) In respect of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 :
  - (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts/arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public and hence the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public are not applicable to the Company. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the Cost Records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed Cost Records have been maintained. We have, however, not made a detailed examination of the Cost Records with the view to determine whether they are accurate or complete.
- (ix) In respect of statutory dues :
  - (a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid statutory dues were in arrears as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable.



(b) The disputed Statutory dues aggregating to ₹ 3,464.70 lacs , that have not been deposited on account of disputed statutory matters pending before appropriate authorities are as under:

Name of the Statute	Nature of dues	Amt. under dispute not yet deposited As on 31st March, 2014 ₹ Lacs	Periods to which the amount relates (F.Y.)	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax including interest as applicable	64.45	2005-06	CIT(Appeal)
		1.49	2006-07	CIT(Appeal)
		27.45	2006-07	ITAT
		80.55	2007-08	ITAT
		1520.34	2008-09	CIT(Appeal)
The Central Excise Act, 1944	Excise Duty including interest and penalty as applicable	130.70	2002-05	CESTAT
		82.82	2003-04	CESTAT
		8.11	2006-10	Commissioner (Appeal)
Finance Act, 1994 (Service Tax)	Service Tax including interest and penalty as applicable	41.66	1997-98 to 2002-03	Addl. Commissioner
		2.08	2005-07	CESTAT
		3.38	2006-07	Asst. Commissioner
		1254.94	2006-07 to 2007-08	CESTAT
		93.40	2007-11	CESTAT
		0.85	2009-10	Commissioner(Appeal)
		6.22	2009-10 to 2011-12	Asst. Commissioner
		126.50	2010-11	Jt. Commissioner
Central Sales Tax Act, 1956 and Sales Tax Act of various States	Sales Tax / Central Sales Tax	19.76	2001-02	Dy. Commissioner of Commercial Tax (Appeal)
<b>Total</b>		<b>3464.70</b>		

- (x) The Company does not have any accumulated losses at the end of the Financial year. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to the banks.
- (xii) In our opinion and according to explanations given to us and based on the information available, no loans and advances have been granted by Company on the basis of security by way of pledge of shares, debentures and other securities.

- (xiii) The Company is not a chit fund / nidhi / mutual benefit fund/society. Therefore, the provisions of Clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
- (xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause (xiv) of paragraph 4 of the Order are not applicable to the Company.
- (xv) In our opinion the Company has provided Guarantees for Non-fund based limits taken by its Subsidiaries from Banks. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prejudicial to the interest of the Company.
- (xvi) According to the information and explanations given to us, the Term Loans were applied for the purpose for which they are obtained.
- (xvii) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) The Company has not made any preferential allotment of shares to any parties and companies covered under the register maintained under Section 301 of the Companies Act, 1956.
- (xix) During the year covered by our audit report, the Company has not issued any debentures. Accordingly, the provisions of Clause (xix) of paragraph 4 of the Order are not applicable to the Company.
- (xx) The Company has not raised any monies by way of Public Issues during the year.
- (xi) Based on the audit procedures performed and representation obtained from management we report that, no case of material fraud on or by the Company has been noticed or reported for the year under audit.

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

**(Anand Sharma)**  
*Partner*  
Membership No. 129033

Place : AHMEDABAD  
Date : 20<sup>th</sup> May, 2014


**BALANCE SHEET AS AT 31st MARCH, 2014**

Particulars	Note No.	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
<b>I. EQUITY AND LIABILITIES:</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	1,886.41	1,886.41
(b) Reserves and Surplus	3	129,318.88	106,485.45
		<b>131,205.29</b>	<b>108,371.86</b>
<b>(2) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	8,671.76	10,544.45
(b) Deferred Tax Liabilities (Net)	5	2,143.71	1,966.46
(c) Long Term Provisions	6	375.08	365.14
		<b>11,190.55</b>	<b>12,876.05</b>
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	7	0.00	4,143.32
(b) Trade Payables	8	11,968.38	8,590.21
(c) Other Current Liabilities	9	4,460.47	2,147.91
(d) Short-Term Provisions	10	10,253.12	6,822.28
		<b>26,681.97</b>	<b>21,703.72</b>
<b>Total :</b>		<b>169,077.81</b>	<b>142,951.63</b>
<b>II. ASSETS:</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		35,815.13	33,687.89
(ii) Intangible Assets		862.17	240.01
(iii) Capital Work in Progress		9,976.19	3,144.72
(b) Non Current Investments	12	1,491.03	1,546.00
(c) Long term Loans and Advances	13	1,496.29	976.08
(d) Other Non Current Assets	14	98.27	91.59
		<b>49,739.08</b>	<b>39,686.29</b>
<b>(2) Current Assets</b>			
(a) Current Investments	15	50,134.96	17,657.88
(b) Inventories	16	21,940.25	20,964.29
(c) Trade receivables	17	22,136.13	23,352.31
(d) Cash and Bank Balances	18	8,298.76	20,858.01
(e) Short-term Loans and Advances	19	16,803.91	20,352.24
(f) Other Current Assets	20	24.72	80.61
		<b>119,338.73</b>	<b>103,265.34</b>
<b>Total :</b>		<b>169,077.81</b>	<b>142,951.63</b>

The accompanying Notes 1 to 35 are integral part of these Financial Statements.

As per our report of even date attached.

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

**ANAND SHARMA**  
Partner  
Membership No. 129033  
Place : AHMEDABAD  
Date : 20th May, 2014

For and on behalf of the Board of Directors,

**(RAJENDRA S. SHAH)** **(BHADRESH K. SHAH)** **(YASHWANT M. PATEL)**  
Chairman Managing Director Whole-time Director

**(KUNAL D. SHAH)** **(S. N. JETHELIYA)**  
Executive Director (Finance) Company Secretary

Place : AHMEDABAD  
Date : 20th May, 2014

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2014**

Particulars	Note No.	Year Ended 31st March, 2014 ₹ Lacs	Year Ended 31st March, 2013 ₹ Lacs
<b>I.</b> Revenue from Operations	21	184,369.68	164,399.90
Less: Central Excise duty		6,068.63	5,796.24
Revenue from Operations (Net)		178,301.05	158,603.66
<b>II.</b> Other Income	22	3,256.87	1,933.06
<b>III. Total Revenue (I +II)</b>		<b>181,557.92</b>	<b>160,536.72</b>
<b>IV. Expenses:</b>			
Cost of Materials Consumed	23	57,853.76	51,395.24
Purchases of Stock-in-Trade		21,123.34	23,128.11
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	24	(772.90)	473.45
Employee Benefits Expenses	25	5,670.70	5,187.22
Finance Cost	26	574.07	405.93
Depreciation and Amortization Expenses	11	3,629.48	3,069.32
Other Expenses	27	48,786.56	52,373.63
<b>Total Expenses (IV)</b>		<b>136,865.01</b>	<b>136,032.90</b>
<b>V. Profit Before Exceptional Items and Tax (III - IV)</b>		<b>44,692.91</b>	<b>24,503.82</b>
<b>VI. Exceptional Items (Refer Note 19)</b>		3,111.00	-
<b>VII. Profit Before Tax (V - VI)</b>		<b>41,581.91</b>	<b>24,503.82</b>
<b>VIII. Tax Expense :</b>			
(1) Current Tax	28	12,899.26	7,455.88
(2) Deferred Tax		178.72	137.59
		<b>13,077.98</b>	<b>7,593.47</b>
<b>IX. Profit for the period (VII -VIII)</b>		<b>28,503.93</b>	<b>16,910.35</b>
<b>X. Earnings per Equity Share: (Face Value of ₹ 2 each )</b>			
Basic and Diluted (₹)	29	30.22	17.93

The accompanying Notes 1 to 35 are integral part of these Financial Statements.

As per our report of even date attached.

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

**ANAND SHARMA**  
Partner  
Membership No. 129033  
Place : AHMEDABAD  
Date : 20th May, 2014

For and on behalf of the Board of Directors,

**(RAJENDRA S. SHAH)** **(BHADRESH K. SHAH)** **(YASHWANT M. PATEL)**  
Chairman Managing Director Whole-time Director

**(KUNAL D. SHAH)** **(S. N. JETHELIYA)**  
Executive Director (Finance) Company Secretary

Place : AHMEDABAD  
Date : 20th May, 2014



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014**

Particulars	For the year 2013-14 ₹ Lacs	For the year 2012-13 ₹ Lacs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>NET PROFIT BEFORE TAX</b>	41,581.91	24,503.82
Adjustment for		
<b>Add :</b>		
Difference of Provision and payment of Expenses	330.21	493.17
Interest and Finance Charges	574.07	405.93
Depreciation	3,629.48	3,069.32
Loss on Sale of Assets	11.47	11.83
Loss on Sale of Investments	0.78	-
<b>Less :</b>		
Interest Income	(160.05)	(247.84)
Dividend on Shares	(22.85)	(18.27)
Dividend on Mutual Fund	(1,762.47)	(1,027.66)
Profit on Sale of Assets	(36.19)	(4.65)
Profit on Sale of Investments	(877.55)	(308.93)
Unrealised Exchange Fluctuation (Gain) / Loss	(286.41)	(101.55)
Sundry balances written back	(49.79)	(79.07)
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>42,932.61</b>	<b>26,696.10</b>
(Increase) / Decrease in Current Assets		
Trade and Other Receivables	4,431.91	(769.00)
Inventories	(975.96)	(4,753.81)
Increase / (Decrease) in Current Liabilities		
Trade and Other Payables	5,892.73	1971.18
<b>CASH GENERATED FROM OPERATION</b>	<b>52,281.29</b>	<b>23,144.47</b>
Direct Taxes Paid	(11,100.00)	(6,600.00)
<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES (A)</b>	<b>41,181.29</b>	<b>16,544.47</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Interest Received	160.05	247.84
Dividend Received on Shares	22.85	18.27
Dividend Received on Mutual Fund	1762.47	1,027.66
Purchase of Fixed Assets	(13,299.23)	(6,808.58)
Purchase of Current Investments	(46,896.54)	(12,593.29)
Investments in Subsidiary Company	(44.78)	(30.07)
Investments in Joint Venture	(0.50)	-
Proceeds from Sale of Fixed Assets	113.59	96.38
Proceeds from Sale of Current Investments	15,296.23	6,145.99
Proceeds from Sale of Investment in Subsidiary	100.25	-
<b>NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES (B)</b>	<b>(42,785.61)</b>	<b>(11,895.80)</b>
<b>C. CASH FLOW USED IN FINANCING ACTIVITIES:</b>		
Proceeds from Secured Long Term Borrowings	60.28	10,433.93
Proceeds from Secured Short Term Borrowings	-	1,599.82
Repayment of Secured Long Term Borrowings	(1,914.77)	-
Repayment of Secured Short Term Borrowings	(3,706.10)	-
Repayment of Unsecured Short Term Borrowings	(455.43)	(13.96)
Interest and Finance Charges paid	(574.07)	(405.93)
Dividend paid including Tax	(4,411.04)	(3,287.16)
<b>NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES (C)</b>	<b>(11,001.13)</b>	<b>8,326.70</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A + B + C)</b>	<b>(12,605.45)</b>	<b>12,975.37</b>
<b>CASH AND CASH EQUIVALENTS AS AT 1st APRIL</b>	20,858.01	7,781.09
<b>CASH AND CASH EQUIVALENTS AS AT 31st MARCH</b>	8,252.56	20,756.46
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(12,605.45)</b>	<b>12,975.37</b>
<b>Cash and Cash Equivalents Comprise :</b>		
Cash and Bank Balances	8,298.76	20,858.01
Adjustment : Unrealised Exchange (Gain) / Loss	(46.20)	(101.55)
	8,252.56	20,756.46

**Note :** Cash and Cash Equivalents include balances with Scheduled Banks in Unpaid Dividend Accounts ₹ 4.45 Lacs (Previous Year ₹ 4.16 Lacs) which are not available for the use by the Company.

**The accompanying Notes 1 to 35 are integral part of these Financial Statements.**

As per our report of even date attached.

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

**ANAND SHARMA**  
Partner  
Membership No. 129033  
Place : AHMEDABAD  
Date : 20th May, 2014

For and on behalf of the Board of Directors,

**(RAJENDRA S. SHAH)** **(BHADRESH K. SHAH)** **(YASHWANT M. PATEL)**  
Chairman Managing Director Whole-time Director

**(KUNAL D. SHAH)** **(S. N. JETHELIYA)**  
Executive Director (Finance) Company Secretary

Place : AHMEDABAD  
Date : 20th May, 2014

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014****THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS****1. Significant Accounting Policies:****1) Basis of Accounting :**

The Financial Statements are prepared as per historical cost convention and in accordance with the Generally Accepted Accounting Principles (GAAP) in India, the provisions of the Companies Act 1956, read with General Circular No:15/2013 dated 13<sup>th</sup> September, 2013, issued by the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All Income and Expenditures having material bearing on the Financial Statements are recognized on accrual basis.

**2) Use of Estimates:**

The presentation of the Financial Statements in conformity with the Generally Accepted Accounting policies require, the management to make estimates and assumptions that affects the reported amount of Assets and Liabilities on the date of the Financial Statements and the reported amount of revenues and expenses during the reporting period and disclosure of contingent liabilities. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of Financial Statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**3) Revenue Recognition :**

Revenue is stated net of rebate and trade discount and excludes Central Sales Tax and State Value Added Tax. With regard to sale of products, income is reported when practically all risks and rights connected with the ownership have been transferred to the buyers. This usually occurs upon dispatch, after the price has been determined.

Export Benefits are accounted / recognized on accrual basis.

Dividend on Financial Instruments is recognized as and when realized. Interest is recognized on accrual basis.

**4) Fixed Assets :**

Tangible Fixed Assets acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any. The acquisition value includes the purchase price (excluding refundable taxes), and expenses directly attributable to assets to bring it to the factory and in the working condition for its intended use. Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings if any, the corresponding borrowing cost are capitalized up to the date when the asset is ready for its intended use. The amount of benefits of Status Holder Incentive Scheme (SHIS) utilized against Capital Expenditure are reduced from the cost of Fixed Assets.

Intangible Assets are reported at acquisition value with deductions for accumulated amortization and any impairment losses.

Capital work in progress includes cost of Assets at sites and construction expenditure.

**5) Depreciation :**

Depreciation has been provided on Fixed Assets on Straight Line Method as per the rates specified in Schedule XIV of the Companies Act, 1956 as amended from time to time.

Amortization of Intangible Assets takes place on a Straight Line basis over the Assets anticipated useful life. The useful life is determined based on the period of the underline contract and the period of time over which the Intangible Assets is expected to be used.

Software is amortized over a period of 6 years. Patents are amortized over a period of 20 years on Straight Line basis as the benefits are generally available to the Company for more than 10 years. Goodwill is amortized over a period of 5 Years. No amortization is provided for in case of Leasehold Land on Perpetual Lease.

**6) Impairment of Assets:**

The carrying value of Assets of the Company's cash generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those Assets are estimated and impairment loss is recognized, if the carrying amount of those Assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use, Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor. Net Selling price is the estimated selling price in the ordinary course of business, less estimated cost of completion and to make the sales.

**7) Investments :**

Investments are classified as Long Term & Current Investments. Long Term Investments are valued at cost less provision for diminution other than temporary, in value, if any. Current Investments are valued at cost or fair value whichever is lower.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**

**THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS**

**8) Inventories :**

Inventories of Raw Materials and Stores are valued at cost or net realizable value whichever is lower after considering the credit of VAT and Cenvat. Stock in transit and Stock lying at third party premises are valued at cost.

Inventories of Work in Progress are valued at lower of cost or net realizable value.

Inventories of Finished Goods are valued at cost or net realizable value whichever is lower. Cost of Finished Goods and Work-in-Progress are determined using the absorption costing principles. Costs include the cost of materials consumed, labour and a systematic allocation of variable and fixed production overheads, Excise duties at the applicable rates are also included in the cost of Finished Goods.

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

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

**9) Employee Benefits :**

**(a) Short Term**

Short Term employee benefits are recognized as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

**(b) Long Term**

The Company has both defined contribution and defined benefit plans, of which some have assets in approved funds. These plans are financed by the Company in the case of defined contribution plans.

**Defined Contribution Plans**

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to Employees Provident Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employee performs the services that the payment covers.

**Defined Benefit Plans**

Expenses for defined benefit gratuity payment plans are calculated as at the Balance Sheet date by independent actuaries in the manner that distributes expenses over the employees working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining term i.e. almost equivalent to the average balance working period of employees.

**Other Employee Benefit**

Compensated absences which accrue to employees which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid.

**10) Central Excise Duty :**

Excise duty is accounted on the basis of payments made in respect of goods cleared.

**11) a) Foreign Currency Transactions :**

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognized as income or expenses in the Profit and Loss Account, except it pertains to Fixed Asset, where in such difference adjusted to Carrying amount of Fixed Asset. In addition, exchange difference on Long Term Liability, where they relate to acquisition of Fixed Assets, in which case they are adjusted to carrying cost of such assets. In case of items which are covered by forward exchange contracts, the difference between the year-end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are translated at closing-date rates, and unrealized translation differences are included in the Profit and Loss Account.

Investments in foreign currency (non-monetary items) are reported using the exchange rate at the date of the transaction.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)****THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS****b) Derivative instruments and hedge accounting**

The Company strictly uses foreign currency forward contracts / Interest Rate Swap to hedge its risks associated with foreign currency / Interest Rate fluctuations relating to certain forecasted transactions/current transactions. Effective from 30<sup>th</sup> September, 2013, the Company designates these as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments: Recognition and Measurements"(AS 30), to the extend it does not conflict with accounting standards notified under the Companies (Accounting Standard) Rules 2006.

Foreign currency forward contract / Interest Rate Swap derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in Hedging Reserve (under Reserves and Surplus) and the ineffective portion is recognized immediately in the Statement of Profit and Loss.

The accumulated Gains / Losses on the derivatives accounted in Hedging Reserve are transferred to the Statement of Profit and Loss in the same period in which Gains / Losses on the underlying item hedged are recognized in the Statement of Profit and Loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. When hedge accounting is discontinued for a cash flow hedge, the net gain or loss will remain in Hedging Reserve and be reclassified to the Statement of Profit and Loss in the same period or periods during which the formerly hedged transaction is reported in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative Gains / Losses recognized in Hedging Reserve is transferred to the Statement of Profit and Loss.

**12) Borrowing Cost :**

Borrowing costs are recognized in the period to which they relate, regardless of how the funds have been utilized, except where it relates to the financing of construction or development of assets requiring a substantial period of time to prepare for their intended use. Interest on borrowings if any is capitalized upto the date when the asset is ready for its intended use. The amount of interest capitalized for the period is determined by applying the interest rate applicable to appropriate borrowings.

**13) Earning per Share :**

Basic earning per share is calculated by dividing the net Profit After Tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares outstanding during the year. Diluted earning per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

**14) Provisions, Contingent Liabilities and Contingent Assets :**

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding long term benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the Financial Statements. A contingent asset is neither recognized nor disclosed.

**15) Product Warranty Expenses :**

Product warranty expenses are determined based on Company's historical experience and estimates are accrued in the year of Sale.

**16) Taxation on Income :**

- (a) Provision for Current Tax is made as per the provisions of the Income Tax Act, 1961.
- (b) Deferred Tax resulting from "timing differences that are temporary in nature" between accounting and taxable profit is accounted for, using the tax rates and laws that have been enacted as on the Balance Sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable or virtual certainty, as the case may be, that the asset will be realized in future.

**17) Cash Flow Statement :**

The Cash Flow Statement is prepared by the "Indirect Method" set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand, Balances with Schedule Bank and Short term highly liquid financial instruments which are readily convertible into cash and have original maturities of three months or less from date of purchase.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**2. Share Capital:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	<b>AUTHORISED SHARE CAPITAL</b> 230,000,000 Equity Shares of ₹ 2 each (Previous Year 230,000,000 Equity Shares of ₹ 2 each)	4,600.00	4,600.00
	<b>Total</b>	<b>4,600.00</b>	<b>4,600.00</b>
2	<b>ISSUED, SUBSCRIBED &amp; FULLY PAID UP CAPITAL</b> 94,320,370 Equity Shares of ₹ 2 each fully paid up (Previous Year 94,320,370 Equity Shares of ₹ 2 each fully paid up)	1,886.41	1,886.41
	<b>Total</b>	<b>1,886.41</b>	<b>1,886.41</b>

**2.1 The reconciliation of the number of shares outstanding as at 31st March, 2014 and 31st March, 2013 is set out below:**

	As at 31st March, 2014		As at 31st March, 2013	
	No of shares	₹ Lacs	No of shares	₹ Lacs
Equity Shares				
Shares outstanding at the beginning of the year	94,320,370	1,886.41	94,320,370	1,886.41
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	94,320,370	1,886.41	94,320,370	1,886.41

**2.2 Rights, preferences and restrictions attached to Equity Shares:**

The Company has one class of Equity Shares having a par value of ₹ 2 each. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation, the Equity Shareholders are eligible to receive the remaining Assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

During the year ended 31<sup>st</sup> March, 2014, the amount of Dividend proposed by the Board of Directors of the Company to the Equity Shareholders is ₹ 6 per Share (Previous Year ₹ 4 per Share)

**2.3 The details of Shareholders holding more than 5% shares are set out below:**

Name of the shareholder	As at 31st March, 2014		As at 31st March, 2013	
	No of Shares	% of holding	No of Shares	% of holding
Bhadresh K. Shah	39,626,875	42.01%	39,626,875	42.01%
Bhadresh K. Shah Karta of Bhadresh K. Shah H.U.F.	18,502,025	19.62%	18,502,025	19.62%
Nalanda India Equity Fund Ltd.	7,918,845	8.40%	7,918,845	8.40%
HDFC Trustee Company Ltd. - HDFC Prudent Fund	2,112,958	2.24%	5,822,074	6.17%

**2.4 Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash:**

336,430 Equity Shares (Previous Year 336,430) of ₹ 2 each fully paid-up have been issued to the Shareholders of the Amalgamating Company i.e. Reclamation Welding Ltd. pursuant to the Scheme of Amalgamation with the Company during the Financial Year 2009-10.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**3. Reserves & Surplus:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	<b>Capital Redemption Reserve</b>	1,925.74	1,925.74
2	<b>Securities Premium Reserve</b>	26,579.52	26,579.52
3	<b>Other Reserves</b>		
	General Reserve		
	Balance as per last Financial year	9,351.98	7,660.88
	Add : Transferred from Statement of Profit & Loss	2,851.00	1,691.10
		12,202.98	9,351.98
4	<b>Surplus in Statement of Profit &amp; Loss</b>		
	Balance as per last Financial year	68,628.21	57,820.00
	Add : Profit for the year	28,503.93	16,910.35
	Less : Appropriations		
	Transferred to General Reserve	2,851.00	1,691.10
	Proposed Dividend on Equity Shares (Dividend per share ₹ 6) (Previous year ₹ 4)	5,659.22	3,772.81
	Tax on Dividend	957.73	638.23
		87,664.19	68,628.21
5	<b>Hedging Reserve Account</b>		
	Balance as per last Financial year	-	-
	Add: Mark to Market of Hedging Instruments designated and effective as Hedges of Future Cash Flow.	946.45	-
		946.45	-
	<b>Total</b>	<b>129,318.88</b>	<b>106,485.45</b>

**4. Long Term Borrowings:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	<b>Secured</b>		
	From banks		
	- External Commercial Borrowings	8,236.53	10,151.29
	- Foreign Currency Loan Buyers Credit	342.91	282.64
2	<b>Deferred Payment Liabilities * (Unsecured)</b>	92.32	110.52
	<b>Total</b>	<b>8,671.76</b>	<b>10,544.45</b>

**4.1 Terms of repayment for External Commercial Borrowings:**

External Commercial Borrowings ( ECB ) of US \$ 18700000 is secured by hypothecation of Identified Plant and Machineries procured / to be procured from it and to be installed at Moraiya Unit ( M1 ) of the Company mentioned in Hypothecation Agreement. The Loan is repayable in 15 equal quarterly instalments of US\$ 1246667 after a moratorium period of 18 months from the date of first draw-down i.e. 3rd October, 2012. Interest rates are reset every three months at the rate of 3 months US\$ LIBOR plus 285 bps p.a.. The first Instalment will due on 3rd April, 2014 and the loan will be fully re-paid on 3rd October, 2017.

**Repayment of External Commercial Borrowings (ECB)**

	₹ Lacs
2015-16	2995.10
2016-17	2995.10
2017-18	2246.33



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**4.2 Terms of repayment for Buyers Credit:**

The Company has availed Buyers Credit of GBP 330204.10 and EURO 14840.46 are secured by first and exclusive charge over specific Plant and Machinery being imported. The Buyers Credit loans are repayable at 4th January, 2016 and 9th February, 2016 respectively. The Interest rates are determined as a spread over 90 /180 days LIBOR and the spread is a function of liquidity available with the Bank. The Buyers Credit finance arranged in this financial year has been at a spread of 150 bps over LIBOR.

**4.3 Terms of repayment for deferred payment liabilities are as set out below:**

<b>Repayment of Deferred Sales tax under Package Scheme of Incentives 1993</b>	<b>₹ Lacs</b>
2015-16	22.32
2016-17	18.96
2017-18	17.48
2018-19	13.72
2019-20	19.84

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

**5. Deferred Tax Liability (Net):**

Sr. No	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	<b>DEFERRED TAX LIABILITIES:</b>		
	<b>Arising on account of timing difference</b>		
	- Fixed Assets : Impact of difference between Tax Depreciation and Depreciation/amortization charged for the financial reporting	2,284.64	2,099.75
	- Others	-	0.71
	<b>TOTAL DEFERRED TAX LIABILITIES (A)</b>	2,284.64	2,100.46
	<b>Less :</b>		
2	<b>DEFERRED TAX ASSETS :</b>		
	<b>Arising on account of timing difference</b>		
	- Leave Encashment	140.93	134.00
	<b>TOTAL DEFERRED TAX ASSETS (B)</b>	140.93	134.00
	<b>Total (A - B)</b>	<b>2,143.71</b>	<b>1,966.46</b>

**6. Long Term Provisions:**

Sr. No	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
	<b>Provision for Employee Benefits (Refer Note No. 25.1)</b>		
	Provision for Leave Encashment	371.45	365.14
	Provision for Gratuity	3.63	-
	<b>Total</b>	<b>375.08</b>	<b>365.14</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**
**THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS**
**7. Short Term Borrowings:**

Sr. No	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	<b>Loans repayable on demand</b> <b>Secured</b> From banks - Foreign Currency Loan Buyers Credit / Packing Credit	-	3,706.09
2	<b>Unsecured</b> From banks - Foreign Currency Loan Buyers Credit	-	437.23
	<b>Total</b>	<b>-</b>	<b>4,143.32</b>

**7.1 Terms of repayment for Buyers Credit:**

The Company had availed Buyers Credit / Packing Credit of US\$ 1827108.33 and US\$ 5000000 respectively which are secured by Hypothecation of entire chargeable Current Assets of the Company including Stocks of Raw Materials, Stores and Spares, Work-in-progress and Receivables on pari-passu basis. The Interest rates are determined as a spread over 90 /180 days LIBOR and the spread is a function of liquidity available with the Bank. The Buyers Credit finance arranged in this financial year had been at a spread of 150 bps over LIBOR. It has been fully repaid during the year.

**8. Trade Payables:**

Sr. No	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	Due to Micro, Small and Medium Enterprises *	-	-
2	Other than Micro, Small and Medium Enterprises # Trade payables to the Subsidiaries are as under.	11,968.38	8,590.21
	# Includes dues to : Subsidiaries		
	Maximum due during the year	-	654.42
	741.49		
	Previous Year 1530.65		
	<b>Total</b>	<b>11,968.38</b>	<b>8,590.21</b>

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

**9. Other Current Liabilities:**

Sr. No	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	Current Maturity of Long Term Debt	3,053.04	17.38
2	Interest Accrued but not due on borrowings	-	3.89
3	Unpaid Dividend *	4.45	4.16
4	Other Payables #	1,402.98	2,122.48
	<b>Total</b>	<b>4,460.47</b>	<b>2,147.91</b>

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

# Includes Statutory dues and advances from customers.

**10. Short Term Provisions:**

Sr. No	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	<b>Provision for employee benefits (Refer Note No. 25.1)</b>		
	- Provision for Bonus	402.62	359.25
	- Provision for Gratuity	84.90	164.28
	- Provision for Leave Encashment	39.77	47.88
2	<b>Others :</b>		
	- Provision for Income Tax (Net of Advance Tax)	2,085.18	1,180.51
	- Proposed Dividend	5,659.22	3,772.81
	- Provision for Corporate Tax on Dividend	957.73	638.23
	- Provision for Expenses	838.70	494.32
	- Provision for Product Warranties Claims	185.00	165.00
	<b>Total</b>	<b>10,253.12</b>	<b>6,822.28</b>


**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**11. Fixed Assets:**

TANGIBLE ASSETS:									₹ Lacs
	Free hold Land	Lease hold Land*	Buildings	Plant and Machineries	Furniture and Fixtures	Vehicles	Office Equipments	Others*	TOTAL
<b>Cost of Assets</b>									
As at 1st April, 2012	2,603.36	1,333.44	13,544.82	21,781.38	848.15	372.86	124.31	2,558.96	43,167.28
Addition	25.35	-	2,861.20	1,890.17	444.36	16.12	37.87	175.75	5,450.82
Disposal / Adjustments	-	-	-	53.24	2.71	30.86	-	111.32	198.13
<b>As at 31st March, 2013</b>	<b>2,628.71</b>	<b>1,333.44</b>	<b>16,406.02</b>	<b>23,618.31</b>	<b>1,289.80</b>	<b>358.12</b>	<b>162.18</b>	<b>2,623.39</b>	<b>48,419.97</b>
On Amalgamation	4.19	-	507.33	1,237.42	11.90	5.03	1.15	185.56	1,952.58
Addition	341.73	-	1,609.09	1,539.64	104.27	87.99	35.54	397.15	4,115.41
Disposal / Adjustments	-	-	9.03	86.59	17.27	118.61	2.41	11.65	245.56
<b>As at 31st March, 2014</b>	<b>2,974.63</b>	<b>1,333.44</b>	<b>18,513.41</b>	<b>26,308.78</b>	<b>1,388.70</b>	<b>332.53</b>	<b>196.46</b>	<b>3,194.45</b>	<b>54,242.40</b>
<b>Depreciation</b>									
As at 1st April, 2012	-	-	1,620.86	8,686.59	288.75	124.51	61.83	1,047.13	11,829.67
Charge for the year	-	-	507.80	2,135.07	64.45	33.26	7.24	250.17	2,997.99
Disposal / Adjustments	-	-	-	47.81	1.45	15.73	-	30.59	95.58
<b>As at 31st March, 2013</b>	<b>-</b>	<b>-</b>	<b>2,128.66</b>	<b>10,773.85</b>	<b>351.75</b>	<b>142.04</b>	<b>69.07</b>	<b>1,266.71</b>	<b>14,732.08</b>
On Amalgamation	-	-	44.08	280.27	1.35	1.06	0.09	50.53	377.38
Charge for the year	-	-	606.13	2,390.48	76.43	34.33	9.27	357.84	3,474.48
Disposal / Adjustments	-	-	5.10	64.68	16.16	57.57	2.29	10.87	156.67
<b>As at 31st March, 2014</b>	<b>-</b>	<b>-</b>	<b>2,773.77</b>	<b>13,379.92</b>	<b>413.37</b>	<b>119.86</b>	<b>76.14</b>	<b>1,664.21</b>	<b>18,427.27</b>
<b>Net Block</b>									
<b>As at 31st March, 2013</b>	<b>2,628.71</b>	<b>1,333.44</b>	<b>14,277.36</b>	<b>12,844.46</b>	<b>938.05</b>	<b>216.08</b>	<b>93.11</b>	<b>1,356.68</b>	<b>33,687.89</b>
<b>As at 31st March, 2014</b>	<b>2,974.63</b>	<b>1,333.44</b>	<b>15,739.64</b>	<b>12,928.86</b>	<b>975.33</b>	<b>212.67</b>	<b>120.32</b>	<b>1,530.24</b>	<b>35,815.13</b>
<b>CAPITAL WORK IN PROGRESS :</b>									
<b>As at 31st March, 2013</b>									<b>3,144.72</b>
<b>As at 31st March, 2014</b>									<b>9,976.19</b>

**INTANGIBLE ASSETS:**

	Goodwill	Software	Patents and Copyrights	TOTAL
<b>Cost of Assets</b>				
As at 1st April, 2012	-	257.65	12.09	269.74
Addition	-	10.65	10.88	21.53
Disposal / Adjustments	-	(101.75)	-	(101.75)
<b>As at 31st March, 2013</b>	<b>-</b>	<b>370.05</b>	<b>22.97</b>	<b>393.02</b>
On Amalgamation	767.81	-	-	767.81
Addition	-	1.22	8.13	9.35
Disposal / Adjustments	-	-	-	-
<b>As at 31st March, 2014</b>	<b>767.81</b>	<b>371.27</b>	<b>31.10</b>	<b>1,170.18</b>
<b>Depreciation</b>				
As at 1st April 2012	-	53.72	1.40	55.12
Charge for the year	-	70.37	0.96	71.33
Disposal / Adjustments	-	(26.56)	-	(26.56)
<b>As at 31st March, 2013</b>	<b>-</b>	<b>150.65</b>	<b>2.36</b>	<b>153.01</b>
On Amalgamation	-	-	-	-
Charge for the year	153.56	0.04	1.40	155.00
Disposal / Adjustments	-	-	-	-
<b>As at 31st March, 2014</b>	<b>153.56</b>	<b>150.69</b>	<b>3.76</b>	<b>308.01</b>
<b>Net Block</b>				
<b>As at 31st March, 2013</b>	<b>-</b>	<b>219.40</b>	<b>20.61</b>	<b>240.01</b>
<b>As at 31st March, 2014</b>	<b>614.25</b>	<b>220.58</b>	<b>27.34</b>	<b>862.17</b>

\* Others includes Electrical Installations, Laboratory Equipments, Computer Hardware.

\* Leasehold land held by the Company is acquired from Kerala GIDC, Ahmedabad, Gujarat is in the nature of Perpetual Lease, hence no depreciation has been provided on such Leasehold Land.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**
**THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS**
**12. Non Current Investments:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
	<b>Trade Investments (Valued at Cost)</b>		
A	Investment in Equity Instrument		
1	INVESTMENT IN SUBSIDIARY COMPANIES :		
	(a) Fully paid Equity Shares (Quoted)		
	477661 Equity Shares of Welcast Steels Ltd. of ₹ 10 each fully paid up. (Previous year 456881 Equity Shares)	1,341.05	1,296.27
	(b) Fully paid Equity Shares (Unquoted)		
	NIL Equity Shares of DCPL Foundries Ltd. of ₹ 10 each fully paid up. (Previous year 1000000 Equity Shares)	-	100.25
	32,500 Equity Shares of Vega Industries (Middle East) FZE, U.A.E. of US\$ 10 each fully paid up (Previous year 32,500 Equity Shares)	149.39	149.39
2	INVESTMENT IN JOINT VENTURE : (Unquoted)		
	5000 Equity Shares of Polyex Minerals Pvt. Ltd. of ₹ 10 each fully paid up. (Previous year NIL Equity Shares)	0.50	-
3	INVESTMENT IN OTHER COMPANY : (Unquoted)		
	25 Equity Shares of Koramangla Properties Pvt. Ltd. of ₹ 100 each fully paid up (Previous year 25 Equity Shares)	0.03	0.03
B	INVESTMENT IN GOVERNMENT SECURITIES : (Unquoted)		
	National Savings Certificates	0.06	0.06
	<b>AGGREGATE</b>		
	<b>QUOTED</b>		
	<b>UNQUOTED</b>		
	Cost	134,105,220	14,997,376
	Previous Year	129,627,276	24,972,250
	Market Value	143,298,300	-
	Previous Year	120,982,089	-
	<b>Total</b>	<b>1,491.03</b>	<b>1,546.00</b>

**13. Long Term Loans and Advances:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
	<b>Unsecured, Considered Good unless otherwise stated :</b>		
1	Capital Advances	1,324.70	837.45
2	Other Loans & Advances		
	Loans and Advances to Staff	171.59	138.63
	<b>Total</b>	<b>1,496.29</b>	<b>976.08</b>

**14. Other Non Current Assets:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	<b>Long Term Trade Receivables</b>		
	Unsecured, Considered Good :		
		83.24	91.48
2	<b>Others *</b>	15.03	0.11
	<b>Total</b>	<b>98.27</b>	<b>91.59</b>

\* Others includes Bank FD more than 12 months and Interest Receivable thereon.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**15. Current Investments:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
	<b>Investment in Mutual Fund (Unquoted) (Valued at Cost unless otherwise stated)</b>		
1	HDFC Cash Management Fund Savings Plan 53102280.324 Units NAV of ₹ 10.6364 each (Previous year 3044612.769 Units NAV of ₹ 10.6364 each)	5,648.17	3,238.43
2	HDFC FMP 366 days March 2014 ( I ) 50000000 Units NAV of ₹ 10.0573 each (Previous year NIL Units NAV of ₹ NIL each)	5,000.00	-
3	HDFC Annual Internal Fund NIL Units NAV of ₹ NIL each (Previous year 50000000 Units NAV of ₹ 10.0437 each)	-	5,000.00
4	ICICI Prudential FMP Series 67 15919820 Units NAV of ₹ 10.8712 each (Previous year NIL Units NAV of ₹ NIL each)	1,591.98	-
5	ICICI Prudential Liquid Plan 5005955.391 Units NAV of ₹ 100.0662 each (Previous year NIL Units NAV of ₹ NIL each)	5,008.48	-
6	ICICI Prudential FMP Series 73-391 Days 50000007 Units NAV of ₹ 10.0798 each (Previous year NIL Units NAV of ₹ NIL each)	5,000.00	-
7	ICICI Prudential Interval Fund Quarterly -II Institutional Plan NIL Units NAV of ₹ NIL each (Previous year 15919820 Units NAV of ₹ 10 each)	-	1,591.98
8	State Bank of India Premier Liquid Fund 1328980.484 Units NAV of ₹ 1003.25 each (Previous year NIL Units NAV of ₹ NIL each)	13,333.00	-
9	State Bank of India Debit Fund Series A-11 385 Days 50000073.827 Units NAV of ₹ 10.069 each (Previous year NIL Units NAV of ₹ NIL each)	5,000.00	-
10	State Bank of India Debt Fund Series 366 Days NIL Units NAV of ₹ NIL each (Previous year 18900000 Units NAV of ₹ 10 each)	-	1,890.00
11	State Bank of India Magnum Insta Cash Fund NIL Units NAV of ₹ NIL each (Previous year 431212.990 Units NAV of ₹ 1009.91 each)	-	4,354.86
12	Birla Sunlife Cash Plus 4992712.341 Units NAV of ₹ 100.3288 each (Previous year NIL Units NAV of ₹ NIL each)	5,002.45	-
13	Birla Sunlife Quarterly Internal Fund Series-1 15259083.274 Units NAV of ₹ 10.1059 each (Previous year NIL Units NAV of ₹ NIL each)	1,526.99	-
14	Birla Sunlife Fixed Term Plan Series K 30238898 Units NAV of ₹ 10.0683 each (Previous year NIL Units NAV of ₹ NIL each)	3,023.89	-
15	Birla Sunlife Internal Income Fund Institutional Plan NIL Units NAV of ₹ NIL each (Previous year 15826102 Units NAV of ₹ 10.0338 each)	-	1,582.61
	<b>AGGREGATE</b>	<b>QUOTED</b>	<b>UNQUOTED</b>
	Cost	-	50,134.96
	Previous Year	-	17,657.88
	Market Value	-	50,419.90
	Previous Year	-	17,685.08
	<b>Total</b>	<b>50,134.96</b>	<b>17,657.88</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**16. Inventories:**

Sr. No	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
	(As taken, valued & certified by the Management) (At lower of cost or Net Realisable Value)		
1	Raw Materials	6,036.02	7,284.23
2	Raw Materials in Transit	2,073.17	912.77
3	Work in Progress	8,472.28	7,699.38
4	Stores & Spares	5,352.86	4,643.93
5	Stores & Spares in Transit	5.92	423.98
	<b>Total</b>	<b>21,940.25</b>	<b>20,964.29</b>

**17. Trade Receivables:**

Sr. No	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
	<b>Unsecured, considered Good : *</b>		
	Outstanding for more than six months	883.24	1,279.25
	Others	21,252.89	22,073.06
	(*) Includes Receivables from :		
	Maximum due during the year		
	Welcast Steels Ltd.	34.88	-
	Previous Year	345.17	-
	DCPL Foundries Ltd.	-	31.98
	Previous Year	32.05	-
	Vega Industries (Middle East) FZE, U.A.E.	15,760.93	11,573.33
	Previous Year	23,651.65	10,946.91
	Vega Industries Ltd., U.K.	65.84	65.84
	Previous Year	19.23	19.23
	<b>Total</b>	<b>22,136.13</b>	<b>23,352.31</b>

**18. Cash & Bank balances:**

Sr. No	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	<b>Cash &amp; Cash Equivalent</b>		
	(a) Balances with Schedule Banks	4,346.50	11,849.21
	(b) Cash on Hand	6.68	4.33
	(c) Others		
	- In Fixed Deposits	3,657.39	8,764.51
	<b>Sub Total (A)</b>	<b>8,010.57</b>	<b>20,618.05</b>
2	<b>Other Bank Balances</b>		
	(a) Fixed Deposits with Banks		
	- Less than 12 months	283.74	235.80
	- More than 12 months	12.99	0.11
	(b) Earmarked balances with Banks (Unpaid Dividend)	4.45	4.16
		<b>301.18</b>	<b>240.07</b>
	<b>Less : Bank Fixed Deposits for more than 12 months transferred to Non Current Assets</b>	(12.99)	(0.11)
	<b>Sub Total (B)</b>	<b>288.19</b>	<b>239.96</b>
	<b>Total (A+B)</b>	<b>8,298.76</b>	<b>20,858.01</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**19. Short Terms Loans and Advances:**

Sr. No	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	<b>Unsecured, considered Good :</b>		
	<b>Loans &amp; Advances to related parties : (Refer Note No.31) *</b>	-	2,410.70
	(*) Includes Receivables from : Maximum due during the year		
	Welcast Steels Ltd. 2,240.63	-	380.63
	Previous Year 2,326.11		
	DCPL Foundries Ltd. -	-	2,030.07
	Previous Year 2,030.07		
2	<b>Others :</b>		
	Advances to suppliers	1,932.16	1,002.34
	Prepaid Expenses	1,13.34	96.40
	Sundry Deposits and Advances	583.80	630.50
	Security Deposit *	-	3,924.02
	Balance with Statutory / Government authorities	12,801.51	12,160.70
	Loans and Advances to Staff	138.37	127.58
	Hedging Instruments	1,234.73	-
	<b>Total</b>	<b>16,803.91</b>	<b>20,352.24</b>

\* Security Deposit of US \$ 7228544.64 was placed in the District Court of Nashville, Tennessee U.S.A. for the execution of judgement awarded in Patent Matter. During the year out of the above, Company has paid US \$ 6000000 (₹ 3111 Lacs) to Magotteaux International (MI), Belgium towards the Settlement of US Patent case as per the Settlement Agreement entered by the Company with the MI and the balance has been received by the Company.

**20. Other Current Assets:**

Sr. No	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	Interest Accrued on Investments	24.72	80.61
	<b>Total</b>	<b>24.72</b>	<b>80.61</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**21. Revenue from Operations:**

Sr. No	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
1	<b>Revenue from Operations</b>		
	<b>Sale of Products - High Chrome Mill Internals (Castings)</b>		
	Domestic Sales	49,022.92	48,928.24
	Export Sales	122,970.36	103,394.24
		171,993.28	152,322.48
2	<b>Other Operating Revenue</b>		
	Exports Incentives	6,307.77	6,281.18
	<b>Total</b>	<b>178,301.05</b>	<b>158,603.66</b>

**22. Other Income:**

Sr. No	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
1	Interest #	160.05	247.84
2	Dividend from Mutual Funds (Current Investment)	1,762.47	1,027.66
3	Dividend from Subsidiary (Trade Investment)	22.84	18.28
4	Profit on Sale of Mutual Fund Units (Current Investment)	877.55	308.93
5	Other Non Operating Income		
	- Profit on Sale of Fixed Assets	36.18	4.64
	- Insurance Claim received	32.65	36.45
	- Miscellaneous Receipts	185.87	105.52
	- Service Tax draw back Income	93.23	88.87
	- Sales Tax refund	36.24	15.80
	- Sundry balances written back	49.79	79.07
	<b>Total</b>	<b>3,256.87</b>	<b>1,933.06</b>

# Interest amount mainly includes Interest on Fixed Deposits, Staff Loan and Refund of Income tax.

**23. Cost of Materials Consumed:**

Sr. No	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
	Opening Stock	8,197.00	3,708.16
	Add : Purchases	57,765.95	55,884.08
	= Sub Total	65,962.95	59,592.24
	Less: Closing Stock	8,109.19	8,197.00
	<b>Total</b>	<b>57,853.76</b>	<b>51,395.24</b>

**24. Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade:**

Sr. No	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
1	Opening Stock : Work in Progress	7,699.38	8,172.83
	Less :		
2	Closing Stock : Work in Progress	8,472.28	7,699.38
	<b>Total</b>	<b>(772.90)</b>	<b>473.45</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**25. Employee Benefits Expense:**

Sr. No	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
1	Salaries, Wages and Bonus	5,151.07	4,670.49
2	Contribution to Provident Fund / ESIC / Gratuity	436.21	472.66
3	Staff Welfare Expenses	83.42	44.07
	<b>Total</b>	<b>5,670.70</b>	<b>5,187.22</b>

25.1 As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below:

**Defined Contribution Plan:**

Contribution to Defined Contribution Plan, recognised as expense for the year is as under:

	2013-14 ₹ Lacs	2012-13 ₹ Lacs
Employer's Contribution to Provident Fund	268.90	234.76

**Defined Benefit Plan:**

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.

**Reconciliation of opening and closing balances of Defined Benefit obligation:**

	2013-14 ₹ Lacs	2012-13 ₹ Lacs	2013-14 ₹ Lacs	2012-13 ₹ Lacs
	<b>Gratuity (Funded)</b>		<b>Leave Encashment (Unfunded)</b>	
Defined Benefit obligation at beginning of the year	1,019.80	831.49	415.16	298.03
Current Service Cost	84.62	78.01	51.35	49.27
Interest Cost	78.81	68.60	31.25	23.31
Actuarial (Gain)/Loss	8.25	88.10	(27.82)	90.02
Benefits paid	(93.74)	(48.79)	(58.72)	(47.61)
Defined Benefit obligation at year end	1,097.74	1,017.41	411.22	413.02

**Reconciliation of opening and closing balances of fair value of plan assets:**

	2013-14 ₹ Lacs	2012-13 ₹ Lacs	2013-14 ₹ Lacs	2012-13 ₹ Lacs
	<b>Gratuity (Funded)</b>		<b>Leave Encashment (Unfunded)</b>	
Fair value of plan assets at beginning of the year	853.13	737.25	Not applicable as leave Liability is not funded	
Expected return on plan assets	77.74	64.60		
Actuarial Gain/(Loss)	7.77	5.83		
Employer contribution	164.28	94.24		
Benefits paid	(93.74)	(48.79)		
Fair Value of plan assets at year end	1,009.18	853.13		
Actual return on plan assets	85.51	70.43		

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**Reconciliation of fair value of assets and obligations:**

	2013-14 ₹ Lacs	2012-13 ₹ Lacs	2013-14 ₹ Lacs	2012-13 ₹ Lacs
	Gratuity (Funded)		Leave Encashment (Unfunded)	
Fair value of plan assets	1,009.18	853.13	-	-
Present value of obligation	1,097.74	1,017.41	411.22	413.02
Amount recognized in Balance Sheet	88.56	164.28	411.22	413.02

**Expense recognised during the year:**

	2013-14 ₹ Lacs	2012-13 ₹ Lacs	2013-14 ₹ Lacs	2012-13 ₹ Lacs
	Gratuity (Funded)		Leave Encashment (Unfunded)	
Current Service Cost	84.62	78.01	51.35	49.27
Interest Cost	78.81	68.60	31.25	23.31
Expected return on plan assets	(77.74)	(64.60)	-	-
Actuarial (Gain)/Loss	0.48	82.27	(27.82)	90.02
Net cost	86.17	164.28	54.78	162.60

**Investment Details:**

	2013-14	2012-13	2013-14	2012-13
	Gratuity (Funded)		Leave Encashment (Unfunded)	
Government of India Securities	9%	11%	Not applicable as leave Liability is not funded	
Public Securities	14%	22%		
State Government Securities	3%	4%		
Insurance Policies	66%	61%		
Others	8%	2%		

**Actuarial assumptions:**

	2013-14	2012-13	2013-14	2012-13
	Gratuity (Funded)		Leave Encashment (Unfunded)	
Mortality Table	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)	LIC (1994-96)
Discount rate	9.10%	8.10%	9.10%	8.10%
Expected rate of return	8.75%	8.50%	-	-
Rate of escalation in salary	8.00%	7.00%	8.00%	7.00%

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

Amount for the current and previous four periods are as follows:

₹ Lacs

	31st March, 2014	31st March, 2013	31st March, 2012	31st March, 2011	31st March, 2010
<b>Gratuity (Funded)</b>					
Defined Benefit obligation	1,097.74	1,017.41	831.49	734.85	599.31
Plan Assets	1,009.18	853.13	737.25	627.64	594.89
Surplus / (Deficit)	86.17	164.28	94.24	107.21	4.42
Experience adjustments on plan liability	18.38	55.69	65.68	47.71	20.59
Experience adjustments on plan assets	(7.77)	(5.83)	(8.92)	(6.35)	15.04
<b>Leave Encashment (Unfunded)</b>					
Defined Benefit obligation	411.22	413.02	298.03	251.78	235.71
Experience adjustments on plan liability	(27.97)	74.57	42.14	33.55	42.44

Company's estimate of Contributions expected to be paid during Financial Year 2014-15 is as under:

(i) Defined Contribution Plan :

- Employer's contribution to Provident Fund : 12% of Basic Salary

(ii) Defined Investment Plan :

(a) Gratuity ₹ in Lacs : 86.17

(b) Leave encashment : Not applicable as Leave Liability is not funded

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.

**26. Finance Costs:**

Sr. No	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
1	Interest Expense		
	- For Short Term Borrowings	128.47	71.38
	- For Income Tax	202.00	84.00
	- For Others	9.86	6.44
2	Other Borrowing Costs	2.69	0.23
3	Applicable net loss on foreign currency transactions and translation	231.05	243.88
	<b>Total</b>	<b>574.07</b>	<b>405.93</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**27. Other Expenses:**

Sr. No	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
1	<b>Manufacturing Expenses</b>		
	Consumption of Stores		
	Opening Stock	5,067.91	4,329.49
	Add : Purchases	17,048.77	19,333.17
	= Sub Total	22,116.68	23,662.66
	Less : Closing Stock	5,358.78	5,067.91
		16,757.90	18,594.75
	Power and Fuel	14,424.34	13,994.22
	Labour Charges	4,580.30	4,198.75
	Freight Inward, Octroi, Coolies and Cartages	1,000.63	1,261.32
	Repairs and Maintenance		
	- To Buildings	120.63	124.35
	- To Plant and Machineries	402.54	451.62
	- To Other Assets	147.14	160.43
	Rent Expenses	80.46	61.98
2	<b>Selling and Distribution Expenses</b>		
	Freight Outward, Coolies and Cartages	7,056.13	7,012.33
	Commission Expenses	88.65	139.68
	Traveling Expenses		
	- For Directors	15.22	17.39
	- For Staff and Guests	307.85	308.65
	Sales Promotion / Gift Expenses	39.27	26.81
	Advertisement Expenses	12.76	13.96
	Product Warranty Expenses	36.03	419.12
	Late Delivery Charges	9.81	100.09
	Bad Debts	8.57	69.95
	Central Excise Duty and CVD	35.69	28.17
	Sales Tax	4.11	2.28
3	<b>Administrative Expenses</b>		
	Insurance Premium Expenses	205.89	177.98
	Rent Expenses	31.04	18.78
	Rates and Taxes	44.98	26.24
	Service Charges	3.60	3.20
	Directors' Sitting Fees	2.50	2.95
	Payments to Auditors		
	- As Auditor		
	Statutory Audit Fees	13.00	11.00
	Tax Audit Fees	1.50	1.00
	- For Other Services	2.49	5.35
	Legal and Professional Consultancy Fees	725.38	1,588.92
	Bank Commission Charges	137.89	158.21



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**27. Other Expenses: (Contd...)**

Sr. No	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
3	<b>Administrative Expenses (Contd...)</b>		
	Printing and Stationery Expenses	26.33	25.14
	Postage, Telephones, Courier, Internet & E-mail	105.91	98.02
	Computer Expenses	1.27	0.88
	Vehicle Repairs and Maintenance	85.50	81.74
	Conveyance Expenses	161.35	130.50
	Security Expenses	382.99	275.05
	Subscription and Membership Fees	10.47	11.92
	Entertainment Expenses	13.90	12.18
	Donation Expenses	28.94	2.69
	Seminar Expenses	8.39	7.93
	License Fees	3.70	3.99
	Inspection Charges	14.96	17.36
	Water Charges	30.12	34.75
	Office Expenses	29.34	18.69
	Electricity Expenses	7.59	6.16
	Tender Fees	2.88	1.69
	Service Tax	31.64	32.20
	Garden Expenses	10.49	16.83
	Festival Celebration Expenses	18.75	18.72
	Factory GVMM / GIDC Administrative Charges	20.49	14.47
	Plantation (under CSR) Expenses	7.08	14.28
	Recruitment and Training Expenses	7.57	3.05
	Loss on Exchange Rate Fluctuation	1,423.50	2,443.42
	Loss on Sale of Fixed Assets	11.47	11.83
	General / Miscellaneous Expenses	45.63	110.66
	<b>Total</b>	<b>48,786.56</b>	<b>52,373.63</b>

**27.1 C. I. F. Value of Imports:**

		2013-14 ₹ Lacs	2012-13 ₹ Lacs
1	Raw Materials - Scrap	4,813.43	6,573.68
2	Raw Materials - Ferro Alloys	6,809.91	5,339.53
3	Stores	2,850.82	4,142.87
4	Capital Goods	1,959.69	2,619.38

**27.2 Expenditure in Foreign Currency:**

		2013-14 ₹ Lacs	2012-13 ₹ Lacs
1	Travelling Expenses	173.72	121.30
2	Legal and Professional Consultancy Fees	185.46	374.49
3	Bank Charges	18.80	15.02
4	Subscription and Membership Fees	2.96	4.17
5	Compensation for Dismissal of Litigation	3,111.00	-
6	Others	22.23	11.35
	<b>Total</b>	<b>3,514.17</b>	<b>526.33</b>



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**27.3 Value of Imported and Indigenous Raw Materials, Stores & Spares consumed and percentage thereof:**

		2013-14 ₹ Lacs	2012-13 ₹ Lacs
a)	<b>Raw Materials</b>		
	1 Imported - Scrap	6,590.01	5,396.92
	Percentage	11.39%	10.50%
	2 Imported - Ferro Alloys	7,863.19	4,434.33
	Percentage	13.59%	8.63%
	3 Indigenous - Scrap	24,877.79	23,922.88
	Percentage	43.00%	46.55%
	4 Indigenous - Ferro Alloys	18,522.78	17,641.11
	Percentage	32.02%	34.32%
	<b>Total</b>	<b>57,853.77</b>	<b>51,395.24</b>
b)	<b>Stores &amp; Spares</b>		
	1 Imported	2,019.03	3,652.23
	Percentage	12.05%	19.64%
	2 Indigenous	14,738.87	14,942.52
	Percentage	87.95%	80.36%
	<b>Total</b>	<b>16,757.90</b>	<b>18,594.75</b>

**27.4 Earning in Foreign Exchange**

		2013-14 ₹ Lacs	2012-13 ₹ Lacs
1	Export of Goods	122,970.36	103,394.24
2	Miscellaneous Receipts (Corporate Guarantee Charges recovered)	133.82	56.10
	<b>Total</b>	<b>123,104.18</b>	<b>103,450.34</b>

**28. Current Tax:**

Sr. No	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
1	Current Tax	12,898.00	7,466.00
2	Short/(Excess) Provision for earlier years	1.26	(10.12)
	<b>Total</b>	<b>12,899.26</b>	<b>7,455.88</b>

**29. Earning Per Share:**

Sr. No	Particulars		Year ended 31st March, 2014	Year ended 31st March, 2013
1	Net Profit attributable to the Equity Shareholders( ₹ Lacs)	A	28,503.93	16910.35
2	Weighted average number of Equity Shares outstanding during the period (Nos.)	B	94,320,370	94,320,370
3	Nominal value of Equity Shares (₹)		2	2
4	Basic/Diluted Earnings per Share (₹)	A / B	30.22	17.93

**30. Amalgamation of DCPL Foundries Ltd.**

Scheme of Amalgamation of DCPL Foundries Ltd. (DCPL) with the Company, a wholly - owned Subsidiary of the Company, has been sanctioned by the Hon'able High Court of Gujarat, Ahmedabad vide its order dated 4<sup>th</sup> April, 2014 (a copy of the order received on 2<sup>nd</sup> May, 2014).

The Scheme of Amalgamation has become effective from 3<sup>rd</sup> May, 2014 and has been implemented with effect from the Appointed Date i.e. 1<sup>st</sup> April, 2013. The principal business of DCPL was to manufacture of Alloy Steel Castings. The Assets and Liabilities of the erstwhile DCPL were transferred and vested in the company with effect from the appointed date and accordingly was given effect in the accounts. DCPL being Wholly-owned Subsidiary of the Company, all the 1000000 Equity Shares of ₹ 10 each held by the Company in the erstwhile DCPL have been cancelled.

The Amalgamation has been accounted for under the "Purchase Method" as prescribed by Accounting Standard 14 (AS-14) "Accounting of Amalgamations". The difference of ₹ 76,780,684 between the value of net assets taken over and the Cost of investment of the Company in the Shares of DCPL has been debited to Goodwill Account, which will be amortized over a period of five years.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**31. Related party disclosures under Accounting Standard 18:****(i) Subsidiaries:**

- 1 Welcast Steels Limited, Bangalore, India
- 2 Vega Industries (Middle East) FZE, U.A.E.
- 3 Vega Industries Ltd., U.K.
- 4 Vega Industries Ltd., U.S.A.
- 5 Vega Steel Industries (RSA) Proprietary Ltd., South Africa
- 6 Wuxi Weigejia Trade Co. Ltd., China

**(ii) Relatives of Key Management Personnel:**

- 1 Mrs. Giraben K. Shah
- 2 Mrs. Gitaben B. Shah
- 3 AB Tradelink Ltd.
- 4 Powertec Engineering Pvt. Ltd.

**(iii) Key Management Personnel:**

- 1 Mr. Bhadresh K. Shah (Managing Director)
- 2 Mr. Yashwantbhai M. Patel (Whole-time Director)
- 3 Dr. S. Srikumar (Non Executive Director)

**Disclosures of Transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2014:**

₹ Lacs

Sr. No	Nature of Transactions	Subsidiaries	Relatives of Key Management Personnel	Management Personnel
1	Revenue from Operations	121,888.01	-	-
2	Miscellaneous receipt of Income	133.82	-	-
3	Purchase of Goods	23,199.87	-	-
4	Purchase of Stores and Spares	1,669.91	-	-
5	Recovery of Travelling Expenses	243.98	-	-
6	Commission Expense on Purchases	-	41.46	-
7	Legal and Professional Consultancy Fees	-	33.82	-
8	Salary and Bonus Expenses	-	1.44	-
9	Rent, Rates & Taxes Expenses	-	1.46	-
10	Repairs & Maintenance of Equipments	-	13.03	-
11	Travelling Expenses	-	1.81	-
12	Professional Tax	0.12	-	-
13	Dividend received	22.84	-	-
14	Directors' Remuneration and perquisites	-	-	93.12
	<b>GRAND TOTAL</b>	<b>147,158.55</b>	<b>93.02</b>	<b>93.12</b>
	<b>Balance Outstanding at the year end (Receivable)</b>	<b>11,639.17</b>	<b>0.84</b>	<b>-</b>
	<b>Balance Outstanding at the year end (Payable)</b>	<b>-</b>	<b>3.63</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**
**THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS**
**Disclosures in respect of transactions which are more than 10% of the total transactions of the same type with related parties during the year:**

Sr.No.	Description	Related Parties	₹ Lacs
1	Revenue from Operations	Vega Industries (Middle East) FZE, U.A.E.	121,759.52
		Welcast Steels Limited	128.49
2	Miscellaneous receipt of Income	Vega Industries (Middle East) FZE, U.A.E.	67.98
		Vega Industries Limited, U.K.	65.84
3	Purchase of Goods	Welcast Steels Limited	23,199.87
4	Purchase of Stores and Spares	Vega Industries (Middle East) FZE, U.A.E.	1,600.05
		Vega Industries Limited, U.S.A.	69.86
5	Recovery of Travelling Expenses	Vega Industries (Middle East) FZE, U.A.E.	243.98
6	Commission Expense on Purchases	AB Tradelink Limited	41.46
7	Legal and Professional Consultancy Fees	Powertec Engineering Private Limited	33.82
8	Salary and Bonus Expenses	Mrs. Gitaben B. Shah	1.44
9	Rent, Rates & Taxes Expenses	Mrs. Giraben K. Shah	1.46
10	Repairs & Maintenance of Equipments	Powertec Engineering Private Limited	13.03
11	Travelling Expenses	AB Tradelink Limited	1.81
12	Professional Tax	Welcast Steels Limited	0.12
13	Dividend received	Welcast Steels Limited	22.84
14	Directors' Remuneration and perquisites	Mr. Bhadresh K. Shah	85.60

32. Based on the guiding principles given in Accounting Standard on "Segment Reporting" (AS-17) issued by the Institute of Chartered Accountants of India, 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 as far as Primary Segment is concerned.

**Information about Secondary Geographical Segments:**

Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
<b>Revenue by Geographical Segment</b>		
India	58,453.73	57,086.38
Outside India	123,104.18	103,450.35
<b>Addition to Fixed Assets and Intangible Assets</b>		
India	4,124.75	5,472.36
Outside India	-	-
<b>Carrying amount of Fixed Assets (Net)</b>		
India	46,653.49	37,072.62
Outside India	-	-

**Notes:**

- Geographical Segments considered for disclosures are as follows :
  - Sales within India includes Sales to Customers located within India.
  - Sales Outside India includes Sales to Customers located outside India.
- Revenue comprises

Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
Revenue from operations	178,301.05	158,603.66
Other income	3,256.87	1,933.06



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**33. Contingent Liabilities and Commitments (To the extent not provided for):**

Particulars		As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1.	Contingent Liabilities:		
a.	Claims against the Company not acknowledged as debts		
	i) Central Excise & Service Tax	3,698.49	1,642.65
	ii) Income Tax	4,977.25	-
	iii) Sales Tax / Central Sales Tax	19.77	48.21
	iv) Award of Damages in Patent matter by District Court of Nashville, Tennessee, U.S.A., which is disputed by the Company (US\$ 7228544.64)	-	3,924.02
	v) Others	628.32	-
b.	Guarantees		
	i) Bank Guarantees Outstanding	6,921.40	6,676.93
	ii) Corporate Guarantees Outstanding to Customers	5,566.94	991.61
	iii) Guarantees given by the Company on behalf of Subsidiaries	3,490.51	2,612.15
	iv) Corporate Guarantees given by the Company on behalf of Subsidiaries	2,033.05	1,837.49
	v) Letter of Credit (L/C)	765.58	2,182.39
2.	Commitments :		
	Estimated amount of Contracts remaining to be executed on Capital Account and not provided for.	939.58	2,633.51
	<b>Total</b>	<b>29,040.89</b>	<b>22,548.96</b>

**34. Derivative Instruments:**

**a) Derivatives outstanding as at the Balance Sheet date:**

Currency	Exposure to Buy / Sell	No. of contracts	As at the year ended	
			₹ Lacs	Foreign currency
US Dollar	Sell	186	31,082.19	51,750,000
Euro	Sell	35	11,999.29	14,500,000
ZAR	Sell	2	5,69.99	10,000,000
(Previous year)	Sell	(5)	-	-

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 (Contd...)**
**THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS**
**b) Foreign currency exposure at the year end not hedged by derivative instruments:**

Particulars	As at 31st March, 2014	As at 31st March, 2013
<b>Payables against import of goods and services</b>		
Rupees in Lacs	20.09	903.95
US Dollar	18,551.00	1,602,718.00
Euro	4,952.00	12,833.00
GBP	4,718.00	30,307.00
<b>Advance payment to suppliers and for Expenses</b>		
Rupees in Lacs	822.72	1,016.54
US Dollar	918,248.00	1,406,153.00
Euro	300,597.00	364,093.00
Switzerland Francs	-	300.00
ZAR	94,500.00	-

The Company enters in to derivative contracts strictly for hedging purposes and not for trading or speculation. The Company has voluntarily adopted Accounting Standard (AS) 30 "Financial Instruments" : Recognition and Measurement" to the extent the standard does not conflict with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956. Pursuant to the adoption, the Net Gain on foreign currency forwards and Interest rate swap of ₹ 946.45 lacs as required by AS-30 has been parked in the Cash Flow Hedging Reserve under Reserves & Surplus. This gain would be recycled in the Statement of Profit and Loss / Fixed Assets in the period during which the forecasted transactions occurs.

35. Previous Year's figures have been regrouped / reclassified wherever necessary to confirm to current year presentation. The figures for the previous year do not include figures for the erstwhile DCPL and accordingly the current year's figures are not comparable to those of the previous year.

Signature to Notes 1 to 35

As per our report of even date attached.

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

**ANAND SHARMA**  
 Partner  
 Membership No. 129033  
 Place : AHMEDABAD  
 Date : 20th May, 2014

For and on behalf of the Board of Directors,

**(RAJENDRA S. SHAH)**    **(BHADRESH K. SHAH)**    **(YASHWANT M. PATEL)**  
*Chairman*                      *Managing Director*                      *Whole-time Director*
**(KUNAL D. SHAH)**                      **(S. N. JETHELIYA)**  
*Executive Director (Finance)*                      *Company Secretary*

 Place : AHMEDABAD  
 Date : 20th May, 2014



**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO THE SUBSIDIARY COMPANIES**

Sr. No.	Name of the Subsidiary Company	Welcast Steels Limited, Bangalore	Vega Industries (Middle East) F.Z.E., UAE	Vega Industries Ltd., U.K.	Vega Industries Ltd., U.S.A.	Vega Steel Industries (RSA) Proprietary Ltd., South Africa	Wuxi Weigejia Trade Co. Ltd., China
1.	The Financial Year of the Subsidiary Company ended on	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014	31.03.2014
2. (a)	No. of Equity Shares held by AIA Engineering Ltd. in the Subsidiary as at the end of the Financial Year of the Subsidiary.	477661 Equity Shares of ₹ 10 each fully paid-up	32500 Shares of US\$ 10 each fully paid-up	10000 Ordinary Shares of Pound 1 each fully paid-up	50000 Shares of US \$ 1 each fully paid-up	100 Shares of Rand 1 each fully paid-up	-
(b)	Capital and Reserves of Subsidiary at the end of the Financial Year of Subsidiary						
	i) Capital	₹ 63.84 Lacs	US \$ 3,25,000	£ 10,000	US \$ 50,000	R 100	CNY 19,15,998
	ii) Reserves and Surplus	₹ 3,041.46 Lacs	US \$ 6,29,51,651	£ 35,49,604	US \$ 9,81,993	R (23,81,647)	CNY (2,99,084)
(c)	Extent of interest of AIA Engineering Ltd. in the Equity Capital of the Subsidiary at the end of the Financial Year of the Subsidiary.	74.85%	100%	100% By Vega Industries (Middle East) F.Z.E., UAE	100% By Vega Industries Ltd., U.K.	100% By Vega Industries (Middle East) F.Z.E., UAE	100% By Vega Industries (Middle East) F.Z.E., UAE
3.	The net aggregate amount of Profits of the Subsidiary so far as they concern the members of AIA Engineering Ltd.						
(a)	Not dealt with in the accounts of AIA Engineering Ltd.						
*	For the Subsidiary's Financial Year ended on 31st March, 2014.	₹ 297.99 Lacs	US \$ 74,02,639	£ 6,84,859	US \$ (16,044)	R 1,541,529	CNY 80,017
*	For the previous Financial Years of the Subsidiary since it became the Subsidiary of AIA Engineering Ltd.	₹ 2,030.90 Lacs	US \$ 5,55,49,012	£ 27,81,547	US \$ 8,97,363	R (39,23,176)	CNY (379,101)
(b)	Dealt with in the accounts of AIA Engineering Ltd.						
*	For the Subsidiary's Financial Year ended on 31st March, 2014.	-	-	-	-	-	-
*	For previous Financial Years of the Subsidiary since it became the Subsidiary of AIA Engineering Ltd.	-	-	-	-	-	-

Place : Ahmedabad  
 Date : 20<sup>th</sup> May, 2014

(RAJENDRA S. SHAH) Chairman  
 (BHADRESH K. SHAH) Managing Director  
 (YASHWANT M. PATEL) Whole-time Director  
 (KUNAL D. SHAH) Executive Director (Finance)  
 (S. N. JETHALIYA) Company Secretary

**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To,  
The Board of Directors,  
AIA Engineering Limited, Ahmedabad

**Report on Consolidated Financial Statements**

We have audited the accompanying Consolidated Financial Statements of AIA Engineering Limited ("the Company") and its Subsidiaries (collectively referred as "Group"), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2014, and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of Significant Accounting Policies and other explanatory information.

**Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular No. 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other Auditors on the Financial Statements / Consolidated Financial Statements of the Subsidiaries as noted below, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31<sup>st</sup> March, 2014;
- (b) In the case of the Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and
- (c) In the case of the Consolidated Cash Flow Statement, of the Cash Flows for the year ended on that date.

**Other Matter**

We did not audit the Financial Statements / Consolidated Financial Statements of Subsidiaries viz Welcast Steels Limited, Bangalore, Vega Industries (Middle East) F.Z.E, UAE, Vega Industries Limited, U.K, Vega Industries Limited, U.S.A, Vega Steel Industries (RSA) Proprietary Limited, South Africa and Wuxi Weigejia Trade Co. Limited, China whose Financial Statements reflect Total Assets (net) of ₹ 67,332.05 Lacs as at 31<sup>st</sup> March, 2014, Total Revenues (net) of ₹ 175,255.84 Lacs and net cash flows amounting to ₹ 6,648.12 Lacs for the year ended on that date. These Financial Statements / Consolidated Financial Statements have been audited by other Auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other Auditors.

Our opinion is not qualified in respect of other matters.

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

**(Anand Sharma)**  
Partner  
Membership No. 129033

Place : AHMEDABAD  
Date : 20<sup>th</sup> May, 2014



# AIA ENGINEERING LIMITED - CONSOLIDATED

## CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2014

Particulars	Note No.	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
<b>I. EQUITY AND LIABILITIES:</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	2	1,886.41	1,886.41
(b) Reserves and Surplus	3	171,997.55	139,893.79
		<b>173,883.96</b>	<b>141,780.20</b>
<b>(2) Minority Interest</b>			
		781.01	808.41
<b>(3) Non-Current Liabilities</b>			
(a) Long-Term Borrowings	4	8,671.76	10,632.66
(b) Deferred Tax Liabilities (Net)	5	1,995.92	1,320.79
(c) Long Term Provisions	6	646.05	590.11
		<b>11,313.73</b>	<b>12,543.56</b>
<b>(4) Current Liabilities</b>			
(a) Short-Term Borrowings	7	325.00	5,243.33
(b) Trade Payables	8	13,289.94	11,263.58
(c) Other Current Liabilities	9	11,611.27	5,323.05
(d) Short-Term Provisions	10	12,084.68	7,503.59
		<b>37,310.89</b>	<b>29,333.55</b>
<b>Total</b>		<b>223,289.59</b>	<b>184,465.72</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets	11		
(i) Tangible Assets		36,515.47	36,049.67
(ii) Intangible Assets		2,349.53	1,666.92
(iii) Capital Work in Progress		9,976.19	3,157.44
(b) Non-Current Investments	12	0.60	739.63
(c) Long Term Loans and Advances	13	2,118.15	1,645.92
(d) Other Non-Current Assets	14	98.36	373.38
		<b>51,058.30</b>	<b>43,632.96</b>
<b>(2) Current Assets</b>			
(a) Current Investments	15	52,909.35	18,670.35
(b) Inventories	16	35,077.41	40,298.14
(c) Trade Receivables	17	43,148.15	34,007.17
(d) Cash and Bank balances	18	21,976.36	27,913.56
(e) Short Term Loans and Advances	19	19,087.70	19,836.75
(f) Other Current Assets	20	32.32	106.79
		<b>172,231.29</b>	<b>140,832.76</b>
<b>Total</b>		<b>223,289.59</b>	<b>184,465.72</b>

The accompanying Notes 1 to 39 are integral part of these Financial Statements.

As per our report of even date attached.

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

**ANAND SHARMA**  
Partner  
Membership No. 129033  
Place : AHMEDABAD  
Date : 20th May, 2014

For and on behalf of the Board of Directors,

**(RAJENDRA S. SHAH)** **(BHADRESH K. SHAH)** **(YASHWANT M. PATEL)**  
Chairman Managing Director Whole-time Director

**(KUNAL D. SHAH)** **(S. N. JETHELIYA)**  
Executive Director (Finance) Company Secretary

Place : AHMEDABAD  
Date : 20th May, 2014



**CONSOLIDATED STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2014**

Particulars	Note No.	Year Ended 31st March, 2014 ₹ Lacs	Year Ended 31st March, 2013 ₹ Lacs
<b>I.</b> Revenue from Operations	21	216,162.11	183,699.77
Less : Central Excise Duty		8,154.28	8,568.70
Revenue from Operations (Net)		208,007.83	175,131.07
<b>II.</b> Other Income	22	3,341.49	2,131.94
<b>III. Total Revenue (I +II)</b>		<b>211,349.32</b>	<b>177,263.01</b>
<b>IV. Expenses:</b>			
Cost of Materials Consumed	23	72,681.49	68,593.16
Changes in Inventories of Finished goods, Work-in-progress and Stock-in-Trade	24	6,958.68	(3,163.26)
Employee Benefits Expense	25	8,883.53	8,089.34
Finance Costs	26	636.45	633.85
Depreciation and Amortisation Expense	27	3,814.22	3,448.40
Other Expenses	28	69,269.67	70,588.03
<b>Total Expenses (IV)</b>		<b>162,244.04</b>	<b>148,189.52</b>
<b>V.</b> Profit Before Exceptional Items and Tax (III - IV)		<b>49,105.28</b>	<b>29,073.49</b>
<b>VI.</b> Exceptional Items (Refer Note No.19)		3,111.00	-
<b>VII.</b> Profit Before Tax (V - VI)		<b>45,994.28</b>	<b>29,073.49</b>
<b>VIII. Tax Expenses:</b>			
(1) Current Tax	29	13,254.74	7,795.21
(2) Deferred Tax		167.62	115.95
		<b>13,422.36</b>	<b>7,911.16</b>
<b>IX.</b> Profit for the period before Minority Interest (VII - VIII)		<b>32,571.92</b>	<b>21,162.33</b>
<b>X.</b> Minority Interest		74.94	80.37
<b>XI.</b> Profit for the period after adjustment of Minority Interest (IX-X)		<b>32,496.98</b>	<b>21,081.96</b>
<b>XII.</b> Earnings per Equity Share (Face Value of ₹ 2 each)			
Basic and Diluted (₹)	30	34.45	22.35

**The accompanying Notes 1 to 39 are integral part of these Financial Statements.**

As per our report of even date attached.

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

**ANAND SHARMA**  
 Partner  
 Membership No. 129033  
 Place : AHMEDABAD  
 Date : 20th May, 2014

For and on behalf of the Board of Directors,

**(RAJENDRA S. SHAH)** **(BHADRESH K. SHAH)** **(YASHWANT M. PATEL)**  
 Chairman Managing Director Whole-time Director

**(KUNAL D. SHAH)** **(S. N. JETHELIYA)**  
 Executive Director (Finance) Company Secretary

 Place : AHMEDABAD  
 Date : 20th May, 2014



# AIA ENGINEERING LIMITED - CONSOLIDATED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2014

Particulars	For the Year 2013-14 ₹ Lacs	For the Year 2012-13 ₹ Lacs
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES :</b>		
<b>Net Profit Before Tax as per the Statement of Profit and Loss</b>	<b>45,994.28</b>	<b>29,073.49</b>
Adjustments for		
<b>Add:</b>		
Depreciation	3,814.22	3,448.40
Effect of Exchange Rate Change	949.27	158.70
Interest and Finance Charges	636.45	633.85
Loss on Sale of Assets	11.47	11.90
Exceptional Item	3,110.00	-
Change In Fair Value of Investments	423.98	78.98
<b>Less :</b>		
Interest Income	(260.16)	(334.25)
Dividend on Shares	(22.84)	(18.28)
Dividend on Mutual Fund	(1,762.47)	(1,027.66)
Profit on Sale of Assets	(36.19)	(6.89)
<b>Operating Profit Before Working Capital Changes (Increase) / Decrease in Current Assets</b>	<b>52,858.01</b>	<b>32,018.24</b>
Trade & Other Receivables	(8,445.27)	(3,460.25)
Inventories	5,220.73	(10,189.27)
<b>Increase / (Decrease) in Current Liabilities</b>		
Trade & Other Payables	8,286.00	4,663.62
<b>Cash Generated From Operation</b>	<b>57,919.47</b>	<b>23,032.34</b>
Direct Taxes Paid	(11,346.32)	(6,723.32)
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES (A)</b>	<b>46,573.15</b>	<b>16,309.02</b>
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Interest Received	260.16	334.25
Dividend Received on Shares	22.84	18.28
Dividend Received on Mutual Fund	1,762.47	1,027.66
Purchase of Fixed Assets	(13,398.18)	(6,954.24)
Purchase of Investments	(47,320.52)	(14,266.31)
Proceeds from Sale of Fixed Assets	119.60	166.59
Proceeds from Sale of Investments	15,158.21	8,961.23
<b>NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES (B)</b>	<b>(43,395.42)</b>	<b>(10,712.54)</b>
<b>(C) CASH FLOW USED IN FINANCING ACTIVITIES:</b>		
Proceeds from Borrowings	3,191.79	13,929.83
Repayment of Borrowings	(7,222.14)	(2,626.24)
Interest and Finance Charges paid	(636.45)	(633.85)
Dividend paid including Tax	(4,448.13)	(3,316.83)
<b>NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES (C)</b>	<b>(9,114.93)</b>	<b>7,352.91</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(5,937.20)</b>	<b>12,949.39</b>
<b>OPENING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>27,913.56</b>	<b>14,964.17</b>
<b>CLOSING BALANCE OF CASH AND CASH EQUIVALENTS</b>	<b>21,976.36</b>	<b>27,913.56</b>

**Note :** Cash and Cash Equivalents include balances with Scheduled Banks in Unpaid Dividend Accounts ₹ 8.74 Lacs (Previous Year ₹ 7.83 Lacs) which are not available for the use by the Company.

**The accompanying notes are integral part of these Financial Statements 1 to 39**

As per our report of even date attached.

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

**ANAND SHARMA**  
Partner  
Membership No. 129033  
Place : AHMEDABAD  
Date : 20th May, 2014

For and on behalf of the Board of Directors,

**(RAJENDRA S. SHAH)** **(BHADRESH K. SHAH)** **(YASHWANT M. PATEL)**  
Chairman Managing Director Whole-time Director

**(KUNAL D. SHAH)** **(S. N. JETHELIYA)**  
Executive Director (Finance) Company Secretary

Place : AHMEDABAD  
Date : 20th May, 2014

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014**
**THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS**
**1. Significant Accounting Policies:**
**1) Principles of Consolidation:**

- a) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) on "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India and on the basis of separate audited Financial Statements of AIA Engineering Limited ("the Company") and its Subsidiaries (collectively referred as Group).
- b) The Consolidated Financial Statements have been prepared on the following basis:
  - (i) The Financial Statements of the Subsidiaries are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard-21 (AS 21).
  - (ii) In case of Foreign Subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the year end, any exchange difference arising on same is recognized in "Exchange Fluctuation Translation Reserve".
  - (iii) The difference between the costs of investments in the subsidiaries over the net assets at the time of acquisition of the investment in the subsidiaries is recognized in the Financial Statements as Goodwill or Capital Reserve as the case may be.
  - (iv) Minority Interest's share of net profit of consolidated Subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to Shareholders of the Company.
  - (v) Minority Interest's share of net assets of consolidated Subsidiaries for the year is identified and presented in the Consolidated Balance Sheet separate from liabilities and the equity of the Company's Shareholder.
  - (vi) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations if any have been made in the Consolidated Financial Statements.

**2) The list of Subsidiary Companies included in consolidation with AIA Engineering Limited (AIA) and AIA's shareholding therein is as under:**

Name of Subsidiaries	Country of Incorporation	Shareholding as at 31-03-2014	Shareholding as at 31-03-2013
Welcast Steels Limited	India	74.85%	71.59%
Vega Industries (Middle East) F.Z.E.	U.A.E.	100.00%	100.00%
Vega Industries Limited	U.K.	100% by Vega Industries (Middle East) F.Z.E.	100% by Vega Industries (Middle East) F.Z.E.
Vega Industries Limited	U.S.A.	100% by Vega Industries Limited, U.K	100% by Vega Industries Limited, U.K
Vega Steel Industries (RSA) Proprietary Limited	South Africa	100% by Vega Industries (Middle East) F.Z.E.	100% by Vega Industries (Middle East) F.Z.E.
Wuxi Weigejia Trade Co. Ltd.	China	100% by Vega Industries (Middle East) F.Z.E.	100% by Vega Industries (Middle East) F.Z.E.

**3) Basis of Accounting:**

The Financial Statements are prepared as per historical cost convention and in accordance with the Generally Accepted Accounting Principles (GAAP) in India, the provisions of the Companies Act 1956, read with General Circular No. 15/2013 dated 13<sup>th</sup> September, 2013, issued by the Ministry of Corporate Affairs in respect of Sec.133 of the Companies Act, 2013 and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All Income and Expenditures having material bearing on the Financial Statements are recognized on accrual basis.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014**

**THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS**

**4) Use of Estimates:**

The presentation of the Financial Statements in conformity with the Generally Accepted Accounting policies requires the management to make estimates and assumptions that affect the reported amount of Assets and Liabilities on the date of the financial statements and the reported amount of Revenues and Expenses during the reporting period and disclosure of contingent liabilities. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of Financial Statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**5) Revenue Recognition:**

Revenue is stated net of rebate and trade discount and excludes Central Sales Tax, State Value Added Tax. With regard to sale of products, income is reported when practically all risks and rights connected with the ownership have been transferred to the buyers. This usually occurs upon dispatch, after the price has been determined.

Export Benefits are accounted / recognized on accrual basis.

Dividends on Financial Instruments are recognized as and when realized. Interest is recognized on accrual basis.

**6) Fixed Assets:**

Tangible Fixed Assets acquired by the group are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any. The acquisition value includes the purchase price (excluding refundable taxes) and expenses directly attributable to assets to bring it to the factory and in the working condition for its intended use. Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings if any, the corresponding borrowing cost are capitalized up to the date when the asset is ready for its intended use. The amount of benefits of Status Holder Incentive Scheme (SHIS) utilized against Capital Expenditure is reduced from the cost of Fixed Assets.

Intangible Assets are reported at acquisition value with deductions for accumulated amortization and any impairment losses.

Capital work in progress includes cost of assets at sites and construction expenditure.

**7) Impairment of Assets:**

The carrying value of assets of the group's cash generating units are reviewed for impairment annually or more often if there is an indication of decline in value. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

Net selling price is the estimated selling price in the ordinary course of business, less estimated cost of completion and to make the sales.

**8) Inventories:**

Inventories of Raw Materials and Stores are valued at cost or net realizable value whichever is lower after considering the credit of VAT and Cenvat and stock in transit and stock lying at third party premises are valued at cost.

Inventories of Work-in-Progress are valued at lower of cost or net realizable value.

Inventories of Finished Goods are valued at cost or net realizable value whichever is lower. Cost of Finished Goods and Work-in-progress are determined using the absorption costing principles. Cost includes the cost of material consumed, labour and a systematic allocation of variable and fixed production overheads. Excise duties at the applicable rates are also included in the cost of Finished Goods.

Cost of Raw Materials, Stores and Spares are determined on weighted average basis.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014**
**THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS**
**9) Depreciation:**

Depreciation has been provided on Fixed Assets on Straight Line Method as per the rates specified in Schedule XIV of the Companies Act, 1956 as amended from time to time, except for the following subsidiaries:

	<b>Name of Subsidiaries</b>	<b>Basis of Depreciation</b>
1	Welcast Steels Limited, Bangalore, India	In case of assets acquired after 31-3-1996, Written Down Value Method as per the rates specified in Schedule XIV to the Companies Act, 1956.
2	Vega Industries (Middle East) FZE, U.A.E.	Equal annual installments over estimated useful life of the assets.
3	Vega Industries Limited, U.S.A.	Straight-line method over the estimated useful life of the assets.
4	Vega Industries Limited, U.K.	Written Down Value Method over the estimated useful life of the assets.
5	Wuxi Weigejia Trade Co. Ltd., China	Straight-line method over the estimated useful life of the assets.
6	Vega Steel Industries (RSA) Proprietary Limited, South Africa	Straight-line method over the estimated useful life of the assets.

Amortization of intangible assets takes place on a Straight Line basis over the assets anticipated useful life. The useful life is determined based on the period of the underline contract and the period of time over which the intangible assets is expected to be used.

Software is amortized over a period of 6 years. Patents are amortized over a period of 20 years on straight line basis as the benefits are generally available to the company for more than 10 years, however for Welcast Steels Limited Software is amortized over a period of 3 years. Goodwill is amortized over a period of 5 Years. No amortization is provided for in case of Leasehold Land on Perpetual Lease.

**10) Central Excise Duty:**

Central Excise duty is accounted on the basis of payments made in respect of goods cleared.

**11) (a) Foreign Currency Transactions:**

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognized as income or expenses in the Profit and Loss Account, except it pertains to Fixed Asset, where in such difference adjusted to carrying amount of Fixed Asset. In addition, exchange difference on Long Term Liability, where they relate to acquisition of Fixed Assets, in which case they are adjusted to carrying cost of such Assets. In case of items which are covered by forward exchange contracts, the difference between the year-end rate and rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

Cash and Bank Balances, Receivables and Liabilities (monetary items) in foreign currencies as at the year end are translated at closing-date rates and unrealized translation differences are included in the Profit and Loss Account.

Investments in foreign currency (non-monetary items) are reported using the exchange rate at the date of the transaction.

**b) Derivative instruments and hedge accounting:**

The Company strictly uses foreign currency forward contracts / Interest Rate Swap to hedge its risks associated with foreign currency / Interest Rate fluctuations relating to certain forecasted/current transactions. Effective from 30<sup>th</sup> September, 2014, the Company designates these as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 "Financial Instruments : Recognition and Measurements"(AS 30), to the extent it does not conflict with accounting standards notified under the Companies (Accounting Standard) Rules 2006.

Foreign currency forward contract / Interest Rate Swap derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Changes in the fair value of these derivatives that are designated and effective as hedges of future cash flows are recognized directly in Hedging Reserve (under Reserves and Surplus) and the ineffective portion is recognized immediately in the Statement of Profit and Loss.

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



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014**

**THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS**

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. When hedge accounting is discontinued for a cash flow hedge, the net gain or loss will remain in Hedging Reserve and be reclassified to the Statement of Profit and Loss in the same period or periods during which the formerly hedged transaction is reported in the Statement of Profit and Loss. If a hedged transaction is no longer expected to occur, the net cumulative Gains / Losses recognized in Hedging Reserve is transferred to the Statement of Profit and Loss.

**12) Investments:**

- i) Investments are classified as Long Term & Current Investments. Long Term Investments are valued at cost less provision for diminution other than temporary, in value, if any. Current Investments are valued at cost or fair value whichever is lower.
- ii) Investment in shares of foreign Subsidiary Company is expressed in Indian Currency at the rates of exchange prevailing at the time when the investment was made.

**13) Borrowing Costs:**

Borrowing costs are recognized in the period to which they relate, regardless of how the funds have been utilized except where it relates to the financing of construction or development of assets requiring a substantial period of time to prepare for their intended use. Interest on borrowings if any is capitalized up to the date when the asset is ready for its intended use. The amount of interest capitalized for the period is determined by applying the interest rate applicable to appropriate borrowings.

**14) Earnings per Share:**

Basic earnings per share is calculated by dividing the net Profit After Tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares issued during the year. Diluted earnings per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

**15) Provisions, Contingent Liabilities and Contingent Assets:**

A provision is recognized when the group has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the Financial Statements. A contingent asset is neither recognized nor disclosed.

**16) Product Warranty Expenses:**

Product warranty expenses are determined based on group's historical experience and estimates are accrued in the year of sale.

**17) Lease:**

Lease arrangements, where the risks and rewards incident to ownership of an asset substantially vests with the Lessor, are recognized as operating lease. Lease rentals under operating lease are recognized in the statement of Profit and Loss.

**18) Taxation on Income:**

**(1) The Company and other Indian subsidiaries:**

- a) Provision for Current Tax is made as per the provisions of the Income Tax Act, 1961.
- b) Deferred Tax resulting from "timing differences that are temporary in nature" between accounting and taxable profit is accounted for, using the tax rates and laws that have been enacted as on the Balance Sheet date. The Deferred Tax Asset is recognized and carried forward only to the extent that there is a reasonable or virtual certainty, as the case may be, that the asset will be realized in future.

**(2) Foreign Companies:**

Foreign Companies recognize tax liabilities and assets in accordance with the local laws.

**19) Cash Flow Statement:**

The Cash Flow Statement is prepared by the "indirect method" set out in Accounting standard 3 (AS 3) on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the Cash Flow Statements consist of cash on hand and demand deposits with banks.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and Short term highly liquid financial instruments which are readily convertible into cash and have original maturities of three months or less from date of purchase.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014**  
 THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**2. Share Capital:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	<b>AUTHORISED SHARE CAPITAL</b> 230,000,000 Equity Shares of ₹ 2 each (Previous Year 230,000,000 Equity Shares of ₹ 2 each)	4,600.00	4,600.00
	<b>Total</b>	<b>4,600.00</b>	<b>4,600.00</b>
2	<b>ISSUED, SUBSCRIBED &amp; FULLY PAID UP SHARE CAPITAL</b> 94,320,370 Equity Shares of ₹ 2 each fully paid up (Previous Year 94,320,370 Equity Shares of ₹ 2 each fully paid up)	1,886.41	1,886.41
	<b>Total</b>	<b>1,886.41</b>	<b>1,886.41</b>

**2.1 The reconciliation of the number of shares outstanding as at 31st March, 2014 and 31st March, 2013 is set out below:**

	As at 31st March, 2014		As at 31st March, 2013	
	No of shares	₹ Lacs	No of shares	₹ Lacs
Equity Shares				
Shares outstanding at the beginning of the year	94,320,370	1,886.41	94,320,370	1,886.41
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	94,320,370	1,886.41	94,320,370	1,886.41

**2.2 Rights, preferences and restrictions attached to Equity Shares:**

The Company has one class of Equity Shares having a par value of ₹ 2 each. Each Shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting. In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

During the year ended 31<sup>st</sup> March, 2014, the amount of Dividend proposed by the Board of Directors of the Company to the Equity Shareholders is ₹ 6 per Share (Previous Year ₹ 4 per Share).

**2.3 The details of Shareholders holding more than 5% shares are set out below:**

Name of the Shareholders	As at 31st March, 2014		As at 31st March, 2013	
	No of Shares	% of holding	No of Shares	% of holding
Bhadresh K. Shah	39,626,875	42.01%	39,626,875	42.01%
Bhadresh K. Shah Karta of Bhadresh K. Shah H.U.F.	18,502,025	19.62%	18,502,025	19.62%
Nalanda India Equity Fund Ltd.	7,918,845	8.40%	7,918,845	8.40%
HDFC Trustee Company Ltd. -HDFC Prudent Fund	2,112,958	2.24%	5,822,074	6.17%

**2.4 Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash:**

336,430 Equity Shares (Previous Year 336,430) of ₹ 2 each fully paid-up have been issued to the Shareholders of the Amalgamating Company i.e. Reclamation Welding Ltd. pursuant to the Scheme of Amalgamation with the Company during the Financial Year 2009-10.



## AIA ENGINEERING LIMITED - CONSOLIDATED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014 THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

#### 3. Reserves & Surplus:

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	<b>Capital Redemption Reserve</b>	1,925.74	1,925.74
2	<b>Securities Premium Reserve</b>	26,627.31	26,627.31
3	<b>Revaluation Reserve</b>		
	Balance as per last Financial year	11.71	12.88
	Less: Withdrawal on account of Depreciation Transferred to Statement of Profit and Loss	1.17	1.17
	<b>Sub Total</b>	<b>10.54</b>	<b>11.71</b>
4	<b>Other Reserves</b>		
	(a) General Reserve		
	Balance as per last Financial year	9,686.11	7,945.01
	Add : Transferred from Statement of Profit and Loss	2,901.00	1,741.10
	<b>Sub Total</b>	<b>12,587.11</b>	<b>9,686.11</b>
	(b) Foreign Currency Translation Reserve	8,558.38	4,085.65
5	<b>Surplus in Statement of Profit &amp; Loss</b>		
	Balance as per last Financial Year *	98,436.66	82,696.00
	Add : Profit for the Year	32,571.92	21,162.33
	Less: Appropriations :		
	Proposed Dividend on Equity Shares	5,691.13	3,804.72
	Tax on Dividend	963.15	643.41
	Transferred to General Reserve	2,901.00	1,741.10
	<b>Sub Total</b>	<b>121,453.30</b>	<b>97,669.10</b>
6	Hedging Reserve account		
	Balance as per last Financial Year	-	-
	Add: Mark to Market of Hedging Instruments designated and effective as Hedges of Future Cash Flow	946.45	-
	<b>Sub Total</b>	<b>946.45</b>	<b>-</b>
	<b>Total</b>	<b>172,108.83</b>	<b>140,005.62</b>
	<b>Less: Adjustment on account of Consolidation</b>	<b>111.28</b>	<b>111.83</b>
	<b>Net Total</b>	<b>171,997.55</b>	<b>139,893.79</b>

\* The opening balance of Statement of Profit and Loss do not include figures of the erstwhile DCPL and accordingly the current year's figures are not comparable to that extent.

#### 4. Long Term Borrowings:

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	<b>Secured</b>		
	Term Loan		
	- From Bank	8,236.53	10,239.49
	- Foreign Currency Loan Buyers Credit	342.91	282.64
	<b>Unsecured</b>		
1	From Banks	-	-
2	Deferred Payment Liabilities	92.32	110.53
	<b>Total</b>	<b>8,671.76</b>	<b>10,632.66</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014**  
**THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS**
**4.1 Terms of repayment for External Commercial Borrowings:**
**AIA Engineering Ltd.**

External Commercial Borrowings (ECB) of US\$ 18700000 is secured by hypothecation of Identified Plant and Machineries procured from it and to be installed at Moraiya Unit (M1) of the Company mentioned in Hypothecation Agreement. The Loan is repayable in 15 equal quarterly instalments of US\$ 1246667 after a moratorium period of 18 months from the date of first draw-down i.e. 3rd October, 2012. Interest rates are reset every three months at the rate of 3 months US\$ LIBOR plus 285 bps p.a. The first Instalment will be due on 3rd April, 2014 and the loan will be fully re-paid on 3rd October, 2017.

<b>Repayment of External Commercial Borrowings (ECB)</b>		<b>₹ Lacs</b>
2015-16		2,995.10
2016-17		2,995.10
2017-18		2,246.33

**Term Loan**
**Vega Industries Ltd. U.S.A.**

- Secured by Hypothecation of Vehicles
- Term Loan carries interest @ 3.49% which is repayable over a period of Four years in monthly payment of USD 903.61 and guarantees of the company and two officers of the company.

**4.2 Terms of repayment for Buyers Credit:**
**AIA Engineering Ltd.**

The Company has availed Buyers Credit of GBP 330204.10 and EURO 14840.46 are secured by first and exclusive charge over specific Plant and Machinery being imported. The Buyers Credit loans are each repayable at 4th January, 2016 and 9th February, 2016 respectively. The interest rates are determined as a spread over 90/180 days LIBOR and the spread is a function of liquidity available with the Bank. The Buyers Credit finance arranged in this financial year has been a spread of 150 bps over LIBOR.

**4.3 Terms of repayment for deferred payment liabilities are as set out below :**
**AIA Engineering Ltd.**

<b>Deferred Sales Tax under Package Scheme of Incentives 1993</b>		<b>₹ Lacs</b>
2015-16		22.32
2016-17		18.95
2017-18		17.48
2018-19		13.72
2019-20		19.84

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

**5. Deferred Tax Liability (Net):**

<b>Sr. No.</b>	<b>Particulars</b>	<b>As at 31st March, 2014 ₹ Lacs</b>	<b>As at 31st March, 2013 ₹ Lacs</b>
1	<b>DEFERRED TAX LIABILITIES :</b> <b>Arising on account of timing difference</b> - Fixed Assets:Impact of difference between Tax Depreciation and Depreciation / amortization charged for the financial reporting - Others	2,284.64 -	2,099.75 0.71
2	<b>TOTAL DEFERRED TAX LIABILITIES ( A )</b> <b>DEFERRED TAX ASSETS :</b> <b>Arising on account of timing difference</b> - Fixed Assets:Impact of difference between Tax Depreciation and Depreciation/amortisation charged for the financial reporting - Leave Encashment	2,284.64 82.87 205.85	2,100.46 80.14 699.53
	<b>TOTAL DEFERRED TAX ASSETS ( B )</b>	<b>288.72</b>	<b>779.67</b>
	<b>Total ( A - B )</b>	<b>1,995.92</b>	<b>1,320.79</b>

**6. Long Term Provisions:**

<b>Sr. No.</b>	<b>Particulars</b>	<b>As at 31st March, 2014 ₹ Lacs</b>	<b>As at 31st March, 2013 ₹ Lacs</b>
1	<b>Provision for Employee Benefits:</b> Provision for Gratuity	245.39	198.38
2	Provision for Leave Encashment	400.66	391.73
	<b>Total</b>	<b>646.05</b>	<b>590.11</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014**  
**THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS**

**7. Short Term Borrowings:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	<b>Secured</b>		
	Loan Repayable on Demand from Bank		
	- Cash Credit	-	1,100.00
	- Packing credit	325.00	3,706.10
2	<b>Unsecured</b>		
	Loan Repayable on Demand from Bank		
	- Pre shipment Credit	-	437.23
	<b>Total</b>	<b>325.00</b>	<b>5,243.33</b>

**7.1 Terms of repayment for Buyers Credit/ Packing credit :**

**AIA Engineering Limited**

The Company had availed Buyers Credit / Packing Credit of US\$ 1827108.33 and US\$ 5000000 respectively which are secured by Hypothecation of entire chargeable Current Assets of the Company including Stocks of Raw Materials, Stores and Spares, Work-in-progress and Receivables on pari-passu basis. The Interest rates are determined as a spread over 90 /180 days LIBOR and the spread is a function of liquidity available with the Bank. The Buyers Credit finance arranged in this financial year had been at a spread of 150 bps over LIBOR. It has been fully repaid during the year.

**Welcast Steels Limited**

- 1) Secured by hypothecation, by way of first charge on stocks of raw materials, semi finished, finished goods, packing materials book debts, receivables and other current assets and fixed assets including Plant, Machinery, tools, accessories and other assets stored/installed in the factory or at any other place.
- 2) No default in repayment of above loan/in payment of interest.

**8. Trade Payables:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	Due to Micro, Small and Medium Enterprises	28.69	30.53
2	Other than Micro, Small and Medium Enterprises	13,261.25	11,233.05
	<b>Total</b>	<b>13,289.94</b>	<b>11,263.58</b>

**9. Other Current Liabilities:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	Current Maturities of Long Term Debts	3,064.85	215.97
2	Interest accrued and due on borrowings	-	3.89
3	Unpaid Dividend *	8.74	7.83
4	Other Payables #	8,537.68	5,095.36
	<b>Total</b>	<b>11,611.27</b>	<b>5,323.05</b>

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

# Includes Statutory dues and advances from customers.

**10. Short Term Provisions:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	<b>Provision for employee benefits :</b>		
	- Provision for Bonus	438.84	393.86
	- Provision for Gratuity	115.58	188.96
	- Provision for Leave Encashment	49.49	54.39
2	<b>Others :</b>		
	- Provision for Income Tax (Net of Advance Tax)	2,196.41	1,255.75
	- Proposed Dividend	5,691.13	3,804.72
	- Provision for Corporate Tax on Dividend	963.15	643.41
	- Provision for Expenses	1,076.01	997.50
	- Provision for Product Warranties Claims	1,554.07	165.00
	<b>Total</b>	<b>12,084.68</b>	<b>7,503.59</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014**  
 THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**11. Fixed Assets:**

<b>TANGIBLE ASSETS:</b>									₹ Lacs
	Free hold Land	Lease hold Land*	Buildings	Plant and Machinerics	Furniture and Fixtures	Vehicles	Office Equipments	Others*	TOTAL
<b>Cost of Assets</b>									
As at 1st April, 2012	2,612.55	1,333.44	14,170.76	25,126.52	937.78	480.30	256.82	2,698.04	47,616.21
Addition	25.35	-	2,863.62	1,898.09	445.93	32.24	50.09	184.02	5,499.34
Disposal / Adjustments	0.30	-	-	53.24	3.84	49.42	0.56	126.54	233.90
<b>As at 31st March, 2013</b>	<b>2,637.60</b>	<b>1,333.44</b>	<b>17,034.38</b>	<b>26,971.37</b>	<b>1,379.87</b>	<b>463.12</b>	<b>306.35</b>	<b>2,755.52</b>	<b>52,881.65</b>
On Amalgamation	4.19	-	507.33	1,237.42	11.90	5.03	1.15	185.56	1,952.58
Addition	341.73	-	1,616.21	1,572.81	110.25	93.11	69.41	416.64	4,220.16
Disposal / Adjustments	-	-	9.03	86.59	17.28	118.61	2.57	11.65	245.73
<b>As at 31st March, 2014</b>	<b>2,983.52</b>	<b>1,333.44</b>	<b>19,148.89</b>	<b>29,695.01</b>	<b>1,484.74</b>	<b>442.65</b>	<b>374.34</b>	<b>3,346.07</b>	<b>58,808.66</b>
<b>Depreciation</b>									
As at 1st April, 2012	-	-	1,960.95	11,530.47	341.09	194.89	138.13	1,152.97	15,318.50
Charge for the year	-	-	536.11	2,273.63	73.92	50.27	21.28	264.90	3,220.11
Disposal / Adjustments	-	-	-	47.81	2.00	34.34	4.51	42.78	131.44
<b>As at 31st March, 2013</b>	<b>-</b>	<b>-</b>	<b>2,497.06</b>	<b>13,756.29</b>	<b>413.01</b>	<b>210.82</b>	<b>154.90</b>	<b>1,375.09</b>	<b>18,407.17</b>
On Amalgamation	-	-	44.08	280.27	1.35	1.06	0.09	50.53	377.38
Charge for the year	-	-	632.13	2,496.01	85.68	46.43	23.83	375.41	3,659.49
Disposal / Adjustments	-	-	5.10	64.68	19.21	52.88	(5.36)	14.34	150.85
<b>As at 31st March, 2014</b>	<b>-</b>	<b>-</b>	<b>3,168.17</b>	<b>16,467.89</b>	<b>480.83</b>	<b>205.43</b>	<b>184.18</b>	<b>1,786.69</b>	<b>22,293.19</b>
<b>Net Block</b>									
As at 31st March, 2013	2,637.60	1,333.44	14,537.32	13,215.08	966.86	252.30	151.45	1,380.43	34,474.48
As at 31st March, 2014	2,983.52	1,333.44	15,980.72	13,227.12	1,003.91	237.22	190.16	1,559.38	36,515.47
<b>CAPITAL WORK-IN-PROGRESS:</b>									
<b>PARTICULARS</b>									₹ Lacs
As at 31st March, 2013									3,150.94
As at 31st March, 2014									9,976.19
<b>INTANGIBLE ASSETS:</b>									
						Goodwill	Software	Patents and Copyrights	TOTAL
<b>Cost of Assets</b>									
As at 1st April, 2012						1,421.53	257.64	12.09	1,691.26
Addition						12.12	10.88	23.00	
Disposal / Adjustments						-	(102.90)	-	(102.90)
<b>As at 31st March, 2013</b>						<b>1,421.53</b>	<b>372.66</b>	<b>22.97</b>	<b>1,817.16</b>
On Amalgamation						767.81	-	-	767.81
Addition						-	1.63	8.13	9.76
Disposal / Adjustments						(60.94)	-	-	(60.94)
<b>As at 31st March, 2014</b>						<b>2,250.28</b>	<b>374.29</b>	<b>31.10</b>	<b>2,655.67</b>
<b>Amortisation</b>									
As at 1st April, 2012						7.97	53.73	1.40	63.10
Charge for the year						-	70.62	0.96	71.58
Disposal / Adjustments						10.99	(26.55)	-	(15.56)
<b>As at 31st March, 2013</b>						<b>(3.02)</b>	<b>150.90</b>	<b>2.36</b>	<b>150.24</b>
Charge for the year						153.56	0.94	1.40	155.90
Disposal / Adjustments						-	-	-	-
<b>As at 31st March, 2014</b>						<b>150.54</b>	<b>151.84</b>	<b>3.76</b>	<b>306.14</b>
<b>Net Block</b>									
As at 31st March, 2013						1,424.55	221.76	20.61	1,666.92
As at 31st March, 2014						2,099.74	222.45	27.34	2,349.53

\* Others Includes Electrical Installations, Laboratory Equipments, Computer Hardware.

\* Leasehold land held by the company is acquired from Kerala GIDC, Ahmedabad, Gujarat is in the nature of perpetual Lease, hence no depreciation has been provided on such Leasehold Land.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**12. Non Current Investments**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
	<b>Trade Investments (Valued at Cost)</b>		
1	Long Term Trade Investments: (Unquoted)		
	Investment in Equity Instrument		
	A. Investment in Other Company:		
	25 Equity Shares of Koramangla Properties Pvt. Ltd. of ₹ 100 each fully paid-up. (Previous year 25 Equity Shares)	0.03	0.03
	B. Investment in Joint Venture :		
	5000 Equity Shares of Polyex Minerals Pvt. Ltd. of ₹ 10 each fully paid up. (Previous year NIL Equity Shares)	0.50	-
2	Investment in Government Securities		
	National Savings Certificates	0.07	0.07
3	Investment in Mutual Funds	-	739.53
	<b>Total</b>	<b>0.60</b>	<b>739.63</b>

**13. Long Term Loans and Advances:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
	<b>Unsecured, Considered Good unless otherwise stated :</b>		
1	<b>Capital Advances</b>	1,513.10	1,025.85
2	<b>Security Deposit</b>		
	- Earnest Money Deposit	2.71	2.71
	- Other Deposit	430.75	478.73
3	<b>Other Loans &amp; Advances</b>		
	- Loans and Advances to Staff	171.59	138.63
	<b>Total</b>	<b>2,118.15</b>	<b>1,645.92</b>

**14. Other Non Current Assets:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	<b>Long Term Trade Receivables</b>		
	Unsecured, Considered Good	83.24	209.06
2	<b>Others *</b>	15.12	164.32
	<b>Total</b>	<b>98.36</b>	<b>373.38</b>

\* Others includes Bank Fixed Deposits more than 12 months and Interest receivable thereon.

**15. Current Investments:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
	<b>(Valued at Cost unless otherwise stated)</b>		
	Investment in Bonds (Unquoted)	2,774.39	1,012.47
	Investment in Mutual Funds (Unquoted)	50,134.96	17,657.88
	<b>Total</b>	<b>52,909.35</b>	<b>18,670.35</b>

**16. Inventories:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
	(As taken, valued & certified by the Management)		
	(At lower of Cost or Net Realisable Value)		
1	Raw Materials	6,611.81	8,672.17
2	Raw Material-in-transit	2,073.17	912.77
3	Work in Progress	8,968.69	8,418.63
4	Finished Goods	11,407.14	16,637.38
5	Stores & Spares	6,010.68	5,190.98
6	Stores & Spares in-transit	5.92	466.21
	<b>Total</b>	<b>35,077.41</b>	<b>40,298.14</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014**  
**THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS**
**17. Trade Receivables:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
	<b>Unsecured, Considered Good :</b>		
	Outstanding for more than six months	1,015.19	1,279.26
	Others	42,132.96	32,727.91
	<b>Total</b>	<b>43,148.15</b>	<b>34,007.17</b>

**18. Cash & Bank balances:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	<b>Cash &amp; Cash Equivalent</b>		
	(a) Balance with Scheduled Banks	17,318.86	18,157.61
	(b) In Cash Credit Account	79.96	516.87
	(c) Cash on Hand	7.91	6.42
	- In Fixed Deposits	4,277.15	8,935.20
	<b>Sub Total (A)</b>	<b>21,683.88</b>	<b>27,616.10</b>
2	<b>Other bank Balances</b>		
	(a) Fixed Deposits with Bank		
	- Less than 12 months	283.74	289.58
	- More than 12 months	12.99	152.34
	(b) Earmarked Balances with Bank (Unpaid Dividend)	8.74	7.88
		<b>305.47</b>	<b>449.80</b>
	<b>Less : Bank FD for more than 12 months transferred to Non Current Assets</b>	<b>12.99</b>	<b>152.34</b>
	<b>Sub Total (B)</b>	<b>292.48</b>	<b>297.46</b>
	<b>Total [ A + B ]</b>	<b>21,976.36</b>	<b>27,913.56</b>

**19. Short Terms Loans and Advances:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	<b>Unsecured, Considered Good :</b>		
	<b>Others</b>		
	Advance to Suppliers	2,626.67	1,578.63
	Prepaid Expenses	139.17	133.07
	Sundry Deposits and Advances	616.46	971.35
	Security Deposit *	-	3,924.02
	Advance Income Tax (Net of Provision)	30.95	0.38
	Income Tax Refund Due	3.91	3.14
	Balance With Statutory / Government authorities	14,144.56	12,985.46
	Loans and Advances to Staff	291.25	240.70
	Forward Contract Receivable	1,234.73	-
	<b>Total</b>	<b>19,087.70</b>	<b>19,836.75</b>

\* Security Deposit of US \$ 7228544.64 was placed in the District Court of Nashville, Tennessee U.S.A. for the execution of judgement awarded in Patent Matter. During the year out of the above, Company has paid US \$ 6000000 (INR 3111.00 lacs) to Magotteaux International (MI), Belgium towards the Settlement of US Patent case as per the Settlement agreement entered by the Company with the MI and the balance has been received by the Company.

**20. Other Current Assets:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1	Interest Accrued on Investments	24.72	80.62
2	DEPB Receivables	7.60	26.17
	<b>Total</b>	<b>32.32</b>	<b>106.79</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014**  
**THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS**

**21. Revenue from Operations:**

Sr. No.	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
1	<b>Revenue from Operations</b>		
	<b>Sale of Products</b>		
	A. Sales in India	59,043.68	61,355.02
	B. Sales Outside India	150,787.48	116,036.49
		209,831.16	177,391.51
2	<b>Other Operating Revenue</b>		
	Exports Incentives	6,330.95	6,308.26
	<b>Total</b>	<b>216,162.11</b>	<b>183,699.77</b>

**22. Other Income:**

Sr. No.	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
1	Interest (Gross) #	260.16	334.25
2	Dividend from Mutual Funds (Current Investment)	1,762.47	1,027.66
3	Dividend from subsidiary (Trade Investment)	22.84	18.28
4	Other Non Operating Income		
	- Profit on Sale of Mutual Fund Units	877.55	308.93
	- Profit on Sale of Assets	36.19	6.89
	- Insurance Claim received	32.65	36.45
	- Sales Tax Refund	36.24	15.80
	- Miscellaneous Receipts	170.38	215.74
	- Service Tax Draw back Income	93.23	88.87
	- Sundry balances written back	49.78	79.07
	<b>Total</b>	<b>3,341.49</b>	<b>2,131.94</b>

# Interest amount mainly includes Interest on Fixed Deposits, Staff Loan and Refund on Income tax.

**23. Cost of Materials Consumed:**

Sr. No.	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
1	Opening Stock	9,389.59	4,562.98
	Add : Purchases	71,976.88	73,621.31
	= Sub Total	81,366.47	78,184.29
	Less: Closing Stock	8,684.98	9,591.13
	<b>Total</b>	<b>72,681.49</b>	<b>68,593.16</b>

**24. Changes in Inventories of Finished goods, Work-in-process and Stock-in-Trade:**

Sr. No.	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
1	Opening Stock : Work in Progress	8,150.97	9,064.20
	Opening Stock : Finished Goods	19,329.60	12,877.12
	Less :		
2	Closing Stock : Work in Progress	8,966.41	8,418.63
	Closing Stock : Finished Goods	11,555.48	16,685.95
	<b>Total</b>	<b>6,958.68</b>	<b>(3,163.26)</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014**  
 THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**25. Employee Benefits Expense:**

Sr. No.	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
1	Salaries, Wages and Bonus	8,030.82	7,239.10
2	Contribution to Provident Fund / ESIC / Gratuity	550.88	610.65
3	Staff Welfare Expenses	301.83	239.59
	<b>Total</b>	<b>8,883.53</b>	<b>8,089.34</b>

**26. Finance Costs:**

Sr. No.	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
1	Interest Expense :		
	- For Short Term Borrowings	190.55	214.10
	- For Term Loan	-	63.52
	- For Others	10.16	28.12
	- For Income Tax	202.00	84.00
2	Other Borrowing Costs	2.69	0.23
3	Applicable Net Gain / Loss on foreign currency transactions and translation	231.05	243.88
	<b>Total</b>	<b>636.45</b>	<b>633.85</b>

**27. Depreciation & Amortised Cost:**

Sr. No.	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
1	Depreciation & Amortization	3,815.39	3,449.57
	Less : Amount Transferred to Revaluation Reserve	1.17	1.17
	<b>Total</b>	<b>3,814.22</b>	<b>3,448.40</b>

**28. Other Expenses:**

Sr. No.	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
1	<b>Manufacturing Expenses</b>		
	<b>Consumption of Stores</b>		
	Opening Stock	5,521.44	4,844.44
	Add : Purchases	19,976.37	22,672.64
	= Sub total	25,497.81	27,517.08
	Less : Closing Stock	6,016.60	5,608.78
	<b>= Stores Consumed</b>	<b>19,481.21</b>	<b>21,908.30</b>
	Power and Fuel	17,548.34	17,569.27
	Labour Charges	5,094.52	4,761.48
	Freight Inward, Octroi, Coolies and Cartages	1,000.64	1,261.32
	Repairs and Maintenance		
	- To Buildings	161.95	158.27
	- To Plant and Machineries	573.58	602.81
	- To Other Assets	163.97	172.14
	Rent Expenses	80.46	61.98



## AIA ENGINEERING LIMITED - CONSOLIDATED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

#### 28. Other Expenses (Contd...):

Sr. No.	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
2	<b>Selling and Distribution Expenses</b>		
	Freight Outward, Coolies and Cartages	8,347.85	7,932.72
	Warehouse Expenses	830.15	674.72
	Commission Expenses	1,781.97	1,559.11
	Travelling Expenses		
	- For Directors	15.88	17.72
	- For Staff and Guests	1,508.74	1,224.64
	Sales Promotion / Gift Expenses	79.95	98.38
	Advertisement Expenses	21.53	18.45
	Product Warranty Expenses	36.03	419.12
	Late Delivery Charges	21.30	114.10
	Claims payable	1,330.08	-
	Bad Debts	335.11	358.49
	Central Excise Duty and CVD	35.69	28.17
	Sales Tax	89.62	57.06
	Other Selling & Distribution Expenses	22.42	-
3	<b>Administrative Expenses</b>		
	Insurance Premium	258.91	219.76
	Rent	144.06	119.21
	Rates and Taxes	59.94	50.72
	Service Charges	19.33	26.91
	Directors' Sitting Fees	4.70	5.10
	Payment to Auditor		
	- As Auditor		
	Statutory Audit Fees	66.48	57.98
	Tax Audit Fees	2.00	1.50
	- For Other Services	3.98	6.85
	Legal and Professional Consultancy Fees	1,118.31	1,942.62
	Bank Commission Charges	332.16	331.45
	Printing and Stationery Expenses	45.59	43.07
	Postage, Telephones, Courier, Internet & E-mail	279.37	251.76
	Computer Expenses	14.20	21.99
	Vehicle Repairs and Maintenance	127.27	118.60
	Conveyance	167.56	134.24
	Security Expenses	382.99	275.03
	Subscription and Membership Fees	14.90	17.02
	Entertainment Expenses	13.90	12.18
	Donations	28.94	3.04
	Seminar Expenses	25.65	16.02
	License Fees	3.69	3.99
	Inspection Charges	14.96	17.36
	Water Charges	30.12	34.75
	Office Expenses	63.39	48.11
	Electricity Expenses	7.59	6.16
	Service Tax	31.64	32.20
	Garden Expenses	10.49	16.83
	Festival Celebration Expenses	18.75	18.72
	Factory GVMM / GIDC Administrative Charges	20.49	14.47
	Plantation (under CSR) Expenses	7.08	14.28
	Loss on Sale of Assets	11.47	11.90
	Loss on Exchange Rate Fluctuation	6,859.32	7,484.30
	Change in fair Value of Investment	423.98	78.98
	General / Miscellaneous Expenses	95.47	152.68
	<b>Total</b>	<b>69,269.67</b>	<b>70,588.03</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014**  
**THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS**
**29. Current Tax:**

Sr. No.	Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
1	Current Tax	13,254.74	7,804.60
2	Excess Provision for earlier years	-	(9.39)
	<b>Total</b>	<b>13,254.74</b>	<b>7,795.21</b>

**30. Earnings Per Share:**

Sr. No	Particulars		Year ended 31st March, 2014	Year ended 31st March 2013
1	Net Profit attributable to the Equity Shareholders (₹ Lacs)	A	32,496.98	21,081.96
2	Weighted average number of Equity Shares outstanding during the period	B	94,320,370	94,320,370
3	Nominal value of Equity Shares (₹)		2.00	2.00
4	Basic/Diluted Earnings per Share (₹)	A / B	34.45	22.35

**31. Amalgamation of DCPL Foundries Limited :**

Scheme of Amalgamation of DCPL Foundries Ltd. (DCPL) with the Company, a wholly - owned Subsidiary of the Company, has been sanctioned by the Hon'able High Court of Gujarat, Ahmedabad vide its order dated 4th April, 2014 (a copy of the order received on 2nd May, 2014).

The Scheme of Amalgamation has become effective from 3rd May, 2014 and has been implemented with effect from the Appointed Date i.e. 1st April, 2013. The principal business of DCPL was to manufacture Alloy Steel Castings. The Assets and Liabilities of the erstwhile DCPL were transferred and vested in the company with effect from the appointed date and accordingly was given effect in the accounts.

DCPL being Wholly-owned Subsidiary of the Company, all the 1000000 Equity Shares of ₹ 10 each held by the Company in the erstwhile DCPL have been cancelled.

The Amalgamation has been accounted for under the "Purchase Method" as prescribed by Accounting Standard 14 (AS-14) "Accounting of Amalgamations". The difference of ₹ 767.81 lacs between the value of net assets taken over and the Cost of investment of the Company in the Shares of DCPL has been debited to Goodwill Account, which will be amortized over a period of five years.

32. Based on the guiding principles given in Accounting Standard on "Segment Reporting" (AS-17) issued by the Institute of Chartered Accountants of India, 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 as far as Primary Segment is concerned.

Information about Secondary Geographical Segments:

Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
<b>Revenue by Geographical Segment</b>		
India	60,561.84	52,786.32
Outside India	150,787.48	116,036.49
<b>Addition to Fixed Assets and Intangible Assets</b>		
India	4,178.93	5,579.69
Outside India	50.99	25.60
<b>Carrying amount of Fixed Assets (Net)</b>		
India	48,563.58	40,621.84
Outside India	277.61	252.20



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014**  
**THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS**

- 1) **Geographical Segments considered for disclosures are as follows:**
- Sales within India include Sales to Customers located within India.
  - Sales outside India include Sales to Customers located outside India.

2) **Revenue comprises:**

Particulars	Year ended 31st March, 2014 ₹ Lacs	Year ended 31st March, 2013 ₹ Lacs
Revenue from operations	208,007.83	175,131.07
Other income	3,341.49	2,131.94

33. In case of Vega Industries (Middle East) FZE, U.A.E., the revenue and expenses transactions at the year end reflected in Profit & Loss Account have been translated into Indian Rupees at an average of monthly exchange rate. The assets and liabilities in the Balance Sheet have been translated into Indian Rupees at the closing exchange rate at the year end. The resultant translation exchange Gain/Loss have been disclosed as "Foreign Currency Translation Reserve".

34. **Related party disclosures under Accounting Standard 18:**

(a) Relatives of Key Management Personnel:	(b) Key Management Personnel:
1 Mrs. Giraben K. Shah	1 Mr. Bhadresh K. Shah
2 Mrs. Gitaben B. Shah	2 Mr. Yashwant M. Patel
3 AB Tradelink Ltd.	3 Dr. S. Srikumar
4 Powertec Engineering Pvt.Ltd.	4 Mr. Pradip R. Shah
	5 Mr. Paryank R. Shah
	6 Mr. Jules Spede
	7 Mr. R.A. Gilani
	8 Mr. Vinod Narayan

**Disclosures of Transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2014:**

Sr. No	Nature of Transaction	Relatives of Key Management Personnel ₹ Lacs	Key Management Personnel ₹ Lacs
1	Rent, Rates & Taxes	1.46	-
2	Retainership Fee	33.82	-
3	Commission	41.46	-
4	Salary, Bonus and Perquisites	1.44	-
5	Professional Charges	-	3.00
6	Repair & Maintenance of Equipments	13.03	-
7	Directors' Remuneration and perquisites	-	155.76
8	Traveling Expenses	1.81	-
	<b>TOTAL</b>	<b>93.02</b>	<b>158.76</b>
	<b>Balance outstanding at the year end (Receivable)</b>	<b>0.84</b>	<b>-</b>
	<b>Balance outstanding at the year end (Payable)</b>	<b>3.63</b>	<b>-</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014**  
**THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS**

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

Sr.No.	Description	Related Parties	₹ Lacs
1	Rent, Rates & Taxes	Mrs. Giraben K. Shah	1.46
2	Retainership Fee	Powertec Engineering Pvt . Ltd.	33.82
3	Commission	AB Tradelink Ltd.	41.46
4	Salary, Bonus and Perquisites	Mrs. Gitaben B. Shah	1.44
5	Professional Charges	Mr. Pradip R. Shah	3.00
6	Repair & Maintenance of Equipments	Powertec Engineering Pvt. Ltd.	13.03
7	Directors' Remuneration and perquisites	Mr. Bhadresh K. Shah	85.60
		Mr. Paryank R. Shah	61.98

**35. Contingent Liabilities not provided for in Accounts:**

Sr. No.	Particulars	As at 31st March, 2014 ₹ Lacs	As at 31st March, 2013 ₹ Lacs
1.	Contingent Liabilities		
	a. Claims against the Company not acknowledged as debts		
	i) Central Excise & Service Tax	3,815.13	1,759.29
	ii) Income Tax	4,978.47	1.22
	iii) Sales Tax / Central Sales Tax	19.76	48.21
	iv) Interest payable to Financial institute	7.60	7.60
	v) Award of Damages in Patent matter by District Court of Nashville, Tennessee U.S.A. (US\$ 7228544.64), which is disputed by the Company	-	3,924.02
	vi) Custom Duty matters in dispute	556.37	-
	vii) Others	628.32	-
	b. Guarantees		
	i) Bank Guarantees Outstanding	7,901.62	6,855.77
	ii) Corporate Guarantees Outstanding to Customers	5,566.94	991.61
	iii) Guarantees given by Company on behalf of Subsidiaries	3,490.51	2,612.15
	iv) Performance Guarantees Outstanding to Customers	523.78	-
	v) Bid Bond Guarantees	26.27	-
	vi) Corporate Guarantees given by the Company to Banks on behalf of Subsidiaries	2,033.05	1,837.49
	vii) Letter of Credit	1,366.20	2,182.39
2.	Commitments		
	Estimated amount of Contracts remaining to be executed on Capital Account and not provided for.	939.65	2,638.96
	<b>Total</b>	<b>27,378.64</b>	<b>22,858.71</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2014**

THE NOTES ARE INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**36. Derivative Instruments:****a) Derivatives outstanding as at the balance sheet date:**

Currency	Exposure to Buy / Sell	No. of contracts	As at 31st March, 2014	
			₹ Lacs	Foreign currency
US Dollar (AIA)	Sell	186	310,082.19	51,750,000
EURO (AIA)	Sell	35	11,992.29	14,500,000
ZAR (AIA)	Sell	2	569.99	10,000,000
(Previous year) (AIA)	Sell	(5)	-	-

**b) Foreign currency exposure at the year end not hedged by derivative instruments:**

	As at 31st March, 2014	As at 31st March, 2013
<b>Payables against import of goods and services</b>		
<b>Rupees in lacs</b>	20.09	903.95
US Dollar	18,551	1,602,718
Euro	4952	12,833
GBP	4718	30,307
<b>Advance payment to suppliers and for Expenses</b>		
<b>Rupees in lacs</b>	822.72	1,016.54
US Dollar	9,182,48	1,406,153
Switzerland Francs	-	300
Euro	300,597	364,093
ZAR	94,500	-

The Company enters in to derivative contracts strictly for hedging purposes and not for trading or speculation. The Company has voluntarily adopted Accounting Standard (AS) 30 "Financial Instruments": Recognition and Measurement" to the extent the standard does not conflict with the Accounting Standards notified under section 211(3C) of the Companies Act, 1956. Pursuant to the adoption, the Net Gain on foreign currency forwards and Interest rate swap of ₹ 946.45 lacs as required by AS-30 has been parked in the Cash Flow Hedging Reserve under Reserves & Surplus. This gain would be recycled in the Statement of Profit and Loss / Fixed Assets in the period during which the forecasted transactions occurs.

**37. Operating Lease Agreements:**

Vega Industries Ltd. (U.S.A.) and Vega Industries Ltd. (U.K.) have entered in to a non cancelable lease agreement for one of its office spaces with the lease term expiring at various dates through April, 2015

At 31<sup>st</sup> March, 2014 the future minimum rental payments under non-cancelable operating lease consist of the following:

Year Ending March 31	₹ Lacs
2015	48.72
2016	17.65
2017	0.26

Total rent expenses as on 31<sup>st</sup> March, 2014 and on 31<sup>st</sup> March, 2013 was ₹ 67.58 Lacs and ₹ 54.72 Lacs respectively.

**38.** Previous Year's figures have been regrouped, reclassified and rearranged wherever necessary to confirm to current year presentation. The figures for the previous year do not include figures for the erstwhile DCPL and accordingly the current year's figures are not comparable to those of the previous year.

**39.** Figures pertaining to the subsidiaries companies have been re classified where ever necessary to bring them in line with the group financial statements. Schedules referred to herein above form an integral part of financial statement.

As per our report of even date attached.

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

**ANAND SHARMA**  
Partner  
Membership No. 129033  
Place : AHMEDABAD  
Date : 20th May, 2014

For and on behalf of the Board of Directors,

**(RAJENDRA S. SHAH)** **(BHADRESH K. SHAH)** **(YASHWANT M. PATEL)**  
Chairman Managing Director Whole-time Director

**(KUNAL D. SHAH)** **(S. N. JETHELIYA)**  
Executive Director (Finance) Company Secretary

Place : AHMEDABAD  
Date : 20th May, 2014

**STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES**

₹ Lacs

Sr. No.	Name of Subsidiary Company	Country	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1.	Welcast Steels Limited, Bangalore	India	INR	63.84	3,041.46	5,158.22	2,052.92	-	23,790.84	438.83	140.84	297.99	31.91
2.	Vega Industries (Middle East) F.Z.E., Ajman	U.A.E.	US Dollar	149.39	37,810.21	54,001.46	15,996.05	2,745.31	137,967.51	4,498.16	-	4,498.16	-
3.	Vega Industries Limited	U.K.	Pound	6.88	3,554.42	12,189.60	8,625.17	-	34,316.68	863.40	198.35	665.05	-
4.	Vega Industries Limited	U.S.A.	US Dollar	24.01	589.81	5,537.62	4,917.78	-	11,479.74	(12.74)	(2.99)	(9.75)	-
5.	Vega Steel Industries (RSA) Proprietary Limited	South Africa	RAND	0.01	(135.83)	8,953.46	9,089.29	-	19,084.89	92.00	-	92.00	-
6.	Wuxi Weigejia Trade Co. Limited	China	CNY	27.05	(28.90)	992.33	836.11	-	2,547.61	7.94	-	7.94	-

 Place : Ahmedabad  
 Date : 20<sup>th</sup> May, 2014

 (RAJENDRA S. SHAH)  
 Chairman

 (BHADRESH K. SHAH)  
 Managing Director

 (YASHWANT M. PATEL)  
 Whole-time Director

 (KUNAL D. SHAH)  
 Executive Director (Finance)

 (S. N. JETHELIYA)  
 Company Secretary



## NOTICE

Notice is hereby given that the **TWENTY FOURTH ANNUAL GENERAL MEETING** of the Members of **AIA ENGINEERING LIMITED** will be held on Thursday, the 11<sup>th</sup> September, 2014 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 Audited Balance Sheet as at 31<sup>st</sup> March, 2014 and the Statement 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 31<sup>st</sup> March, 2014.
3. To appoint a Director in place of Dr. S. Srikumar (holding DIN 01025579), who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify the re-appoint of M/s. Talati & Talati, Chartered Accountants, (Firm Registration No. 110758W), Ahmedabad the Statutory Auditors of the Company and fix their remuneration.

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** Mr. Dileep C. Choksi (holding DIN 00016322), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 27<sup>th</sup> January, 2014 in terms of Section 260 of the Companies Act, 1956 [corresponding to Section 161 (1) of the Companies Act, 2013] and who holds office of Director up to the date of this meeting and in respect of whom a Notice has been received from a Member pursuant to Section 160 of the Companies Act, 2013 proposing his name for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company to hold an office of an Independent Director for a period of five consecutive years with effect from 11<sup>th</sup> September, 2014 to 10<sup>th</sup> September, 2019."

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

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV and Clause 49 of the Listing Agreement, Mr. Sanjay S. Majmudar (holding DIN 00091305), an Independent Director of the Company and in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of a Director, be and is hereby appointed as an Independent Director of the Company to hold an office of an Independent Director for a 2<sup>nd</sup> term of five consecutive years with effect from 11<sup>th</sup> September, 2014 to 10<sup>th</sup> September, 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 Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV and Clause 49 of the Listing Agreement, Mr. Rajendra S. Shah (holding DIN 00061922), an Independent Director of the Company and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of a Director, be and is hereby appointed as an Independent Director of the Company to hold an office of an Independent Director for a 2<sup>nd</sup> term of five consecutive years with effect from 11<sup>th</sup> September, 2014 to 10<sup>th</sup> September, 2019."

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

**"RESOLVED THAT** in supersession of the Ordinary Resolution adopted by way of Postal Ballot on 5<sup>th</sup> April, 2010 and pursuant to Section 180(1)(c) of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow money in excess of the aggregate of the paid up Share Capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained or to be obtained from any Scheduled Bank(s) in the ordinary course of business, shall not be in excess of ₹ 500 crores (Rupees Five hundred crores only) over and above the aggregate of the paid up Share Capital and free reserves of the Company during any Financial Year."

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

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

**“RESOLVED THAT** pursuant to the provisions of Section 197 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), a sum not exceeding 0.25 per cent per annum of the Net Profits of the Company calculated in accordance with the provisions of Section 198 of the Act, be paid to and distributed amongst the Directors other than the Managing Director or Whole-time Directors of the Company or to some or any of them in such amounts or proportions and in such manner and in all respect as may be decided and directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each Financial Year, for a period of five years, commencing from 1<sup>st</sup> April 2014.”

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

10. 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, and the 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 ₹ 3.50 Lacs payable to M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad appointed by the Board to conduct the audit of cost records of the Company for the Financial Year ending on 31<sup>st</sup> March 2015.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

11. 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 188 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder and subject to the approval of the Central Government, if applicable, the consent of the Members of the Company be and is hereby accorded for the re-appointment of Powertec Engineering Pvt. Ltd., (hereinafter referred to as “Powertec”) a Company, in which a Director of the Company Dr. S. Srikumar is a Director, for holding an office or place of profit under the Company on the terms and conditions set out in the Agreements to be entered into between the Company and Powertec for a period of 3 years with effect from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017.”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, matters and things as may be necessary and incidental thereto including to agree to such modifications / amendments or other terms and conditions as may be imposed by the Central Government or any other statutory authority in this regard and acceptable to the Company and Powertec and the decision taken by the Board shall be final and binding on all the Members and other interested parties.”

By Order of the Board of Directors,

Sd/-  
**(S. N. Jetheliya)**  
Company Secretary

Place : Ahmedabad  
Date : 4<sup>th</sup> August, 2014

## NOTES

1. The Explanatory Statements, pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Businesses to be transacted at the meeting, are annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.** A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than 10% of the total Share Capital of the Company.  
  
The instrument of proxy in order to be effective must be received at the Registered Office / Corporate Office of the Company duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy Form is annexed herewith. Proxy Form submitted on behalf of the Companies, Societies, etc. must be supported by an appropriate resolution / authority, as applicable authorizing their representative to attend and vote on their behalf at the meeting.
3. The Register of Members and Share Transfer Book of the Company will remain closed from 1<sup>st</sup> September, 2014 to 11<sup>th</sup> September, 2014 (both days inclusive) for annual closing and determining the entitlement of the Members to the Dividend for the Financial Year 2013-14.
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 ₹ 6 per share has been recommended by the Board of Directors for the year ended 31<sup>st</sup> March, 2014 subject to the approval of the Members at the ensuing Annual General Meeting, is proposed to be paid from 17<sup>th</sup> September, 2014.

**6. Payment of Dividend:**

- (a) The Bank account particulars of the Members holding Shares in physical form will be printed on the Dividend warrants. Hence the Members are advised to intimate changes, if any in their registered address along with Pin Code and submit particulars of their bank account viz. Name and Address of the branch of the Bank, 9 digit MICR code of the branch, type of Account and Account Number latest by 30<sup>th</sup> August, 2014 directly to the Company's Registrar & Share Transfer Agent (RTA), Link Intime India Pvt. Ltd., C/13, Pannalal Silk Mills Compound, Kantilal Maganlal Ind. Estate, L.B.S. Marg, Bhandup (West), MUMBAI – 400 078 or at its Branch Office at 303, 3<sup>rd</sup> Floor, Shopper's Plaza – V, Near 5 Government Society, Opp. Municipal Market, C. G. Road, Navrangpura, Ahmedabad – 380009.
- (b) To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in Address or demise of any Members as soon as possible. Members are also advised not to leave their Demat Account (s) dormant for long. Members holding Shares in Demat form are advised to inform the changes, if any, in particulars of their Bank Account to their respective Depository Participants.

7. 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.

8. 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 2014 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 2014 are being sent in the permitted mode.

9. 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 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, Annual Report, Half-yearly and Quarterly communications 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.

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

Those Members who have so far not en-cashed their Dividend warrants for the under 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 205 C of the Companies Act, 1956.

Members are requested to note that after such dates, the Members will lose their rights to claim such Dividend.

Sr. No.	Financial Year	Due date of Transfer to IEPF
1.	2006-07	07.09.2014
2.	2007-08	23.09.2015
3.	2008-09 – Interim Dividend	19.11.2015
4.	2008-09 – Final Dividend	30.10.2016
5.	2009-10 – Interim Dividend	15.02.2017
6.	2009-10 – Final Dividend	19.08.2017
7.	2010-11	19.08.2018
8.	2011-12	20.08.2019
9.	2012-13	21.08.2020

**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. The detailed process, instructions and manner of e-voting facility is annexed to the Notice.

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

Dr. S. Srikumar, Director of the Company will retire by rotation at the ensuing 24<sup>th</sup> Annual General Meeting of the Members of the Company and being eligible, has offered himself for re-appointment.

Mr. Dileep C. Choksi, Additional Director will hold the office of Additional Director upto the ensuing Annual General Meeting of the Members of the Company and proposed to be appointed for a period of five years from 11<sup>th</sup> September, 2014 to 10<sup>th</sup> September, 2019.



Mr. Sanjay S. Majmudar & Mr. Rajendra S. Shah, who have already completed their 1<sup>st</sup> term of five years as Independent Directors, proposed to be appointed for the 2<sup>nd</sup> term of five years from 11<sup>th</sup> September, 2014 to 10<sup>th</sup> September, 2019.

Pursuant to the requirements under the Listing Agreement with the Stock Exchanges, relating to Corporate Governance, a statement containing brief resumes of the above Directors together with the details of Shares held by them, if any, is annexed hereto.

#### **REQUEST TO THE MEMBERS**

1. Members desiring any relevant information on the Accounts at the Annual General Meeting are requested to write to the Company at least seven days in advance at its Registered Office / Corporate Office, so as to enable the Company to keep the information ready.
2. Members are requested to bring their copy of the Annual Report to the Meeting.

#### **EXPLANATORY STATEMENTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

#### **SETTING OUT ALL MATERIAL FACTS RELATING TO SPECIAL BUSINESSES MENTIONED IN THE ACCOMPANYING NOTICE:**

##### **ITEM NO. 5**

The Board of Directors at its meeting held on 27<sup>th</sup> January, 2014 appointed Mr. Dileep C. Choksi (holding DIN 00016322) as an Additional Director of the Company to hold an office of an Additional Director up to the ensuing Annual General Meeting of the Members of the Company.

Notice along-with requisite deposit as required pursuant to the provisions of Section 160 of the Companies Act, 2013 (the Act) has been received from a Member proposing the candidature of Mr. Dileep C. Choksi as an Independent Director of the Company to hold office for a period of five consecutive years with effect from 11<sup>th</sup> September, 2014 to 10<sup>th</sup> September, 2019.

Mr. Dileep C. Choksi is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. Section 149 of the Act, inter alia stipulates the criteria of independence, for the appointment of an Independent Director in a Company. As per the provisions of the said Section, an Independent Director can hold an office for a term upto five consecutive years of two terms on the Board of a Company and he shall not be included in determining the total number of Directors liable to retire by rotation.

Company has also received a declaration from Mr. Dileep C. Choksi that he meets the criteria of independence as prescribed under Section 149 [6] of the Act and Clause 49 of the Listing Agreement as amended from time to time. Mr. Dileep C. Choksi possesses appropriate skills, expertise and knowledge in finance and other fields. A brief profile of Mr. Dileep C. Choksi and names of Companies in which he is a Director and Memberships / Chairmanships of the Board, Committees, Shareholding etc. as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are annexed to this Notice.

In the opinion of the Board, Mr. Dileep C. Choksi fulfills the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company. A Copy of the draft Letter of Appointment of Mr. Dileep C. Choksi 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 the normal business hours on any working day.

Considering his eminence, rich experience and expertise in his field, it will be in the best interest of the Company to appoint him as an Independent Director. The Board considers that his continued association would be of immense benefit to the Company and is desirable to continue to avail the services of Mr. Dileep C. Choksi as an Independent Director of the Company.

Except Mr. Dileep C. Choksi, none of the Directors, Key Managerial Personnel or their relatives can be considered to be interested in or concerned in the resolution.

The Board recommends passing of the said resolution by way of an Ordinary Resolution for the approval of the Members of the Company.

This explanatory statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

##### **ITEM NO. 6:**

Mr. Sanjay S. Majmudar is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in May 2007.

Notice along-with requisite deposit as required pursuant to the provisions of Section 160 of the Companies Act, 2013 (the Act) has been received from a Member proposing the candidature of Mr. Sanjay S. Majmudar as an Independent Director of the Company to hold an office of an Independent Director for a 2<sup>nd</sup> term of five consecutive years with effect from 11<sup>th</sup> September, 2014 to 10<sup>th</sup> September, 2019.

Mr. Sanjay S. Majmudar is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as a Director. Section 149 of the Act, inter alia stipulates the criteria of independence, for the appointment of an Independent Director in a Company. As per the provisions of the said Section, an Independent Director can hold office for a term upto five consecutive years of two terms on the Board of a Company and he shall not be included in determining the total number of Directors liable to retire by rotation.



Company has also received a declaration from Mr. Sanjay S. Majmudar that he meets the criteria of independence as prescribed under Section 149 [6] of the Act and Clause 49 of the Listing Agreement as amended from time to time. Mr. Sanjay S. Majmudar possesses appropriate skills, expertise and knowledge in Finance and other fields. A brief profile of Mr. Sanjay S. Majmudar and names of companies in which he is a Director and Memberships / Chairmanships of the Board Committees, Shareholding etc. as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are annexed to this Notice.

In the opinion of the Board, Mr. Sanjay S. Majmudar fulfills the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company. Copy of the draft letter for appointment of Mr. Sanjay S. Majmudar 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 any working day.

Considering his eminence, rich experience and expertise in different fields, it will be in the best interest of the Company to appoint him as an Independent Director. The Board considers that his continued association with the Company would be of immense benefit and is desirable to avail the services of Mr. Sanjay S. Majmudar as an 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 passing of the said resolution by way of a Special Resolution for the approval of the Members of the Company.

This explanatory statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

**ITEM NO. 7:**

Mr. Rajendra S. Shah is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in March 2005.

Notice along-with requisite deposit as required pursuant to the provisions of Section 160 of the Companies Act, 2013 (the Act) has been received from a Member proposing the candidature of Mr. Rajendra S. Shah as an Independent Director of the Company to hold an office for a 2<sup>nd</sup> term of five consecutive years with effect from 11<sup>th</sup> September, 2014 to 10<sup>th</sup> September, 2019.

Mr. Rajendra S. Shah is not disqualified from being appointed as an Independent Director in terms of Section 164 of the Act and has given his consent to act as an Independent Director. Section 149 of the Act, inter alia stipulates the criteria of independence, for the appointment of an Independent Director in a Company. As per the provisions of the said Section, an Independent Director can hold office for a term upto five consecutive years of two terms on the Board of a Company and he shall not be included in determining the total number of Directors liable to retire by rotation.

Company has also received a declaration from Mr. Rajendra S. Shah that he meets the criteria of independence as prescribed under Section 149[6] of the Act and Clause 49 of the Listing Agreement as amended from time to time. Mr. Rajendra S. Shah possesses appropriate skills, expertise and knowledge in Finance and other fields. A brief profile of Mr. Rajendra S. Shah and names of companies in which he is a Director and Memberships / Chairmanships of the Board Committees, Shareholding etc. as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are annexed to this Notice.

In the opinion of the Board, Mr. Rajendra S. Shah fulfills the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company. Copy of the draft letter for appointment of Mr. Rajendra S. Shah 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 any working day.

Considering his eminence, rich experience and expertise in different fields, it will be in the best interest of the Company to appoint him as an Independent Director. The Board considers that his continued association with the Company would be of immense benefit and is desirable to avail the services of Mr. Rajendra S. Shah as an Independent Director of the Company.

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

The Board recommends passing of the said resolution by way of a Special Resolution for the approval of the Members of the Company.

This explanatory statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

**ITEM NO. 8**

The Members of the Company by way of an Ordinary Resolution through Postal Ballot on 5<sup>th</sup> April, 2010 under Section 293(1)(d) of the Companies Act, 1956 authorized the Board of Directors to borrow over and above the aggregate of paid-up Share Capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 1000 crores (Rupees one thousand crores only).

Section 180(1)(c) of the Companies Act, 2013 requires that the Board of Directors shall not borrow money in excess of the Company's paid-up Share Capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the Company accorded by way of a Special Resolution.

It is, therefore necessary for the Members to pass a Special Resolution under Section 180(1)(c) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 to enable the Board of Directors to borrow money in excess of the aggregate of the paid-up Share Capital and free reserves of the Company.

Approval of Members is being sought to borrow money in excess of the aggregate of the paid-up Share Capital and free reserves of the Company by ₹ 500 crores by way of a Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested in the resolution.

The Board recommends passing of the said resolution by way of a Special Resolution for the approval of the Members of the Company.

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

The Members of the Company at their 17<sup>th</sup> Annual General Meeting held on 31<sup>st</sup> August, 2007 approved by Ordinary Resolution, the payment of compensation payable to the Non-Executive Directors (including Independent Directors), of the Company towards the services to be rendered by them to the Company from time to time in such amount and in such manner as may be determined by the Board of Directors.

In view of Sections 149, 197 and any other relevant provisions of the Companies Act, 2013 coming into effect from 1<sup>st</sup> April, 2014 and taking into account the roles and responsibilities of the Directors, it is proposed that the Directors other than the Managing Director and Whole-time Directors be paid remuneration not exceeding 0.25 per cent of the Net Profit of the Company computed in accordance with the provisions of Companies Act, 2013. This remuneration will be distributed amongst all or some of the Directors 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, a fresh approval of the Members is sought by way of a Special Resolution under the applicable provisions of the Companies Act, 2013 for payment of remuneration by way of Commission to the Directors of the Company other than Managing Director and Whole-time Directors.

The Managing Director, Whole-time Directors and Key Managerial Personnel of the Company and their relatives are not concerned or interested, financial or otherwise. Directors other than Managing Director and Whole-time Directors of the Company may be deemed to be concerned or interested in the said resolution to the extent of the remuneration that may be received by them.

The Board recommends passing of the said resolution by way of a Special Resolution for the approval of the Members of the Company.

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

The Board of Directors on the recommendations of the Audit Committee, 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 2014-15 and fixed remuneration of ₹ 3.50 Lacs plus Service Tax and out of pocket expenses.

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

Accordingly, consent of the Members is being sought for passing an Ordinary Resolution for ratification of remuneration payable to the Cost Auditors to carry out the audit of Cost records of the Company for the Financial Year 2014-15.

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

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

#### **ITEM NO. 11:**

The Company is having a Retainership Agreement as well as Service Agreement with Powertec Engineering Pvt. Ltd. (hereinafter referred to as "Powertec"), a Company, in which a Director of the Company Dr. S. Sri Kumar is a Director for a period of three years from 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2014. The Central Government, Ministry of Corporate Affairs vide its letter No. SRNo. B18840140 dated 29<sup>th</sup> March, 2012 approved the proposal in respect of Powertec Engineering Pvt. Ltd. to continue to hold an office or place of profit in the Company for the period of 3 years with effect from 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2014 on the conditions, limitation or restriction as mentioned in the said letter and allowed the following payments to Powertec during the period of three years from 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2014:

Particulars of Contracts	Period	Amount / per month (₹ in Lacs)
Retainership & Contract for Services	01.04.2011 to 31.03.2012	2.87
	01.04.2012 to 31.03.2013	3.16
	01.04.2013 to 31.03.2014	3.47

Your Directors feel that so far the business experience of the Company is very good with Powertec. Powertec has totally proved that it can fulfill the trust reposed by the Company in it. The Company has got very good business during the period of the Agreement. With regard to Service Agreement also the experience is quite satisfactory.



## AIA ENGINEERING LIMITED

Pursuant to the provisions of Section 314(1B) of the Companies Act, 1956, Company was required to take prior approval of the Ministry of Corporate Affairs before entering into any contract with the related party. In compliance with the above provisions, Company has made an application with the Ministry of Corporate Affairs, New Delhi for their approval for entering into the contract with Powertec for a period of further three years from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017 for the following payments of which the clearance is awaited:

Particulars of Contracts	Period	Amount / per month (₹ in Lacs)
Retainership & Contract for Services	01.04.2014 to 31.03.2015	3.82
	01.04.2015 to 31.03.2016	4.20
	01.04.2016 to 31.03.2017	4.62

Pursuant to the provisions of Section 188 of the Companies Act, 2013 relating to holding an office or place of profit by a Private Company in which a Director of the Company is also a Director, the prior approval of the Members by way of a Special Resolution is required.

In view of the above, your Directors feel that it is in the interest of the Company to continue commercial arrangement with the said Company. It is therefore proposed to further re-enter the Agreements with Powertec for a further period of three years effective from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2017.

The copies of the said Agreements to be entered into are available for inspection during the business hours on any working day at the Registered Office of the Company upto the date of the said Annual General Meeting.

Except Dr. S. Srikumar who is also a Director and Member of Powertec, none of the Directors and Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the said Resolution.

The Board recommends passing of the said Resolution by way of a Special Resolution for the approval of the Members of the Company.

By Order of the Board of Directors,

Place : Ahmedabad  
Date : 4<sup>th</sup> August, 2014

Sd/-  
**(S. N. Jetheliya)**  
Company Secretary

**ANNEXURE TO THE NOTICE**

Disclosure pursuant to Clause 49 of Listing Agreement with regard to the Directors seeking Appointment / Re-appointment at the forthcoming Annual General Meeting (Refer Item No. 3 & 5 to 7) of the Notice:

<b>Name</b>	<b>Dr. S. Srikumar</b>
Date of Birth / Age	25 <sup>th</sup> November, 1959 – 55 Years
Re-Appointed / Appointment on	20 <sup>th</sup> January, 2009
Qualifications	M. Tech (Industrial Engg.), Ph. D and PGDM from AIMA.
Expertise in specific functional areas	He possesses vast knowledge and experience of Industry, Project Management, Technical Evaluation, Engineering Coordination and Administration.
Directorships held in other Public Companies	Promac Engineering Industries Ltd.
Membership/ Chairmanships of Committees across other Public Companies	NIL
No. of Equity Shares held in the Company.	NIL

<b>Name</b>	<b>Mr. Dileep C. Choksi</b>
Date of Birth / Age	26 <sup>th</sup> December, 1949 / 65 Yrs.
Re-Appointed / Appointment on	27 <sup>th</sup> January, 2014
Qualifications	B. Com, LLB, FCA and Grad. CWA
Expertise in specific functional areas	Mr. Dileep C. Choksi is a leading Chartered Accountant, qualified Lawyer and a Cost Accountant with over 35 years of experience. His areas of specialization include tax planning and structuring for domestic and international clients, including expatriates, finalizing collaborations and joint ventures, executive advisory and decision support, corporate restructuring with a focus on start-ups, turnaround and change management strategies and analyzing tax impact of various instruments. 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.
Directorships held in other Public Companies	<ul style="list-style-type: none"> <li>i) ICICI Lombard General Insurance Co. Ltd.</li> <li>ii) Reliance Gene Medix Plc.</li> <li>iii) ICICI Home Finance Co. Ltd.</li> <li>iv) Datamatics Global Services Ltd.</li> <li>v) Lupin Ltd.</li> <li>vi) ICICI Bank Ltd.</li> <li>vii) National Stock Exchange of India Ltd.</li> <li>viii) Hexaware Technologies Ltd.</li> </ul>
Membership/ Chairmanships of Committees across other Public Companies	Chairmanship: 3 Membership: 4
No. of Equity Shares held in the Company.	NIL



<b>Name</b>	<b>Mr. Sanjay S. Majmudar</b>
Date of Birth / Age	21 <sup>st</sup> March, 1963 / 52
Re-Appointed / Appointment on	7 <sup>th</sup> May, 2007
Qualifications	B.Com, FCA & ACS
Expertise in specific functional areas	Mr. Sanjay S. Majmudar is a Practicing Chartered Accountants. 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 SMTP Programme of the Institute of Company Secretaries of India, Ahmedabad Chapter.
Directorships held in other Public Companies	<ul style="list-style-type: none"> <li>- Welcast Steels Ltd.</li> <li>- Aarvee Denims &amp; Exports Ltd.</li> <li>- Dishman Pharmaceuticals and Chemicals Ltd.</li> <li>- M &amp; B Industries Ltd.</li> <li>- Acme Industries Ltd.</li> </ul>
Membership/ Chairmanships of Committees across other Public Companies	Chairmanship - 1 Membership - 3
No. of Equity Shares held in the Company.	15120

<b>Name</b>	<b>Mr. Rajendra S. Shah</b>
Date of Birth	1 <sup>st</sup> February, 1948 / 66 Years
Re-Appointed / Appointment on	15 <sup>th</sup> March, 2005
Qualifications	B. E. (Mech)
Expertise in specific functional areas	Mr. Rajendra S. Shah is a Mechanical Engineer and is an Industrialist. He has an entrepreneurial insight into running engineering business. He possesses rich and varied experience in Administration and Finance. He is the Chairman and Managing Director of Harsha Engineers Ltd., manufacturers of Bearing Cages.
Directorships held in other Public Companies	<p>Welcast Steels Ltd.</p> <p>Harsha Engineers Ltd.</p> <p>Transformers &amp; Rectifiers (India) Ltd.</p> <p>Shilp Gravures Ltd.</p> <p>BecoTek Precision Bearing Components (Suzhou) Co. Ltd.</p>
Membership/ Chairmanships of Committees across other Public Companies	Chairman – 2 Members - 1
No. of Equity Shares held in the Company.	847

## INSTRUCTIONS FOR VOTING THROUGH E-VOTING

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide Members the facility to exercise their right to vote at the 24<sup>th</sup> 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:

- A. In case a Member receiving intimation by email:

- (i) If you are holding Shares in Demat form and has logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your vote earlier for Electronic Voting Sequence Number (“EVSN”) of any Company, then your existing login id and password are to be used.
- (ii) Log on to e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on “Shareholders” tab to cast your votes.
- (iv) Now, select the “EVSN” **140730017** along with “AIA ENGINEERING LTD.” from the drop down menu and click on “SUBMIT”.
- (v) Now, fill up the following details in the appropriate boxes:

	For Members holding Shares in Demat Form	For Members holding Shares in Physical Form
USER ID	For NSDL: 8 characters DP ID Followed by 8 digits Client ID For CDSL: 16 digits Beneficiary ID	Folio number registered with the Company
Enter the Image Verification as displayed and Click on Login		
PAN*	Enter your 10 digit alpha numeric *PAN issued by Income Tax Department when prompted by the system while e-voting [applicable for both Members holding Shares in Demat mode and Members holding Shares in physical mode]	
<b>ANY ONE OF THE FOLLOWING TWO</b>		
DOB	Enter the Date of Birth as recorded in your Demat account or in the Company records for the said Demat or Folio in dd/mm/yyyy format.	
<b>OR</b>		
Dividend Bank Details	Enter the Dividend Bank details as recorded in your Demat account or in the Company records for the said Demat account or Folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.	

\* Members who have not updated their PAN with the Company / Depository, Participants are requested to use the default number: <AIAEN1191L> in the PAN field.

- (vi) After entering these details approximately, click on “SUBMIT” tab.
- (vii) Members holding Shares in Demat form will now reach Password change menu appears wherein they are requested to mandatorily change their Login password in the New Password field. The new password shall contain minimum eight characters consisting of at least one upper case [A-Z], one lower case [a-z], one numeric value [0-9] and a special character [@ # \$ % & \*]. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Please note that this changed password is to be also used by the Members holding Shares in Demat mode for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform.
- (viii) Select “EVSN” (E-Voting Sequence Number) of AIA Engineering Limited.
- (ix) 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 you dissent to the resolution.



## AIA ENGINEERING LIMITED

- (x) Click on the "Resolution File Link" if you wish to view all the resolutions.
- (xi) After selecting the resolution if you have decided to vote, 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.
- (xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- B.** In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants or requesting physical copy]:
- Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- C.** Institutional Shareholders (i.e. Other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates, link their account which they wish to vote on and then cast their vote. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). They should also upload a scanned copy of the Board Resolution / Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the vote.
- D.** The e-voting period commences on 4<sup>th</sup> September, 2014 (9.00 a.m.) and ends on 6<sup>th</sup> September, 2014 (5.00 p.m.). During this period Members' of the Company, holding Shares either in Physical Form or in Dematerialized Form, as on the cut-off date of 1<sup>st</sup> August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Members, the Members shall not be allowed to change it subsequently.
- E.** The voting rights of Members shall be in proportion to their Shares of the paid-up Equity Share capital of the Company.
- F.** Mr. Tushar Vora, Company Secretaries (Membership No. FCS-3459; CP No. 1745) [Address: 32 Arpan Society, Nr. Mayur High School, Paliyad Nagar, Naranpura, Ahmedabad – 380010] has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- G.** In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and e-voting user manual for Members available at the Downloadable section of [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- H.** 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.
- I.** The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.aiaengineering.com](http://www.aiaengineering.com) and on the website of CDSL within two (2) working days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.

### Contact Details

<b>Company</b>	:	AIA Engineering Limited
<b>Regd. Office</b>	:	115, GVMM Estate, Odhav Road, Odhav, Ahmedabad-382 410, Gujarat, India CIN: L29259GJ1991PLC015182 E-mail : <a href="mailto:snj@aiaengineering.com">snj@aiaengineering.com</a> , <a href="mailto:ric@aiaengineering.com">ric@aiaengineering.com</a>
<b>Registrar &amp; Share Transfer Agent</b>	:	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400078 Phone: +91-22-25946970 Fax: +91-22-2594 6969
<b>e-Voting Agency</b>	:	Central Depository Services (India) Limited E-mail : <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a>
<b>Scrutinizer</b>	:	CS Tushar Vora Practicing Company Secretary E-mail : <a href="mailto:cstushar@tusharvora.com">cstushar@tusharvora.com</a>





**Attendance Slip & Proxy Form**

**AIA ENGINEERING LIMITED**

**ATTENDANCE SLIP**

**[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

<b>24<sup>th</sup> ANNUAL GENERAL MEETING</b>

I /We hereby record my / our presence at the 24<sup>th</sup> Annual General Meeting of the Company to be held at H. T. Parekh Convention Center, Ahmedabad Management Association, "ATIRA Campus", Dr. Vikram Sarabhai Marg, Ahmedabad-380 015 on Thursday the 11<sup>th</sup> September, 2014 at 10.00 a.m.

Member's Folio/DP ID-Client ID No.	Member's/Proxy's Name in Block Letters	Member's/Proxy's Signature

**AIA ENGINEERING LIMITED**

**PROXY FORM**

**[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: \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_  
or failing him / her;
- (2) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_  
or failing him / her;
- (3) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail ID: \_\_\_\_\_ Signature: \_\_\_\_\_

as my /our proxy to attend and vote on my / our behalf at the **Twenty Fourth Annual General Meeting** of the Members of the Company to be held on Thursday, the 11<sup>th</sup> September, 2014 at 10.00 A.M. at H. T. Parekh Convention Center, Ahmedabad Management Association, "ATIRA Campus", Dr. Vikram Sarabhai Marg, Ahmedabad-380 015 and at any adjournment thereof in respect of Resolutions as are indicated below:.



## AIA ENGINEERING LIMITED

### 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 2013-14 and Notice of the Annual General Meeting (AGM) along with Attendance Slip and Proxy Form are being sent to all the Members through electronic mode 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 2013-14 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.



Resolution No.	Particulars of Resolutions	Optional	
		For	Against
	<b>ORDINARY BUSINESS</b>		
1.	Adoption of Financial Statements for the year ended 31 <sup>st</sup> March, 2014		
2.	Declaration of Dividend for the Financial Year 2013-14.		
3.	Re-appointment of Dr. S. Srikumar, Director retires by rotation.		
4.	Appointment of Statutory Auditors.		
	<b>SPECIAL BUSINESS</b>		
5.	Appointment of Mr. Dileep C. Choksi as an Independent Director.		
6.	Appointment of Mr. Sanjay S. Majmudar as an Independent Director.		
7.	Appointment of Mr. Rajendra S. Shah as an Independent Director.		
8.	Authority to Board of Directors to Borrow Funds.		
9.	Payment of Commission to Non-Whole-time Directors		
10.	Ratification of Remuneration to Cost Auditors.		
11.	Approval of holding an Office or place of Profit by Powertec Engineering Pvt. Ltd.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

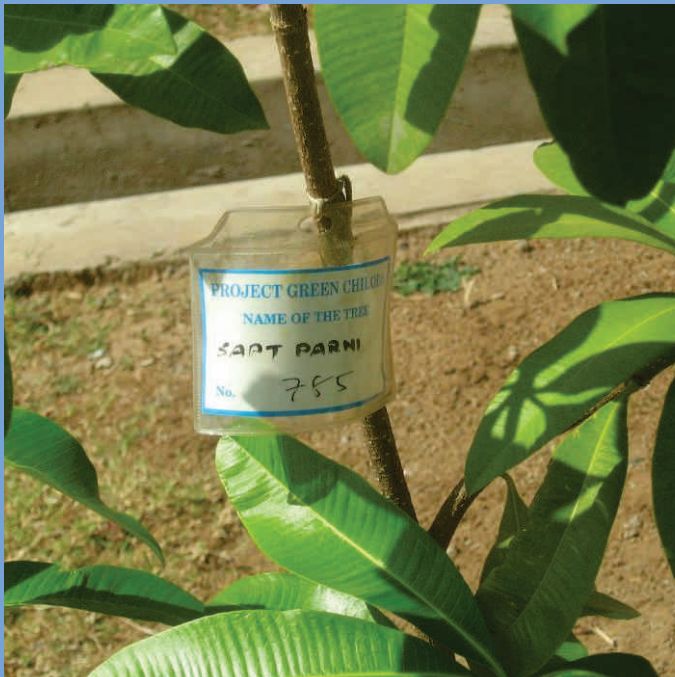
Signature of Shareholder \_\_\_\_\_

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

Affix  
Re 1  
revenue  
stamp

### Note:

1. 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.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 24<sup>th</sup> Annual General Meeting.
3. 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.
4. Please complete all details including details of Member(s) in above box before submission.



Tree plantation project at the Air Force Base in Chiloda, Gandhinagar.



Tree plantation project at the Air Force Base in Chiloda, Gandhinagar.



Sewage Treatment Plant - Moraiya Unit



Green Belt at Moraiya Unit



## **AIA ENGINEERING LIMITED**

Registered Office : 115, GVMM Estate, Odhav Road, Ahmedabad - 382410

Tel. : +91-79-22901078-81 Fax : +91-79-22901077

E-mail : [snj@aiaengineering.com](mailto:snj@aiaengineering.com)

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

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