



## AIA Engineering Limited

August 17, 2022

To,  
The Manager (Listing),  
**The BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001  
**Script Code: 532683**

To,  
The Manager (Listing),  
**National Stock Exchange of India Limited**  
“Exchange Plaza”, C-1 , Block – G,  
Bandra-Kurla Complex, Bandra (E)  
Mumbai – 400 051  
**Script Code: AIAENG**

Dear Sir / Madam,

### **Sub: Annual Report for the Financial Year ended 31<sup>st</sup> March, 2022**

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith Notice of Annual General Meeting (including e-voting instructions) alongwith Annual Report 2021-22 of the Company, which is also being sent through electronic mode to the members as per the circulars from Ministry of Corporate Affairs and Securities and Exchange Board of India.

Important details with regard to AGM are as under:

Sr. No.	Particulars	Details
1.	AGM Details	Day: Monday Date: 12 <sup>th</sup> September, 2022 Time : 10.00 a.m. (IST) Through Video Conference/Other Audio Visual Means
2.	Book Closure Date	Tuesday, 6 <sup>th</sup> September, 2022 to Monday, 12 <sup>th</sup> September, 2022
3.	Cut-off date for e-voting	Monday, 5 <sup>th</sup> September, 2022
4.	Remote e-voting start time, day and date	9.00 a.m. Thursday, 8 <sup>th</sup> September, 2022
5.	Remote e-voting end time, day and date	5.00 p.m. Sunday, 11 <sup>th</sup> September, 2022
6.	E-voting website of CDSL	<a href="https://www.cdslindia.com">https://www.cdslindia.com</a>

CIN : L29259GJ1991PLC015182

**An ISO 9001 Certified Company**

**Corporate Office** : 11-12, Sigma Corporates, B/h. HOF Showroom, Off S. G. Highway, Sindhu Bhavan Road, Bodakdev, Ahmedabad 380 054. Gujarat, INDIA. Ph.: +91-79-66047800 Fax: +91-79-66047848

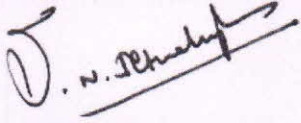
**Registered Office** : 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad - 382410. Gujarat, INDIA. Ph.: +91-79-22901078 Fax : +91-79-22901077 | [www.aiaengineering.com](http://www.aiaengineering.com), E-mail : [ric@aiaengineering.com](mailto:ric@aiaengineering.com)

The Annual Report containing the Notice of Annual General Meeting is also uploaded on the Company's website at [www.aiaengineering.com](http://www.aiaengineering.com).

You are requested to take the same on your record.

Thanking you.

Yours faithfully,  
For AIA Engineering Limited



S. N. Jetheliya  
Company Secretary





AIA Engineering Limited  
32<sup>ND</sup> ANNUAL REPORT 2021-2022



Creating  
**VALUE**



01-50

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## Investor Information

Market Capitalisation as at  
31 March, 2022  
₹ 15,351.58 Crores

**CIN**  
L29259GJ1991PLC015182

**BSE Code**  
532683

**NSE Symbol**  
AIAENG

**Bloomberg Code**  
AIAE:IN

**AGM Date**  
12 September, 2022

**AGM Mode**  
Video Conferencing (VC) and Other  
Audio-Visual Means (OAVM)

Scan to download



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

Disclaimer: This document contains statements about expected future events of AIA Engineering Limited ('AIA' or 'the Company'), which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. The numbers presented in this report pertain to financial year 2021-22 unless specifically mentioned otherwise. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the Management Discussion and Analysis section of this Annual Report.



OVER THE YEARS, OUR UNIQUE IDENTITY HAS GIVEN US A DISTINCTIVE EDGE.

OVER THE YEARS, WE HAVE MARKED A DOMINATING PRESENCE IN OUR INDUSTRY.

OVER THE YEARS, OUR STRATEGY HAS ALWAYS REMAINED CONSISTENT IN DELIVERING ENHANCED CUSTOMISED SOLUTIONS TO OUR CUSTOMERS.

OVER THE YEARS, WE HAVE REMAINED AHEAD OF THE CURVE, IN CONSISTENTLY LEVERAGING THE UNDERLYING INDUSTRIAL OPPORTUNITIES.

TODAY, OUR BUSINESS MODEL HAS EVOLVED IN CREATING ENHANCED VALUE FOR OUR CUSTOMERS AND STAKEHOLDERS.

## Our Performance in 2021-22

### TOTAL REVENUE

₹ **37,228.37**  
million

### EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTISATION (EBITDA)

₹ **8,772.35**  
million

### PROFIT AFTER TAXES (PAT)

₹ **6,196.18**  
million

### DIVIDEND

₹ **9**  
Per Share (450%)

### PROMOTERS' HOLDING

**58.47%**

### TOTAL WORKFORCE

**1,287**





# AIA ENGINEERING AT A GLANCE

AIA Engineering, a certified ISO 9001 Company, specialises in the design, development, production, installation, and servicing of high chromium wear, corrosion, and abrasion resistant castings for the cement, mining, and thermal power generating industries.

The Company offers custom designed solutions in ideal metallurgy for the application, as well as process optimisation services based on a technical assessment of our customer's needs. As an outcome of this approach, the Company has established itself among the industry leaders in terms of quality, services and innovation, earning a strong reputation as a global solution provider.

## Engineering Solutions

### CEMENT

The Company's origins is in the cement production business, where it has thrived for many years. AIA has a long history of delivering worn part solutions to the cement industry. AIA has developed expertise in metallurgy, grinding application, and component design and provides parts for tube mills and vertical mills. AIA's manufacturing approach improves component working life significantly as compared to standard procedures. With the Company's consistent success in this business, it has been able to develop innovative solutions that have been proven to reduce maintenance costs and increase customer cost-effectiveness.

### THERMAL

The Company assists power plants throughout the world in lowering their generating costs by designing components that minimise downtime and maintenance expenses significantly. The Company manufactures wear components for pulverisers, which are used to grind and crush coal before it is fed into boilers at thermal power plants. Vertical mills and tube mills are used to pulverise coal in these plants. The Company has improved the production and composition of grinding media as well as shell liners as compared to conventionally produced media, resulting in efficiency gains of 200% to 300%. The Company has also been witnessing an impressive reduction in wear rate for its products.

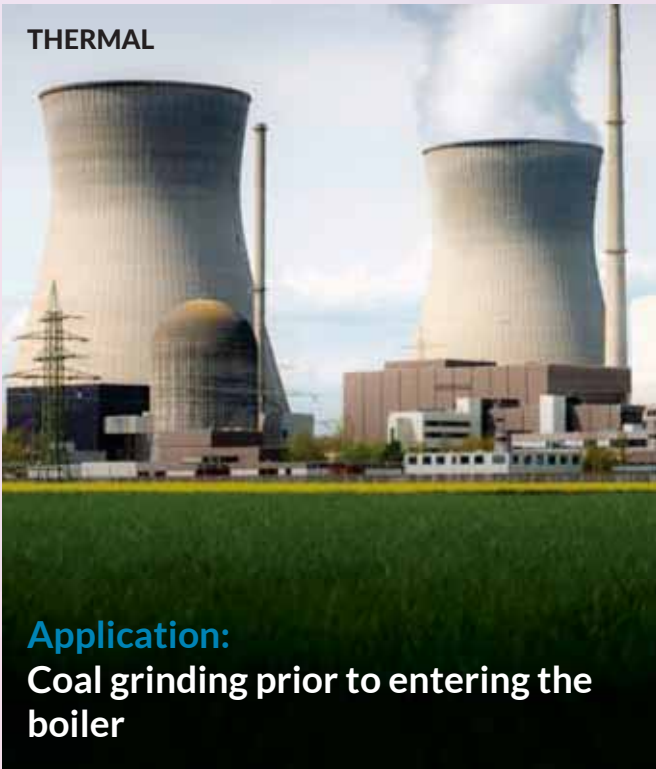
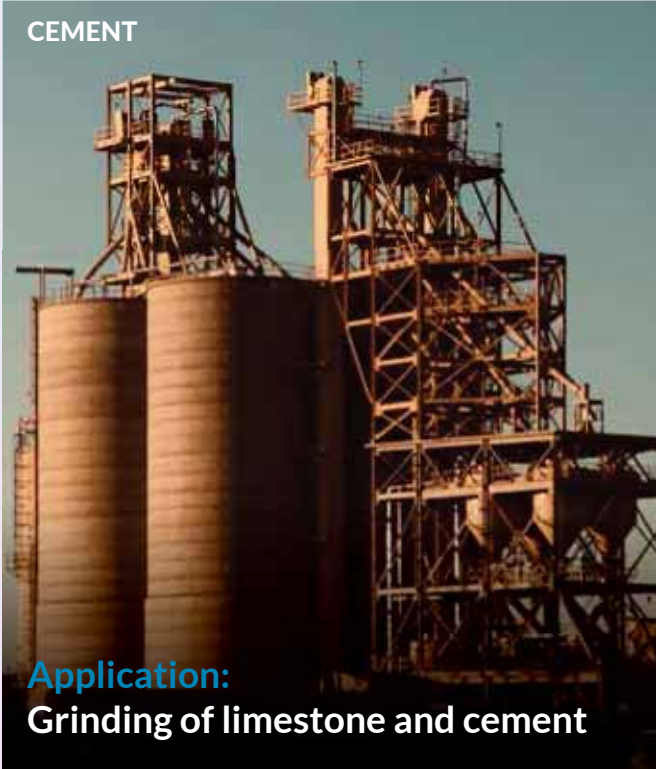
### MINING

Reduced downtime is critical for successful mining operations, thus wear components that perform harder and last longer are critical. The Company has developed unique alloys and manufacturing techniques for all types of minerals, including iron, gold, lead/zinc, bauxite, copper, phosphates, and others, offering enhanced wear components. Furthermore, the Company has developed mill lining solutions that enable clients to achieve better throughputs while reducing running costs such as electricity and wear components.

### QUARRY

The Company has developed new alloys and manufacturing techniques for various types of minerals, including iron, gold, lead/zinc, bauxite, copper, and phosphates, to deliver enhanced wear components. This aids in the reduction of downtime, which is crucial to the success of quarrying operations.







# OUR JOURNEY



**1978**

Mr. Bhadresh K. Shah founded the Ahmedabad Induction Alloys Private Limited

**1979**

The Company began operations and started producing wear parts for cement and power plants

**1985**

Started production of high-chrome grinding media

**1989**

Began producing high chromium liners, level control diaphragms, and other diaphragms



**1991**

Ahmedabad Induction Alloys Private Limited was amalgamated with the Company, AIA

**1996**

Received ISO 9001 certification of Quality Management Systems

**2003**

AIA incorporated Vega ME as a wholly-owned subsidiary

**2005**

AIA got listed on Indian Stock Exchanges

**2008**

Moraiya, a greenfield facility with a capacity of 1,00,000 MT grinding media, was commissioned

**2011**

A new plant for mining liners and vertical mill parts was commissioned

**2022**

Installed 2 Wind Turbines of total 5.4 MW, taking total renewable energy capacity to 24.3 MW

**2020**

Obtained ISO 14001 certification for environmental management system and OHSAS 18001 certification for health and safety management system at our Moraiya and Kerala Plants

**2019**

Capacity enhancement by 50,000 MT at Kerala's GIDC plant

Installed 8 Wind Turbines of 2.1 MW each

**2018**

Developed mill lining solutions for mine

**2017**

Phase 1 of the Kerala GIDC, a greenfield facility near Ahmedabad for grinding media production, was commissioned

**2014**

Capacity was expanded to 2,60,000 MT at Moraiya facility





# OUR GLOBAL FOOTPRINT

The Company is regarded as the International Quality Benchmark by most of its customers. It has a global footprint with its strategically located subsidiaries and representative offices. AIA is globally recognised name in the Engineering industry and enjoys long-standing partnerships with world-renowned marquee clients in the cement and mining sectors.

## GLOBAL PRESENCE

120+



Disclaimer: This map is a generalised illustration only for the ease of the reader to understand the locations, and it is not intended to be used for reference purposes. The representation of political boundaries and the names of geographical features/states do not necessarily reflect the actual position. The Company or any of its directors, officers or employees, cannot be held responsible for any misuse or misinterpretation of any information or design thereof. The Company does not warrant or represent any kind of connection to its accuracy or completeness.

### SUBSIDIARIES AND REPRESENTATIVE OFFICES

- 1 USA
- 2 Canada
- 3 UK
- 4 UAE
- 5 Australia
- 6 South Africa
- 7 China
- 8 Chile
- 9 Indonesia
- 10 Ghana

### GLOBAL LOGISTICS NETWORK (WAREHOUSES)

- 1 South Africa
- 2 USA
- 3 UK
- 4 Netherlands
- 5 Australia
- 6 Ghana
- 7 Chile





# MANAGING DIRECTOR'S MESSAGE



## Dear Shareholders,

The year 2021-22 will be remembered as the year when the world began to slowly but steadily overcome the pandemic's challenges. Despite the pandemic, AIA Engineering's performance remained stable as the economy recovered. We were able to take advantage of our market-leading position, and it was our Company's primary emphasis area to ensure that our customers' supply of our products and services were not disrupted. We are pleased that our travel has prompted more dialogues with our clients, leading to the accomplishments we have made in a challenging year. The customer base grew, giving us the assurance that we are on the right track.

The fight against Covid-19 is far from over. As the economy settles and adjusts to the 'new normal', we expect mining and cement industries to pick up the activity and in turn drive requirements for our products. Our Company and our tenacious workforce have accepted the 'new normal' and have successfully adjusted, ensuring that AIA's operations and services are not disrupted. With widespread immunisations and stringent Covid-19 protocols in place, the world is considerably more prepared and has learned to meet all challenges head-on. The mining bid was harmed as a result of the volume reductions from Canada and South Africa. In accordance with the steep rise in commodity prices, we have experienced considerable increases in



our input costs and freight. In response to the price increase, our Company has made efforts to pass on these costs to the customers.

We are pleased to announce that the brownfield expansion for grinding media which was on hold owing to Covid-19, has been restarted. With an extra outlay of ₹ 200 Crores, we are now seeking to add 80,000 tonnes of capacity. This is within our regular capital expenditure range. This type of addition will not only expand our capacities but will also help us earn recognition globally. The mill lining facility is in the trail phase and almost ready to go into production. The current capacity of 3,90,000 MT is expected to reach 5,20,000 MT post the successful expansion of our mill lining capacity and grinding media capacity. Given the huge scope for development that lies ahead of us, we will continue to develop fresh Capex plans for capacity expansion.

Sustainability is one of our Company's non-negotiables, and we actively contribute to the Social, Economic, and Environmental Development of the community in which we operate through our sustainable measures. We ensure the community's socio-economic development through a variety of participatory and need-based initiatives, such as providing quality education,

ensuring that they are digitally literate, and providing healthcare, all of which are in the best interests of the poor and deprived sections of society, allowing them to become self-sufficient and build a better future for themselves. We also ensure the long-term viability of the environment by preserving biodiversity, protecting and regrowing endangered plant species, and lowering our carbon footprint.

In the end, I would like to thank all our stakeholders for standing by us during the unthinkable situation happening around the globe. During the year, we also focused on improving productivity and employee morale. Going ahead, we will continue to focus on developing comprehensive solution capabilities through our large and well-equipped R&D team. We promise to deliver value to all associated with us through ethical, sustainable and profitable means.

Best Wishes,

**Bhadresh K. Shah**

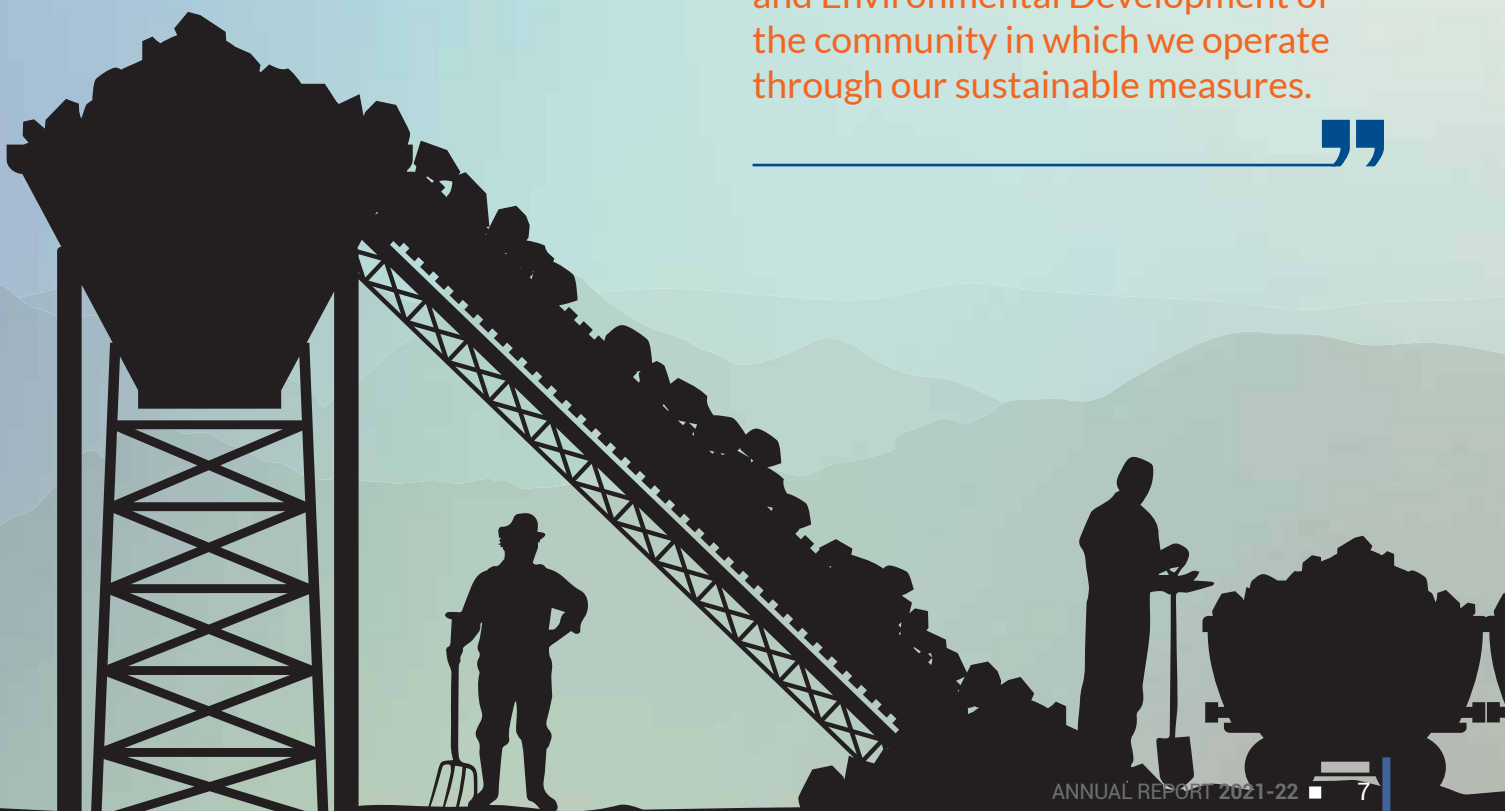
Managing Director

**AIA Engineering Limited**

“

**Sustainability is one of our Company's non-negotiables, and we actively contribute to the Social, Economic, and Environmental Development of the community in which we operate through our sustainable measures.**

”





# VALUE-ACCRETIVE STRATEGIES

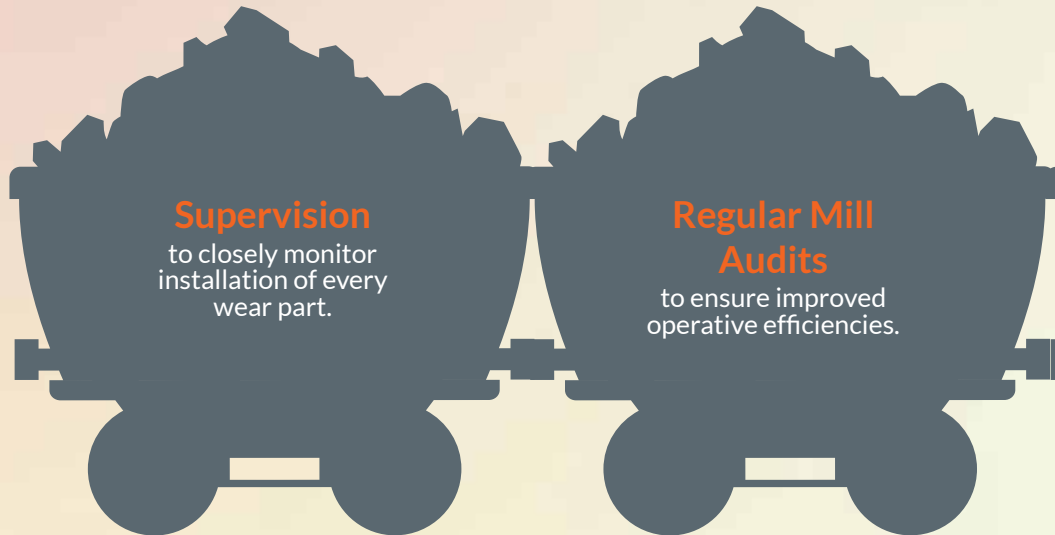
AIA has become one of the most successful companies in supplying and installing wear components because of our legacy and experience in grinding and crushing operations. The Company has created, nurtured, supported, and extended its geographical footprint internationally for over three decades with a unique value proposition, based on a growth strategy focused on a stable business model, unique approach, and capacity to supply specialty solutions.

## Growth Strategies



### CUSTOMER SATISFACTION

The Company's objective is to provide consumers with optimised solutions based on a technical assessment of their needs. The Company has enabled quality checks at various points to ensure increased customer satisfaction.



## CONSISTENT CAPEX

The Company is focused on expanding its manufacturing facilities to meet the global demand. AIA is nearing the completion of its mill liners capacity expansion and also initiated the expansion of its grinding media capacity. These components will be included in customised solutions, allowing our customers to lower their throughput and expenses significantly. During 2021-22, the Company spent ₹ 125.47 Crores on capital expenditures. The Company's installed capacity stands at 3,90,000 MT.

### MINING LINER PROJECT

The Company is nearing completion on a Mill Liners manufacturing plant with a capacity of 50,000 MT, which is slated to be operational in June 2022. The total installed capacity after this extension will be 4,40,000 TPA.

### KERALA GIDC PROJECTS

The Company has opted to proceed with its brownfield grinding media capacity development. It proposes to add 80,000 MT of capacity at a cost of ₹ 200 Crores, with commissioning expected by the end of 2023-24.

The Company expect a CAPEX of ₹ 300 Crores for FY23 which includes regular CAPEX, the Mill Lining Project, Grinding Media Expansion Project and Hybrid Power Projects.



#### Real-Time Assessments

to ensure quality, consistency, cost-effectiveness, and timely replenishment of inventory.

#### Tangible Benefits

with each product aiding in the reduction of wear costs, optimisation of mill operations, reduction of power costs, and increased throughput. And also guarding against abrasion, corrosion, and impact during the grinding process.





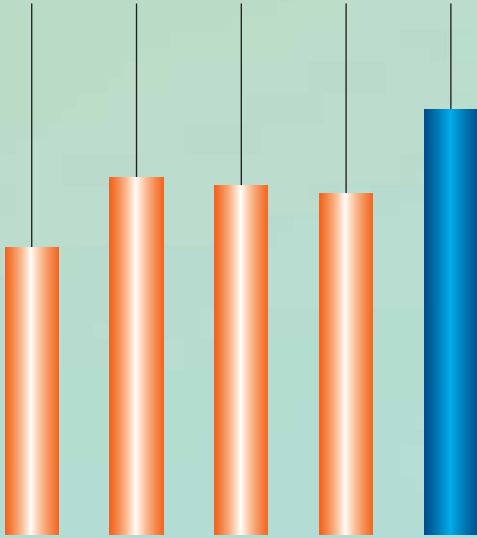
# FINANCIAL PERFORMANCE



## NET SALES

(₹ in Lakhs)

2,39,630 2,96,908 2,89,132 2,82,548 3,52,316



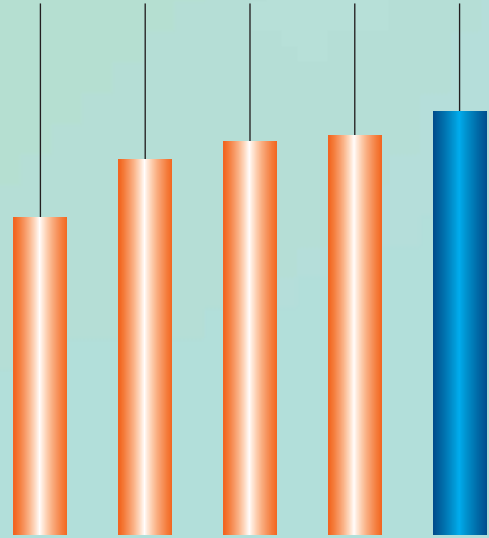
2017-18 2018-19 2019-20 2020-21 2021-22



## EBITDA

(₹ in Lakhs)

65,751 78,079 82,219 82,744 87,724



2017-18 2018-19 2019-20 2020-21 2021-22

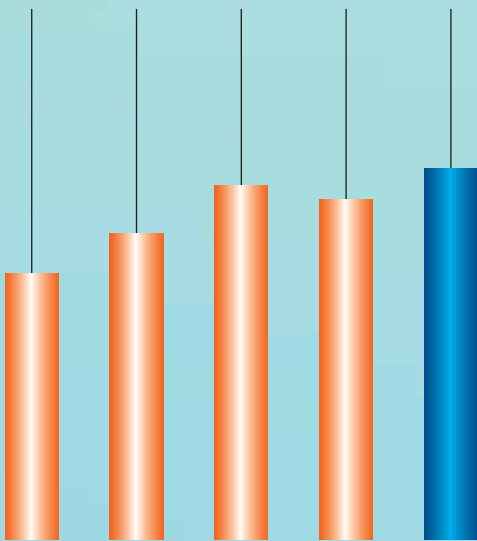


## PROFIT AFTER TAX

(After Minority Interest)

(₹ in Lakhs)

44,335 51,083 59,036 56,612 61,968



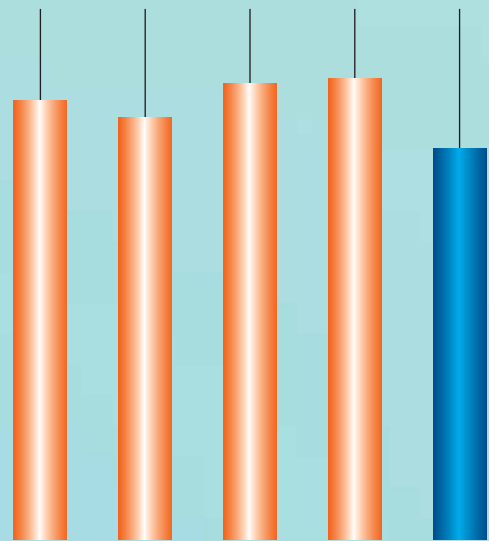
2017-18 2018-19 2019-20 2020-21 2021-22



## EBITDA MARGIN

(%)

27.44 26.30 28.44 28.72 24.59

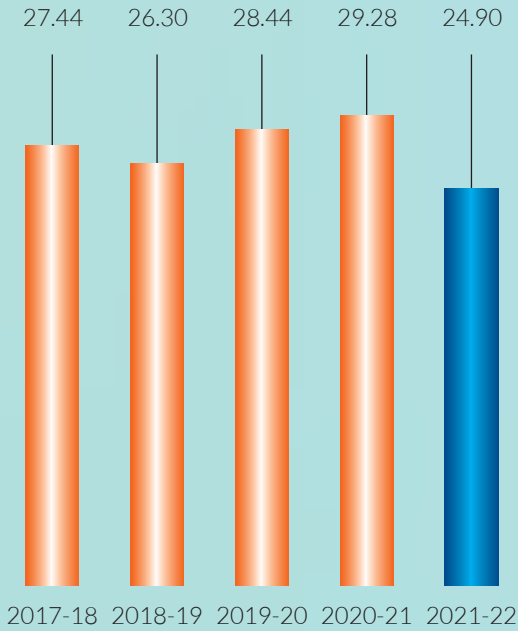


2017-18 2018-19 2019-20 2020-21 2021-22

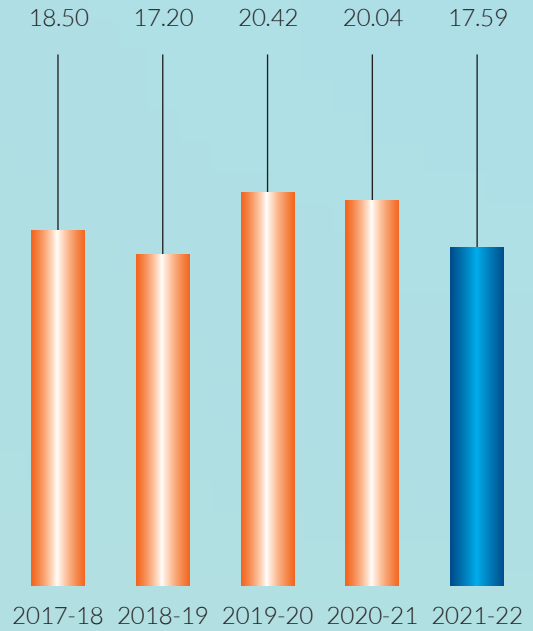




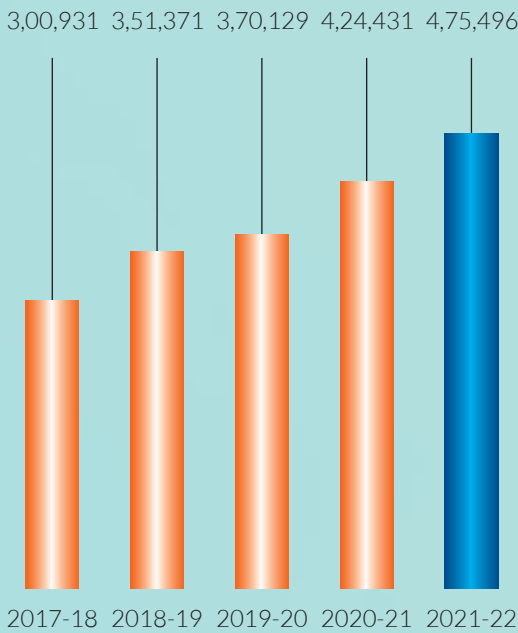
**OPERATING PROFIT MARGIN** (%)



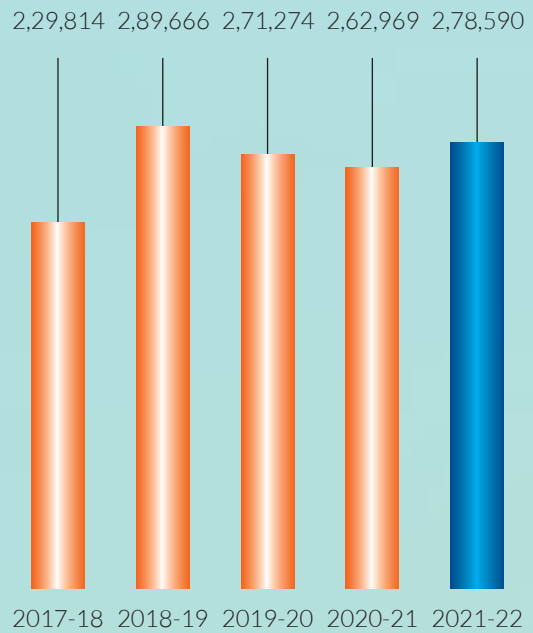
**PROFIT MARGIN** (%)



**NET WORTH** (₹ in Lakhs)



**PRODUCTION VOLUME** (in MT)





# CORPORATE SOCIAL RESPONSIBILITY

As a socially responsible Company, AIA believes in giving back to the society. The Company creates a positive impact and provides inclusive growth within the communities, in which we work.



ERADICATING HUNGER

₹ **31**  
Lakhs

PREVENTION & PROMOTING  
HEALTHCARE

₹ **362.41**  
Lakhs

PROMOTING OF EDUCATION  
& VOCATIONAL SKILLS

₹ **581.88**  
Lakhs

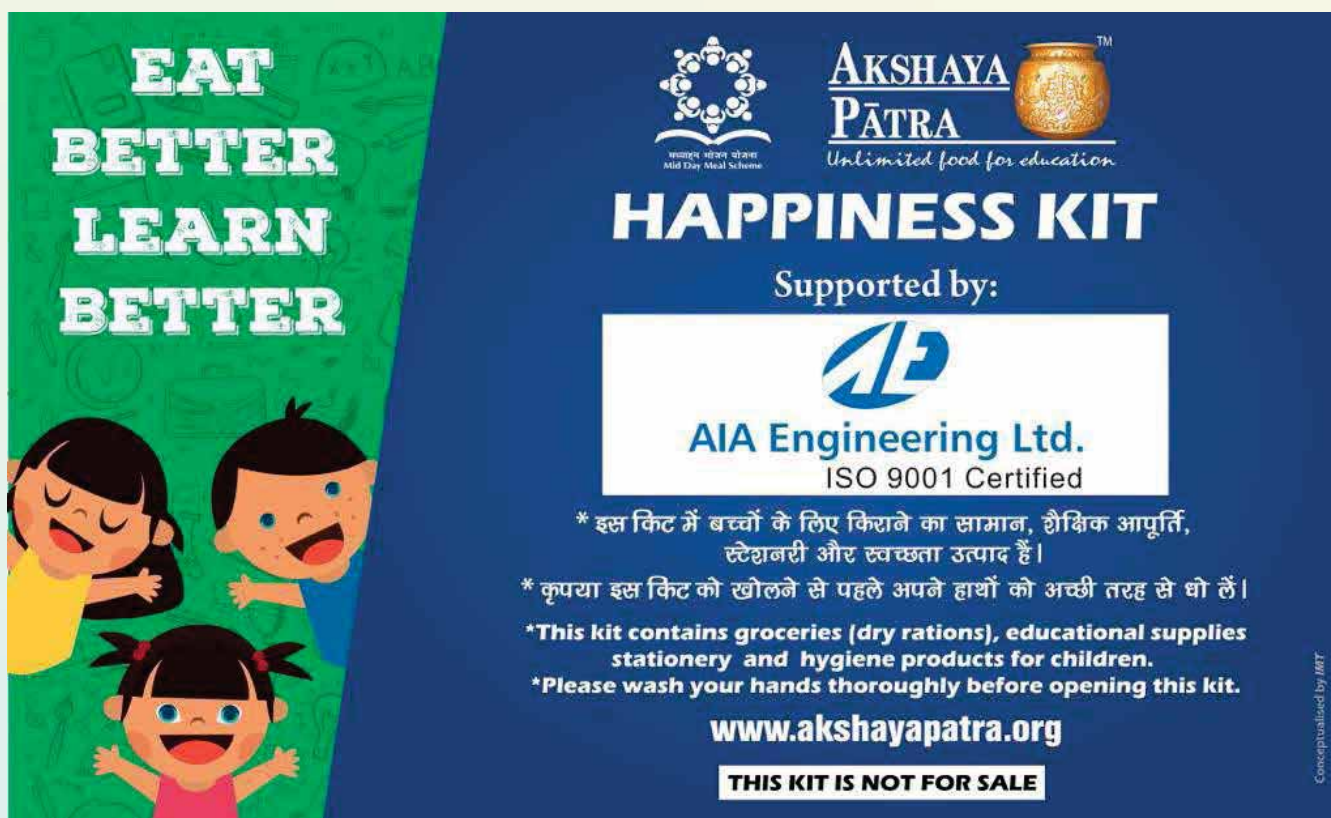
PROTECTION OF NATIONAL  
HERITAGE, ART & CULTURE

₹ **29**  
Lakhs

PROTECTION OF ENVIRONMENT  
& ANIMAL WELFARE

₹ **228.92**  
Lakhs





**EAT BETTER LEARN BETTER**

**AKSHAYA PATRA**  
Unlimited food for education

**HAPPINESS KIT**

Supported by:

**AIA Engineering Ltd.**  
ISO 9001 Certified

\* इस किट में बच्चों के लिए किराने का सामान, शैक्षिक आपूर्ति, स्टेशनरी और स्वच्छता उत्पाद हैं।  
\* कृपया इस किट को खोलने से पहले अपने हाथों को अच्छी तरह से धो लें।  
\* **This kit contains groceries (dry rations), educational supplies stationery and hygiene products for children.**  
\* **Please wash your hands thoroughly before opening this kit.**

[www.akshayapatra.org](http://www.akshayapatra.org)

**THIS KIT IS NOT FOR SALE**

Conceptualised by AAT

## EDUCATION INITIATIVES

Every individual has the fundamental right to education. It is the preliminary step in developing people’s awareness, critical thinking, and capacity for self-improvement. India has approximately 1.5 million schools with over 260 million students enrolled and over 42,000 higher education institutions. Although it boasts one of the largest higher education systems in the world, there is still a lot of potential for improvement. At AIA, we are committed towards supporting India’s education system towards flourishing.

### GYAN DEEP PROGRAMME (AIA ENGINEERING DIGITAL CLASSROOM PROJECT)

AIA Company has continued to expand the Company’s educational initiative called as Gyan Deep Programme through AIA CSR Foundation. This initiative was designed to improve the quality of education in Government primary schools from 1<sup>st</sup> grade to 8<sup>th</sup> grade. It focuses on advancing digital education in these schools. It is a multi-year programme involving three agencies i.e. Yuva Unstoppable, Jeevantirth and Zeal Educational Consultants Private Limited and is implemented through digital smart classrooms and tablet laboratories. It is located in Ahmedabad, providing critical and necessary training and education services to students, instructors, and parents throughout the year.



STUDENTS BENEFITTED

**5,000+**





## JEEVANTIRTH VAAGALE UTSAV

Jeevantirth is implementing the 'VaaGaLe Utsav' - Joyful Learning & Meaningful Education project as part of AIA 'GyanDeep Programme' educational effort. This project has benefitted 11 Government schools in and around, Ahmedabad. The goal is to prepare them for child-centered education through knowledge construction, relationship-building activities, the creation of Activity Sheets, Working Materials, and Stationery for Students, and active participation in workshops such as scientific fairs. To re-ignite interest in the educational process in a pleasant and interactive way through experiential learning.



## TRAINING OF THE EDUCATIONAL VOLUNTEERS (BAALMITRAS) & TEACHERS

To prepare the BaalMitras for the child-centered education based on knowledge creation at Jeevantirth, Juna Koba, four half-day trainings were conducted. They received instruction on how to operate the VaaGaLe Kit and other TLMs (Teaching Learning Materials) effectively. The use of free talk, image talk, object talk, children's songs, and storytelling was demonstrated through practical instruction. Teachers at the schools were urged to learn about and understand how to apply our TLMs from BaalMitras so that they could utilise them successfully as follow-up activities.



GOVERNMENT SCHOOLS SUPPORTED

11

## YUVA UNSTOPPABLE

AIA, in collaboration with Yuva Unstoppable, aims to create and foster an atmosphere that encourages the use of Information and Communications Technology (ICT) in Government schools. Widespread availability of access devices, Internet connectivity, and promotion of ICT literacy are all important components of such an enabling environment. The goal is to enable every student of Government Schools to become 'Digitally Literate', as well as to prepare school teachers in the effective delivery of education via the use of IT resources and the most up-to-date techniques and aids. By fostering self-learning, this would help to promote critical thinking and analytical skills while also encouraging a shift in the learning environment from teacher-centred to student-centred.



## We supported these schools with:

### SMART TV

An interactive large screen television that anyone, teacher or student, can walk up to and use, with little or no training. Teachers may leverage the smart hardware and software of the Smart TV to improve student engagement and motivation.



### ANDROID BOX

A set-top box that converts video content to digital or analog signals which can be displayed via Smart TV installed in the classrooms. This Android box comes with a pre-installed educational content for students from grades 1<sup>st</sup> to 8<sup>th</sup>.

### INSTALLATION OF EDUCATIONAL CONTENT ON TABLET

Our field team have installed educational application like “*Shala Mitra*” and “*G-Shala*” on these tablets. These are comprehensive learning tools with educational content for standards 1<sup>st</sup> to 12<sup>th</sup>

### POSITIVE IMPACT ON STUDENTS AND TEACHERS

The students have been the largest beneficiary of this educational initiative. At AIA, we supported these students by:

- Enhancing and enriching the learning process of every child
- Offering interactive graphical animated content for better understanding
- Providing interesting and joyful learning
- Explaining the correct usage of technologies like computer, mobile phone, internet among others as part of the learning process

With the use of interactive, graphically animated content as well as lesson planning, lesson summaries, and further reading for assistance and understanding, Interactive Teaching-Learning Solutions have assisted teachers significantly.

### ZEAL EDUCATION

AIA CSR Foundation, an initiative of AIA Engineering Limited, signed an agreement with Zeal Educational Consultants Private Limited in January 2022 to undertake its ‘Turning Point’ Programme with seven selected schools in and around Changodar, Ahmedabad near manufacturing plant of AIA. All schools were invited to send two teachers to a five-day training programme to learn how to teach in a fun and experimental way.





## AIA CSR FOUNDATION SCHOLARSHIP PROGRAMME – VIDYASAARATHI

According to the AISHE (All India Survey on Higher Education Report), just 27.1% of Indians are enrolled in higher education. Considering the enormous dropout rate in higher education enrolment, which stands at more than 73%, there needs to be significant introspection.

Through a unique education scholarship management system called Vidyasaarathi, the AIA CSR Foundation addresses challenges of education among the impoverished and creates employment prospects through educational support. It assists deserving students in overcoming the major obstacle of pursuing higher education by removing the financial barrier, so contributing to the country's education and growth. Vidyasaarathi is an initiative by Proteane Gov Technologies Ltd. (earlier known as NSDL e-Governance Infrastructure Ltd.) It is an online portal that connects corporates and students onto a single platform and helps effectively implement an end to end scholarship grant programme. TATA Institute of Social Sciences supports the Vidyasaarathi initiative. It serves as the Central Trust for the distribution of Vidyasaarathi scholarships.

**AIA SCHOLARSHIP PROGRAMME**

**COURSES**

- Class 11 - Class 12
- Undergraduate Courses (12+3)
- B.E/B.Tech - Diploma - ITI

**MINIMUM ELIGIBILITY CRITERIA**

- Open to All Gender
- Minimum 50% in Class 10th & 12th
- Annual Family Income to be 5 Lakhs & below

For more details visit [www.vidyasaarathi.co.in](http://www.vidyasaarathi.co.in) or email us at [vidyasaarathi@nsdl.co.in](mailto:vidyasaarathi@nsdl.co.in)

@Vidyasaarathi 
 Vidyasaarathi 
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 Vidyasaarathi

## HEALTHCARE INITIATIVE

### CHETANA EMPOWERMENT

Chetana Empowerment Foundation, in collaboration with AIA, is trying to de-stigmatise mental health and create a positive mental health environment. It held 300 meditation webinars in which more than 15,000 persons took part and benefitted greatly.



## PLANTATION INITIATIVE

Another major initiative of AIA is protecting the environment and reducing carbon footprint. The Company has undertaken initiatives such as 'Plantation' and 'Reclamation of Land' and successfully planted 1,00,000 trees during the year.



TREES PLANTED DURING THE YEAR

**1,00,000**





# ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

## About the Environmental Social and Governance Report

THIS IS AIA'S (AIA ENGINEERING LIMITED) SECOND ENVIRONMENTAL SOCIAL AND GOVERNANCE REPORT. IT AIMS TO COMMUNICATE THE COMPANY'S STRATEGY AND APPROACH TOWARD SUSTAINABILITY. THIS REPORT IS PREPARED ANNUALLY AND ELUCIDATES THE COMPANY'S PROGRESS ON MATERIAL SUSTAINABILITY MATTERS TO AIA'S KEY STAKEHOLDERS, VIZ. CUSTOMERS AND INVESTORS. IT HELPS US TO COMMUNICATE OUR CORPORATE STRATEGY AND ITS ALIGNMENT WITH OUR VISION, MISSION, KEY ACTIVITIES, AND OUTCOMES.

THE REPORT IS PREPARED BASED ON THE SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) AND GLOBAL REPORTING INITIATIVE (GRI) STANDARDS. THE REPORT IS ALSO ALIGNED WITH THE UN SUSTAINABLE DEVELOPMENT GOALS (SDGS).

THE SCOPE OF THIS REPORT IS LIMITED TO AIA'S MANUFACTURING PLANTS IN INDIA.



## Stakeholder Engagement

A stakeholder is an entity or individual that can reasonably be affected by the Company’s activities, products, and services, or whose actions can reasonably affect the ability of the organisation to successfully implement its strategies and achieve its objectives. We strive to develop strong relationships

with our key stakeholders to provide long-term value and sustainable growth. Continuous, ongoing, strategic and need-based engagement with stakeholders is a business prerequisite. Inputs from stakeholders also give us an insight into risks, opportunities, and future outlook.

## Engagement Process

To achieve positive and effective stakeholder engagement, we follow a three-step process. The management gathers inputs through direct and indirect engagement with different stakeholder

groups. The inputs thus gathered are incorporated into our decision-making process, translating into continuous improvement.



### Why they are important

### Stakeholder priorities

### Frequency and mode of engagement



#### EMPLOYEES

The employees are our power. We are developing a workforce to meet the current and future needs of our customers. A collaborative effort between employees and their supervisors provides opportunities for growth and performance-driven culture for delivering the right products and services to customers.

- Occupational Health & Safety
- Training and Development
- Employee Engagement Practices

- Monthly, half-yearly, and need-based
- Performance appraisal
- Emails and circulars
- Health, Safety, and Environment (HSE) committee meetings and safety alerts
- Training and awareness
- Forums like Kaizen/5S



#### CUSTOMERS

Customers are important as they are the direct users of our products. Customer feedback is important as it helps us in maintaining brand reputation and steady cash flows. It is critical to ensure customer satisfaction.

- Product Quality
- Climate Change
- Occupational Health & safety
- Water Management
- Waste Management
- Employment Practices
- Human Rights

- Continuous, on-going, and need-based
- Customer satisfaction index



#### INVESTORS




Investors help us ensure proper deployment of capital and guide us on proper utilisation of funds. By forging a strong investor relationship, we can maintain a loyal shareholder base, enhance long-term shareholder value, lower the cost of capital, and build long-term credibility with them. They also help in enabling our long-term growth and expansion plans.

- Business Ethics and compliance
- Strong Governance and Risk Mitigation
- Climate Change
- ESG Performance
- ESG Disclosures

- Quarterly, annual, and need-based
- Annual general meetings
- Quarterly earnings calls
- Presentation and investor conferences
- Regular disclosure to stock exchanges
- Updates on the Company website





	Why they are important	Stakeholder Priorities	Frequency and mode of Engagement
 <b>GOVERNMENT &amp; REGULATORS</b>	<p>We engage with statutory/regulatory bodies like the stock exchanges, tax departments, SEBI, and pollution control boards to ensure compliance with the applicable regulations.</p>	<ul style="list-style-type: none"> <li>■ Business Ethics and Compliance</li> <li>■ Corporate Social Responsibility</li> <li>■ Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>■ Monthly, quarterly, annually, and need-based</li> <li>■ Emails</li> <li>■ Progress and performance reports</li> <li>■ Accident incident reports</li> <li>■ Returns under applicable laws</li> </ul>
 <b>COMMUNITIES</b>	<p>Active engagement allows us to identify community needs and measure impact and outcomes of our CSR interventions. Engagements at grass-root level have enabled us to forge long-lasting relationship with society in the areas we operate.</p>	<ul style="list-style-type: none"> <li>■ Livelihood and support</li> <li>■ Hygiene and sanitation facilities</li> <li>■ Healthcare facilities</li> <li>■ Education</li> </ul>	<ul style="list-style-type: none"> <li>■ Need-based and on-going</li> <li>■ Community meetings and visits</li> <li>■ Interaction with local bodies</li> </ul>
 <b>SUPPLIERS &amp; VENDORS</b>	<p>We believe in trust and long-term partnerships with our vendors and suppliers. Our operations are dependent on the timely availability of raw materials and services. These, in turn, have a material impact on the efficiency of the production process.</p>	<ul style="list-style-type: none"> <li>■ Payment terms</li> <li>■ Fair and transparent dealing</li> <li>■ Safety system and performance</li> </ul>	<ul style="list-style-type: none"> <li>■ Continuous</li> <li>■ Quarterly performance review</li> <li>■ Supplier feedback</li> </ul>

## Material ESG Priorities

Material topics are topics that have the potential to significantly determine a Company's performance.

We strive to identify and respond to current and emerging environmental and social topics that may have an impact on AIA's business. These material ESG matters give us a better understanding of the impact

of our activities and how our performance may be impacted by the stakeholders. Effective management of these material issues enables us to drive long-term value for our investors, customers, and other stakeholders.





## Materiality Assessment

Materiality assessment allows us to better understand the perspectives of stakeholders' groups on important materiality issues. We follow a structured 4 step process for determining AIA's material issues.

In the reporting year, climate change emerged as a high priority for customers and investors alike. We, therefore, moved it from significant to major priority

for stakeholders. In response to this, we have increased the scope of reporting on climate change to include all the manufacturing plants in India. We have also been taking various steps and initiatives to make a more robust strategy for management of AIA's Material ESG Priorities. Waste Management and Circular Economy were shifted from major to significant priorities for stakeholders.



## Material Matters

		○ Social	○ Environmental	○ Governance
IMPORTANCE TO STAKEHOLDERS	Major		<ul style="list-style-type: none"> <li><span style="color: #76c73a;">○</span> Waste &amp; Circular Economy</li> <li><span style="color: #76c73a;">○</span> Water</li> <li><span style="color: #e67e22;">○</span> ESG Risks</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: #007bff;">○</span> Health &amp; Safety</li> <li><span style="color: #76c73a;">○</span> Climate Change</li> <li><span style="color: #76c73a;">○</span> Energy Management</li> </ul>
	Significant	<ul style="list-style-type: none"> <li><span style="color: #007bff;">○</span> Community Impacts</li> <li><span style="color: #007bff;">○</span> Human Rights</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: #007bff;">○</span> Training &amp; Development</li> <li><span style="color: #007bff;">○</span> Anti-competitive behaviour</li> <li><span style="color: #e67e22;">○</span> Anti-Bribery &amp; Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li><span style="color: #e67e22;">○</span> Business Ethics &amp; Integrity</li> <li><span style="color: #e67e22;">○</span> Customer Relations</li> <li><span style="color: #e67e22;">○</span> Compliance</li> </ul>
	Moderate	<ul style="list-style-type: none"> <li><span style="color: #e67e22;">○</span> Anti-Discrimination &amp; Diversity</li> </ul>		
		Moderate	Significant	Major
		IMPORTANCE TO AIA		



# ETHICAL GOVERNANCE

Corporate Governance is meeting our strategic goals responsibly and transparently while being accountable to our stakeholders. We are committed to maintaining high standards of ethics, corporate governance, honesty, and accountability, aligned with our vision and values, in all aspects of our business. We are equipped with a robust governance framework that considers the long-term interest of every stakeholder with a commitment to integrity, fairness, equity, transparency, accountability, and values.

We always strive to achieve optimum performance at all levels by adhering to good Corporate Governance practices, such as:

- Fair and Transparent business practices
- Effective management control by the Board
- Adequate representation of Promoters and Independent Directors on the Board
- Monitoring of executive performance by the Board
- Compliance with applicable regulations
- Tax transparency

Our Board of Directors (Board) is actively involved in ensuring that we have the right strategy, policies, and an effective risk management process to identify growth opportunities and deliver long-term value for the Company and its stakeholders.

## Board of Directors

The Board of Directors is primarily responsible for the oversight of management, strategy, and business affairs. We are spearheaded by a competent, knowledgeable, and committed Board of Directors. The Board provides strategic guidance and independent views to the Company's senior management.

# 9

Total Board Members

# 5

(56%)

Number and Percentage of Independent Directors

# 6:3

Male Female Ratio

### List of Directors as on 31 March, 2022

Sr. No.	Name of Directors	Date of Appointment	Designation
1	Mr. Rajendra S. Shah	15 March, 2005	Chairman, Independent Director
2	Mr. Bhadresh K. Shah	11 March, 1991	Managing Director
3	Mr. Yashwant M. Patel	12 November, 2010	Whole-Time Director
4	Mrs. Khushali Samip Solanki	7 November, 2014	Woman Director
5	Mrs. Bhumika Shyamal Shodhan	7 November, 2014	Woman Director
6	Mr. Sanjay Shailesh Majmudar	7 May, 2007	Independent Director
7	Mr. Dileep C. Choksi	27 January, 2014	Independent Director
8	Mr. Rajan Ramkrishna Harivallabhdas	14 May, 2015	Independent Director
9	Mrs. Janaki Udayan Shah	26 March, 2019	Independent Woman Director



## Committees of the Board

The Board Committees plays a vital role in ensuring sound Corporate Governance practices. The Committees are constituted to handle specific activities and ensure speedy resolution of the diverse matters. The Board Committees are set up under the formal approval of the Board to carry out clearly defined roles. For better governance and accountability, the Board has constituted the following Committees.

## Ethical Business Conduct

Transparency and accountability form the bedrock of Governance. Ethical Business Conduct is an essential priority for the Company. Timely and accurate disclosure of information regarding the Company's position and performance to the stakeholders is an important part of corporate governance. All our Board Members, senior executives, and employees are made aware of the Code of Conduct (CoC). These members are also required to sign the CoC annually, as a part of the annual compliance report.

Risk Committee

CSR Committee

Audit Committee

Nomination and Remuneration Committee

Stakeholder Relationship Committee

## Avoidance of Conflict of Interest

We follow the Model Code of Conduct for the Directors/Designated Employees of the Company for the prevention of Insider Trading. The said Code of Conduct for prevention of the Insider Trading has also been amended from time to time in line with the amended Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015 in this regard. Training on code of conduct is imparted periodically.





# GOVERNANCE OF CLIMATE AND ESG

**Strong ESG performance directly leads to economic performance and long-term value creation for our stakeholders. The CSR Committee and the Risk Management Committee oversee the implementation, monitoring, and reporting of sustainability, ESG, climate-related issues and performance, along with CSR policy and its implementation. The governance structure, starting from the Board of Directors to the senior management down to the employees is developed to make ESG systematic and intertwined to the business decisions.**

## ESG and climate change agenda is steered as follows:

### ESG Committee

The ESG committee is chaired by the Managing Director, Mr. Bhadresh Shah, and Whole-Time Director, Mr. Yashwant Patel. Other members include functional leaders representing finance, legal, operations, risk, and procurement. The committee meets every quarter to develop and review the agenda for ESG and climate change.

The ESG committee is responsible for the overall vision and direction of ESG-related matters. It reviews the progress of the Company's sustainability and climate change agenda, approves the ESG budget, plans and allocates resources to the ESG working group, and identifies the KPIs at regular intervals. The committee also reviews the compliance with applicable regulations, voluntary standards and norms, and performance in relevant aspects of sustainability. It also reviews and approves all public disclosures on ESG, including the ESG Report.

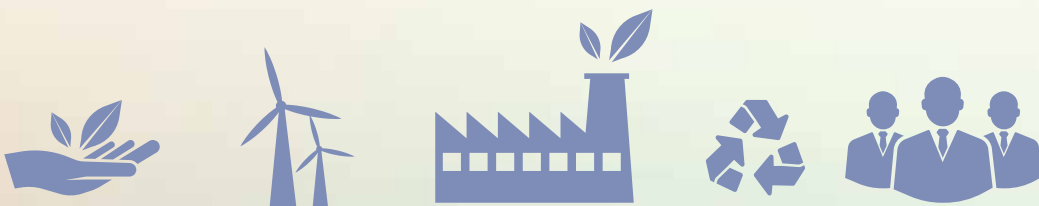
### ESG Working Group

One level below the ESG committee, the ESG Working Group, operates in a cross-functional manner. The ESG Working Group is chaired by the Corporate Advisor. It consists of a team of members who represent different functional units and meet every month to implement the ESG strategy and agenda.

The Working Group engages with the stakeholders, regulatory bodies, and rating agencies that are relevant to sustainability and identifies the material ESG matters and risks. It develops the ESG charter, and maps the roadmap of the Company to formulate long-term and short-term ESG plans. It monitors and tracks ESG data for the identification of KPIs and provides all the information for the ESG reports. The committee also monitors compliance with all applicable environmental regulations along with customer and investor requirements. The other responsibilities of the Working Group Committee are to develop a response to Carbon Disclosure Project (CDP) and fulfill its reporting requirements. The Working Group also responds to audit requests from customers and organises training for employees on various ESG related matters.

### ESG Governance Framework

We have the best-in-class policy portfolio keeping in mind the interest of the Company, Board of Directors, shareholders, customers, and other stakeholders. Our Board of Directors and Employees provide policy directives for business actions and outcomes to ensure that the aspirations and the best interest of its stakeholders are kept foremost.



The policy portfolio for the senior management as well as the employees is listed below.  
The detailed policies can be viewed at <http://www.aiaengineering.com/finances/policy.php>

Environment

- **Environment Policy**  
<http://www.aiaengineering.com/finances/pdf/EnvironmentPolicy.pdf>
- **Waste Management & Circular Economy Policy**  
<http://www.aiaengineering.com/finances/pdf/WasteManagementCircularEconomyPolicy.pdf>
- **Climate Change and Energy Management Policy**  
<http://www.aiaengineering.com/finances/pdf/ClimateChangeandEnergyManagementPolicy.pdf>
- **Water Management Policy**  
<http://www.aiaengineering.com/finances/pdf/WaterManagementPolicy.pdf>

Social

- **CSR Policy**  
<http://www.aiaengineering.com/finances/pdf/CSRPolicy.pdf>
- **HSE Policy**  
**Human Rights Policy**  
<http://www.aiaengineering.com/finances/pdf/HumanRightsPolicy.pdf>

Governance

- **Code of Conduct – Board of Directors and Senior Management**  
<http://www.aiaengineering.com/finances/codeofconduct.php>
- **Whistle-Blower – Vigil Mechanism**  
[http://www.aiaengineering.com/finances/pdf/AIA\\_PolicyWhistleBlower-VigilMechanism.pdf](http://www.aiaengineering.com/finances/pdf/AIA_PolicyWhistleBlower-VigilMechanism.pdf)





# ESG RISK MANAGEMENT

**AIA recognises that risk is inherent to our business and effective risk management is critical for the protection and creation of value for stakeholders. We believe that effective risk management is fundamental to good corporate governance. The management believes that sustainability in business operations can only be derived by identifying probable business risks and identifying ways to mitigate them proactively. The Risk Management Committee is responsible for identifying and monitoring environmental, social, and governance risks like climate change, bribery, human rights, etc. The key risks and mitigating measures are placed before the Board twice a year as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

The Company has a risk management framework that helps evaluate, prioritise, and escalate the risk to the highest governing body in the organisation. The framework is implemented across the Company. It enables all the employees to raise any kind of risk associated with their work functions. It also defines and sets appropriate risk limits and controls to monitor risks and ensure the management of risks.

The Audit Committee and Risk Management Committees are supported by the finance team and experts who assure that the Company's financial risk activities are governed by appropriate policies and procedures and that financial and non-financial risks are identified, measured, and managed as per the Company's policies.

## Economic, Environmental, and Social Risks and Opportunities and Financial Impacts

RISK	IMPACT	MITIGATION MEASURES
<b>Employee Productivity due to Climate Change</b>	<ul style="list-style-type: none"> <li>There has been a systemic increase in temperatures during the summer months of April – July. This causes a drop in employee productivity in the melting and heat treatment areas and the subsequent drop in production during those months.</li> </ul>	<ul style="list-style-type: none"> <li>Improved working conditions and initiatives to improve air circulation at the plants.</li> </ul>
<b>Economic Impact due to Supply Chain Disruptions</b>	<ul style="list-style-type: none"> <li>Because of disruptions in the global supply chain, the import of scrap has declined leading to an increase in the cost and non-availability of scrap.</li> <li>An increase in shipping cost leads to an increase in WIP inventory and an increase in stock levels.</li> <li>Delays in shipping because of global shipping disruptions can lead to penalties for late delivery of the product. Need for the greater holding of the inventory at the distribution centres.</li> </ul>	<ul style="list-style-type: none"> <li>Broaden the scope and horizon of procurement of local scrap.</li> <li>Plan for higher WIP and inventory level of raw material and finished product.</li> </ul>
<b>Climate-related Disclosure Requirements driven by Customer Demand</b>	<ul style="list-style-type: none"> <li>Our customers are in energy-intensive sectors – mining, cement, and aggregate. They have climate-related disclosure mandates imposed on them by Governments and other stakeholders. Climate action is passed on to AIA as a supplier.</li> <li>Institutional investors are also asking for information on the AIA's impact on climate change by way of feedback and questionnaires.</li> </ul>	<ul style="list-style-type: none"> <li>We have developed a Climate Strategy which includes a reduction in Greenhouse Gas (GHG) emissions of our activities as well as the category of grinding media and castings that we manufacture.</li> <li>We have also participated in the CDP disclosure since 2020-21 and will do so annually.</li> </ul>

**RISK**

**Net Zero Ambition of Customers**

**IMPACT**

Some of our global customers have taken targets to be Net Zero Carbon as per the National Commitments of their home countries. As a critical supplier to our customers, AIA is required to have a climate strategy with a defined roadmap and GHG emission reduction targets.

**OPPORTUNITY**

We see an opportunity in terms of reducing the energy consumption of our products which will allow us to support the customers in meeting their commitments.

**Anti-bribery & Anti-corruption (whistle-blower)**

Bribery and corruption can be a risk to our brand, reputation, and business growth. AIA is committed to fighting corruption in all its forms – both direct and indirect. We have adequate checks and balances in place to ensure that there is no corruption across our business activities and operations. The Whistle-Blower Policy helps ensure effective enforcement of anti-corruption practices across the Company.

**GRI 205-1: Operations assessed for risks related to corruption**

The Whistle-Blower Policy applies to the Board of Directors, Management, employees, and business partners of AIA and Vega Industries (Foreign Subsidiaries). As part of our enterprise risk assessment, we monitor activities that may pose a risk of direct or indirect forms of corruption in our business practices across the value chain.

**GRI 205-2: Communication and training about anti-corruption policies and procedures**

As part of the prevention, identification, and detection of Anti-bribery and Anti-corruption issues, training is conducted for all employees at the time of induction. Dissemination of this policy for new hires is carried out at the time of induction. The policy is communicated to all employees.

The Company’s zero-tolerance approach to bribery and corruption is also communicated to all suppliers, contractors, and business partners at the outset of the Company’s business relationship with them and as appropriate thereafter.

**GRI 205-3: Confirmed incidents of corruption and actions taken**

In the reporting year, there were no incidents of bribery and corruption.





# ENVIRONMENTAL STEWARDSHIP

**Human activity, without consideration of the impact on the planet, has led to adverse effects like climate change, extreme water stress, raw material availability, biodiversity loss, etc. Protection of the environment is, therefore, a priority for AIA. It is also expressed as a priority by our investors and customers.**

AIA promotes a philosophy of environmental stewardship. We are committed to demonstrating environmental responsibility across our operations and activities. Environmental metrics are managed through a defined framework embedded into all our operations. The Environment, Health and Safety (EHS) Department undertakes a periodic review and updates the policy, monitors its effectiveness, and reviews its implementation.



## Management Approach

Our mandate is to go beyond compliance and adopt the precautionary approach of 'Do No Harm'. Environmental risks have been integrated into the enterprise risk management process. To ensure continued action towards environmental stewardship, we formulated AIA's Environmental Policy, Water Policy, Waste Management Policy, and Climate Change and Energy Policy. These policies apply to

all manufacturing plants with the responsibility of its implementation with the respective plant heads. Successful implementation is overseen by the plant heads and discussed each quarter with the Risk Management Committee. Plants with the highest environmental impact, located at Moraiya and Kerala GIDC, are certified for Environment Management System - ISO 14001:2015 and Occupational Health and Safety Management System - ISO 45001: 2018.



## Environmental Compliance

AIA is committed to minimise the adverse impact of our activities and operations on the environment. There is a robust management process for tracking compliance with applicable environmental regulations. 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 Rules thereunder. We have carried out an Environmental Impact

Assessment for the key manufacturing plants in Kerala (K1) and Moriya (M1).

### **GRI 307-1: Non-compliance with environmental laws and regulations**

In the reporting year, there were no fines, penalties, or show cause notices for non-compliance with applicable environmental regulations at any of our plants.



## Climate Change

Climate change's direct and cascading effects are well documented and universally acknowledged. They are being felt all over the world, including in India. Direct and indirect impacts of climate change on businesses and society are being experienced by all. Climate change acts as a risk multiplier, exacerbating existing environmental and ecosystem challenges such as

limited availability and steady depletion of natural resources such as biodiversity. It is a critical focus area for AIA and is also expressed as a priority by AIA's investors and customers. To understand the impacts of our operations on the climate, we calculated the GHG emissions (scope 1 and scope 2) from operations at all our units in Ahmedabad.





**EM-IS-110a.1. Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations**

The monitoring and reporting of GHG emissions are not covered under any emission-limiting regulation and are done purely voluntarily. The total scope 1 and scope 2 emissions are tabulated below.

Total GHG Emissions (MTCO <sub>2</sub> e)	2020-21	2021-22
<b>Boundary</b>	<b>M1 and K1</b>	<b>All Manufacturing Plants in India</b>
Scope 1	12,193.87	17,244.09
Scope 2	1,55,681.33	2,38,819.72
<b>Total Scope 1 + Scope 2</b>	<b>1,67,875.20</b>	<b>2,56,063.81</b>

**EM-IS-110a.2. Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets**

We have a plan to manage our scope 1 and scope 2 emissions. It focuses on improving efficiency at different stages of production and switching to renewable energy sources.



**Process Efficiency**

**Melting**

We use medium frequency induction furnace for all our melting operations. They rely on electricity. The closed-loop process ensures that the loss of energy and heat is minimal, helping reduce GHG emissions.

**Heat Treatment**

Direct Energy is used in the heat treatment process at all our foundry units. We have switched to Piped Natural Gas from Light Diesel Oil and C9 to reduce our Scope 1 emissions.

We have also installed flue gas recuperates on all the gas (PNG) fired Heat Treatment Furnaces. It helps to improve furnace efficiency and recover heat from the flue gases. The waste heat recovered is used in preheating the combustion air supply to the burners.





## Energy Reduction Initiatives in 2021-22

Sr.	Head	Sub-head	Unit saved (KWh)	Total unit saved (KWh)
1.	<b>Effective usages of machine leading to energy savings</b>	Improved furnace coil cooling	23,040	4,85,681
		Modifying operations of certain equipment's from manual to auto mode	1,60,361	
		Efficient usages of utility equipment	1,13,100	
		Interlocking hydraulic motor in heat treatment	28,860	
		Efficient temperature settings of chiller	1,60,320	
2.	<b>Technology upgradation leading to energy savings</b>	Replacing conventional sodium vapour light by LED light	2,76,524	11,33,400
		Using 30 KW fan in heat treatment tempering process instead of 200 KW blowers	21,200	
		Installation of VFD's in FES	8,07,360	
		Operation of certain product handling equipment & cooling tower by VFD	28,316	
3.	<b>Improved operational &amp; maintenance efficiency leading to energy savings</b>	20 units/ton of LMC reduced in grinding media plant by efficient usage of furnaces	23,31,687	23,31,687
4.	<b>Improved temperature &amp; pressures settings in coil cooling pump &amp; compressor</b>	Improved temperature & pressures settings in coil cooling pump & compressor	5,41,678	5,41,678
<b>Total unit saved per annum (KWh)</b>			<b>44,92,446</b>	



## Renewable Energy

The systemic increase in the percentage of renewable energy in our total energy mix is our medium to long-term strategy to address our scope 1 and scope 2 emissions. AIA has installed 11 Wind Energy Turbines at the Kutch and Jamjodhpur sites having total capacity

of 24.3 MW of renewable energy. In 2021-22, AIA was able to meet 17 % of the Company's total (Group's all plants) electricity requirement through renewable energy sources.

Total Energy Use	Unit	2020-21	2021-22
Boundary		All AIA group plants	
WE Turbine	Nos.	09	11
Installed Capacity	MW	18.9	24.3
Generated Power	MWH	50,900.92	60,739.11
% of Total Electricity req.	%	17	17

# 17%

**Total electricity requirement through renewable energy sources in 2021-22**



## Air Emissions

The Company takes the necessary measures to check and prevent pollution. All stacks are  $\geq 30$  meters in height and are linked to an online stack monitoring system for oxides of Sulphur (Sox), oxides of Nitrogen (NOx), and Particulate Matter. Apart from this, the Company has a contract with a third-party agency to monitor air quality as per the ambient air quality standards stipulated by the State Pollution Control

Board (SPCB). The emissions are reported to SPCB as prescribed under the Consent to Establish and Operate. The Dust Extraction (DE) system or Fume Extraction (FE) system is linked to the production equipment functioning, failure in any of these will trigger an alarm that automatically shuts down production.

**EM-IS-120a.1. Air emissions of the following pollutants: (1) CO, (2) NOx (excluding N2O), (3) SOx, (4) particulate matter (PM10), (5) manganese (MnO), (6) lead (Pb), (7) volatile organic compounds (VOCs), and (8) polycyclic aromatic hydrocarbons (PAHs)**

Air Emissions	SO2	NO2	PM
2020-21 (MT/Year)	21.17	6.67	174.64
2021-22 (MT/Year)	14.5	3.75	120.67

\* We do not release significant CO, manganese oxide, lead, volatile organic compounds, and aromatic hydrocarbons into the atmosphere.

## Energy

**EM-IS-130a.1. (1) Total fuel consumed, (2) percentage coal, (3) percentage natural gas, (4) percentage renewable**

Direct Energy	Unit	2020-21	2021-22
Boundary		M1, K1	AIA Group all plants
Diesel	KL	121	2,19,407
LDO	KL	85.712	10.191
PNG	SCM	77,87,681	1,25,56,842

**EM-IS-130a.2. (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable**

Indirect Energy	Unit	2020-21	2021-22
Boundary		M1, K1	AIA Group all plants
Grid Electricity Consumption	MWH	2,25,914.905	3,63,042.554
Renewable Energy Generated	MWH	38,347.032	60,739.116
Total	MWH	1,87,567.873	3,02,303.438

\*Grid Electricity Consumption - Renewable Energy Generated = Net Energy Consumption = 3,02,303.438





## Water

Water is a fundamental human need and essential for maintaining ecological balance. Water scarcity is a growing problem, which requires global attention and action. The critical groundwater resources, which account for 40% of India’s water supply, are being depleted rapidly. Water stress levels may further worsen due to risks posed by climate change. Recognising the criticality of water as a resource, AIA remains committed to focusing on water management beyond the bounds of our operation. Our strategy toward responsible management of water includes reducing the per capita consumption of water through operational efficiency, recycling and reuse of water, and installation of rainwater harvesting to recharge groundwater levels.

At AIA, the industrial use of water is for cooling the furnace coils, in the moulding process, and the cooling towers. The other activity where water is used includes canteens for drinking, sanitation and gardening.

### Water Management Strategy

We recognise the fact that consuming water most efficiently is critical. Water security is one of the most significant global risks in terms of impact. We recognize the growing concern about the scarcity of freshwater resources and strive to implement sustainable water management techniques.

### Monitoring and Tracking

The Company monitors and analyses our water consumption patterns to ensure an overall water balance and to capture spikes in water consumption, if any. Meters are installed for the bore well. We monitor total water withdrawal as well as the groundwater level continuously. The data is recorded in a logbook. Water meters have been installed on the main pipeline as well as at the user-end across all units. The records of water consumption are being maintained. We also monitor wastewater discharge into the Sewage Treatment Plant (STP). It has helped us to bring down the freshwater requirement in our operations. The Company consumed 2,70,693 KL/Annum of water during the 2021-22.

### Internal Audits and Training

Training is conducted on water saving and conservation for employees and workers from time to time. In addition, an annual water audit is conducted at all our plants. Audit observation and recommendation are implemented without bias and on priority.

### Rainwater Harvesting

The Company has installed a rainwater harvesting system to recharge groundwater. Rooftop and run-off rainwater is being recharged through four recharge wells at K1 Plant and two recharge wells at M1 plant along with a pre-filtration system within the plant premises. In addition, three recharge wells are constructed outside the premises - one at Chiloda Village and two at Moraiya Village to recharge groundwater. These recharge wells replenish the groundwater in the area where we operate.

### Zero Water Discharge

Complete Zero Liquid Discharge (ZLD) is maintained at all the plants. Some initiatives taken to reduce water consumption are

- A dry-type cooling tower is installed at Kerala GIDC Plant which reduces blow down drastically.
- The cooling tower blowdown is being reused for sand mold preparation, and sand/slag cooling purpose.
- Greywater/sewage are treated in the STP plant. Treated water is reused in gardening, toilet flushing, and cooling towers.
- Automatic/spring-operated water taps are being used to reduce the wastage of potable water.
- At some plants, waterless urinals are installed.

### EM-IS-140a.1. (1) Total freshwater withdrawn, (2) percentage recycled, (3) percentage in regions with high or Extremely High Baseline Water Stress

Total Water Withdrawal	2020-21	2021-22
Boundary	M1, K1	AIA Group all plants
Ground Water	1,97,373 KL	2,23,026 KL
Surface water	-	-
Third party water	-	47,667 KL
Water is withdrawn from high-stress regions	Nil	Nil
<b>Total</b>	<b>1,97,373 K</b>	<b>2,70,693 KL</b>
Water Recycled	57,244 KL	69,344 KL
% water recycled	29.0 KL	25.6 KL

Both the withdrawal of groundwater from the bore well and the used of third-party water are less than the quantity consented by the State Pollution Control Board (SPCB).

**2,70,693** KL/Annum  
Water Consumption for 2021-22





## Waste & Circular Economy

As the world shifts toward a circular economy, businesses must take ownership of and manage the waste generated by their operations. Waste generation in India has risen considerably due to its increasing population, rapid urbanisation, and rising consumption levels. However, the infrastructure required for collecting and processing the waste continues to lag. This, along with inadequate at source segregation, has culminated in a massive waste management problem.

Our goal is to reduce the amount of waste we produce and make sure that it is reused or recycled for the same or a different purpose. A 'waste hierarchical approach' is applied, to reduce, reuse, recycle and recover waste products in preference to disposal of waste in alignment with the circular economy. Where possible, we explore opportunities for use of recycled material and reuse of waste by us or other companies through co-processing of foundry waste and other

waste as alternative raw material or fuel. It presents opportunities for environmental stewardship and helps us manage raw material price-related risks.

The Company takes waste management seriously and works toward reducing, reusing, and recycling its waste wherever possible. We optimise the use of key resources including minerals and ensure waste minimisation at sources and facilitate recovery, and recycling. We follow waste management standards that meet or exceed applicable legal requirements and we incorporate industry-best practices into our operations and services. We recognise the negative impact of improper waste disposal on the environment and as a result, put in place strong mechanisms to treat and dispose of the generated waste. We ensure that all waste we generate from our activities is re-melted into the furnace or recycled through authorised recyclers and vendors.

### Applying the Principles of Circular Economy

#### 1.1. Reuse of Foundry – Dust/Sand & Plastic to make Eco-friendly Bricks/Paver blocks

Paver blocks and bricks are manufactured by AIA Engineering Limited by using foundry dust, sand, and plastic waste. This is a good way to use industrial waste like sand, plastic, and foundry dust.

A lot of research was carried out which resulted in the possibility of bonding the sand/foundry dust with plastic to make 'Eco-friendly - Silica Plastic Blocks/Bricks' – a sustainable building material that is made from recycling foundry dust/sand waste (80%) and shredded plastic waste (20%) from pp. bags). AIA approached a Gujarat-based brick-making machine manufacturer to get a customised machine /plant that could make paver blocks by reusing silica, foundry dust, and plastic waste.

AIA has invested ₹ 0.5 Crores to erect a captive brick-making plant that can produce 200 Nos. of Bricks/Paver blocks per day by using in-house foundry dust/sand and plastics waste. These bricks have more strength than the conventional red bricks and can be used to construct footpath/pedestal ways, compound walls, sanitary facilities like toilets & washrooms, and decorative structures in schools, penchant, and personal buildings. The paver blocks have a strength equivalent to M 35 of cement paver blocks and can be used for road making for heavy commercial vehicle usage.

#### 1.2. Reuse of Foundry Sand in Cement Kiln - Co-processing

Waste generation is an inadvertent outcome of foundry operations, so it becomes necessary to deal with its repercussions. Discarded moulding sand from the foundries is a solid waste and a by-product of the production process. We have signed an MOU with Ambuja cement and Geocycle, to provide a sustainable business solution for the sand waste generated. The waste discarded sand is used in cement kiln technology (co-processing) in a manner that ensures regulatory compliance, clubbed with the highest standards in OH&S. Ambuja cement is consuming waste generated by AIA's safely in the Company's cement kilns at the plant located at Kodinar, Dist. Gir Somnath, Gujarat.

#### Sustainable Waste Disposal & Certificate:

For each consignment of waste co-processed at Ambuja Cement /Geocycle, they provide a certificate of disposal mentioning the quantity of waste consumed by them.



## Categories of Waste Generated

### Hazardous waste

Used oil, waste residues containing oil, discarded contaminated container & liner, and cotton waste as cleaning material.

### Non-hazardous waste

Waste foundry sand, slag, refractory waste, and commercial waste like paper, wood rubber, etc.

### Other waste

E-waste, batteries waste, bio-medical waste, canteen waste, STP waste.

### Hazardous Waste

Hazardous waste is being disposed of/recycled/reused following the hierarchy of disposal to create wealth from waste to promote a circular economy. To ensure material conservation, the top priority is given to Co-processing and/or recycling facility rather than TSDF/INC for hazardous waste disposal.

- The waste residues containing oil i.e., oily sludge generated at our plants are disposed of in SPCB approved CHWIF (Incineration) and transportation, storage, and disposal facility.
- We have a MoU with a SPCB-approved decontamination facility for the reuse of waste containers and recycling of liner and plastics bags.
- Used/waste oil generated is sold only to registered recyclers.
- E-Waste is being disposed of with a registered e-waste recycler.
- Battery waste is being sold to registered battery/lead recyclers only.
- Biomedical waste from OHC is being disposed of with a registered biomedical waste incineration facility.

### Non-hazardous Waste

**Sand Waste** – The Company has integrated mechanical and thermal reclaimer to recycle its moulding sand. This has helped reduce the requirement for silica sand by 80%. The waste sand generated is used in co-processing in the cement kiln/Bricks & Paver block making.

**Slag** – Either sold to metal recycler vendor or reprocessed in our captive slag processing plant for metal recovery and recovered metal is reused as raw material in foundry operations.

**Runner and raiser** – Generated in the manufacturing of grinding media and are being reused as raw material in foundry operation.

**The fine sand dust** - Used in back filling of low-lying areas, at construction sites, for bricks & Paver block making, etc. We have our brick-making plant where dust and PP bags from packaging are reused.

**Canteen waste/organic waste** – Converted into compost manure by an organic waste composting machine or disposed of through a mobile kitchen waste management facility. Organic compost is being used in the green belt and nursery.

**STP sludge** – Used for gardening as compost Manure, HT Refractory materials including refractory bricks etc. are sold to designated vendors. Commercial waste likes paper, wood, waste rubber (conveyor belts, tyres), etc. are also sold to the vendors.

### EM-IS-150a.1. Amount of waste generated, percentage hazardous, percentage recycled

Non-Hazardous	Method of Handling	Waste Generated	
		2020-21	2021-22
		M1, K1	All AIA group plants
Moulding Sand (MT)	Co processing	20,264	15,684
	landfill	-	60,280
Slag (MT)	In-house processing for metal recovery and rest used in road making	-	9,582
	Sale to recycler	13,289	2,769
<b>Hazardous</b>			26.45
Used Oil (MT)**	Recycling	21.13	26.45
Waste residues containing oil (MT)	Incineration	156.25	20.61
*MS Barrel/Drums	Decontamination and reused	1,026 Nos.	5.99 MT
**Plastic Containers		1,812 Nos.	208.1 MT

\*100% Reused, \*\* 100% Recycle

# CREATING VALUE FOR THE EMPLOYEES

**Our workforce is our greatest asset. It is the professional expertise and industrial know-how of our people, coupled with their dedication that drives AIA to continued excellence in a dynamic environment.**

We create a healthy and inclusive environment and invest in talent development. Management strategies are centered on recruitment, retention, reward, and rejuvenation of our employees. Our people are at the center of all our business operations. We promote a culture of responsibility, diversity, and innovation. We attract and nurture the right talent and ensure professional growth and personal well-being of our employees. Every employee undergoes regular, formal performance and career development reviews and we encourage leaders to have frequent informal performance conversations with their team members. Ensuring the best standards of occupational health and safety is of utmost importance to us.



## Employee Value Proposition

### Employee Loyalty

We rely on employee loyalty for business sustainability and growth. Employee loyalty and retention are key business imperatives. They also help reduce attrition and save on costs of hiring and training new employees.

We believe in developing in-house talent, and hence, we emphasise talent development and employee loyalty through various learning initiatives and identifying competency gaps.

### Health and Safety are Our Mantras

Employees are our biggest assets and keeping them safe is our top priority. We ensure the well-being and safety of our employees through compliance with occupational health and safety standards.

Occupational Health & Safety is about the collective, conscious, and concerted efforts of bringing in behavioural change, technical up-gradation, and design interventions that make our operations safer.

### Enabling Technical Competence

We are on a constant lookout for skilled talent and endeavour to constantly up-skill our existing talent to expand into new geographies and sectors to sustain growth.

Building the technical competence of our workforce is one of the key objectives of our training and development programmes. Different training programmes are designed for employees at different levels in the organisation.





## Employee Engagement

To make sure that our employees are engaged, connected, and motivated, AIA promotes a culture of responsibility, diversity, and innovation. We have conceptualised and implemented multiple initiatives to enhance employee engagement, thereby leading to a more productive work environment. Employee engagement is an important indicator in gauging employee satisfaction. Employees today are looking for more than a 9 to 5 job. They want to be involved in their work, enthusiastic about the organisation they work for and committed to their fellow employees.

Our HR policies focus on improving employee engagement across the organisation. The overall performance of the Company is dependent upon the commitment to the employees and the support they receive from the HR department by way of enabling policies and focusing on employee well-being.

### Covid vaccination drive for employees and workers

To safeguard the health of its workers during Covid-19, AIA provided vaccination to our staff and workmen. The total number of staff that received the vaccination are 1,757.



## Employee Health and Safety

Workers' safety is the key to unhindered operations and productivity. Our approach to health and safety is designed to create a safe, healthy work environment.

Foundry operations consist of several hazardous processes, which can affect the health of workers as well as cause injury. The employees are exposed to high temperature, dust, and other occupational hazards and safety hazards. As a responsible corporate, AIA is cognizant of such hazards and takes preventive measures to avoid accidents and ensure that norms of safety, health, and hygiene are adhered, to build a safer and healthier work environment. It is also expressed as a priority by our investors and customers.

Ensuring fair and safe working conditions for all employees and contract workforce as well as visitors is the basic premise on which our human resource policies and practices are built. AIA has installed high-efficiency induction furnaces with double acting suction hoods which have improved working conditions and made foundries cooler, cleaner, and less hostile workplaces.

### Disclosure 403-1: Occupational health and safety management system

People's safety is ensured through several levels of checks and balances throughout the organisation. Various policies, management systems, training and awareness sessions are conducted regularly. These systematically bring about behavioural change in our

workforce. Our health and safety priorities are clearly articulated in our HSE Policy. With the overarching objective of 'Zero Harm to Life', foundries with the highest OH&S hazard are certified for an ISO 45001: 2018 & ISO 14001:2015. The principles are being applied to all the plants. There has been continued improvement in the safety culture within the Company.

The Company seeks to minimise the EHS impacts due to the Company's manufacturing activities. It provides safe and healthy working conditions, utilises natural and man-made resources optimally and responsibly, plus strives to ensure the sustainability of resources. The Company reports Environmental, Occupational Health and Safety performance, including the assessment of potential EHS risks associated with the operations, to the stakeholders fairly and transparently.

### Occupational health and safety objectives

- Zero Harm
- Minimise Unsafe Conditions and Unsafe Acts

### Disclosure 403-2: Hazard identification, risk assessment, and incident investigation

There is a robust consultation between the Management and the employees (including worker and worker representatives) on Occupational Health and Safety. All the employees were consulted during the preparation of the OH&S Policy and procedures as well as during HIRA (Hazard Identification and Risk Assessment) process.



**Disclosure 403-4: Worker participation, consultation, and communication on occupational health and safety**

The employees, workers, and worker representatives participate in planning, establishing, implementing, and maintaining the occupational health and safety management system as well as developing the OHS audit protocol. Feedback is used in improving OHS Management System.

The H&S team with the support of the HODs and concerned personnel determine the needs and expectation of the employees and workers. Workers, contractors, and suppliers are consulted before their roles and responsibilities are assigned to them. They are consulted when any operational changes affect their OHS Management System.

**Communication on Occupational health and safety**

We communicate information to employees and workers on matters related to occupational health and safety hazards, risks and controls, changes in procedures, if any, along with the customer requirements.

**Internal Communication**

Internal communication on EHSMS is carried out via inter office memo, display on notice board, or circulation of the copy of a particular document in EHS management system. Notice boards are used to display notices to inform employees about issues such as emergency plans and accident performance or about progress in achieving objectives and targets.

**Disclosure 403-9: Work-related injuries**

**Disclosure 403-10: Work-related ill-health**

Safety Performance	Grinding Media	VSMS-Liner	Grinding Media	VSMS-Liner
	2020-21	2020-21	2021-22	2021-22
LTIR	1.16	1.71	7.79	2.28
LTIFR	0.70	0.69	2.97	0.91
LTISR	18.43	1.03	14.10	4.26

**Frequency rate** = No. of Accidents\*10,00,000/Man Hours Work

**Severity Rate** = Man Days Loss\*10,00,000/Man Hours Work

**Lost Time Injury Incidence Rate** = Number of Lost-Time Injuries \*1,000/Average number of persons employed

**External communication**

When required, relevant information related to OHS Management System is communicated to external stakeholders.

**Disclosure 403-5: Worker training on occupational health and safety**

AIA ensures the participation of employees and workers in Occupational Health & Safety at all levels through round table meetings, hazard Identification & elimination, assessment and reduction of risks through HIRA Register, Legal Register, and Business Strategic Plan. Other activities include toolbox talks, mock drills, internal H&S audits, OH&S review, and review of operational controls. OH&S training is organised for employees and workers.

**Disclosure 403-6: Promotion of worker health**

Regular EHS Meetings are held between management and the employees/worker representatives to discuss issues of EHS as well as overall performance (incl. management system performance). The minutes of these meetings are documented and any issues arising from these meetings, that require corrective actions, are communicated to all the employees.

Any changes to Health, Safety and Environment policy are documented.

**Disclosure 403-8: Workers are covered by an occupational health and safety management**

All the employees, both contractual and permanent, are covered by the Company's Occupational Health and Safety Management System. There is a fair representation of workers in the health and safety committee across all plants.





## Training and Development

The Company ensures continuous skill and competence up-gradation of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis.

All employees undergo an annual performance evaluation. They are also given flexibility to shift to other roles to meet their career aspirations. If there are open positions, the Company first evaluates internal staff to fill such positions.

The Company undertakes various exercises to promote employee morale and career development including:

- Induction and process training is provided when new contractual workers and staff join
- Reorientation is organised every 6 months for permanent and contractual workforce on EHS
- Toolbox training on various safety topics to staff and workers by the safety manager
- Training on workplace discipline, teamwork, positive attitude, communication, 5S, and ISO-QMS
- Managerial staff and operators undergo grooming sessions to develop their capabilities through multi-skilling and role enhancement
- External training is organised for the managerial staff on topics ranging from responsibility to communication skills and personality development



## Employment Practices

We believe in creating a healthy and safe work environment for our people while providing world-class working conditions to our employees and creating appropriate learning & development opportunities for them. Our supportive policies encourage diversity at the workplace and create equal growth opportunities. We also provide the right platform for our workers to interact with the Management and uphold their rights.

We take care of our employees and ensure timely payment of wages to the staff. We take cognizance of the work-life balance of our employees, especially that of our women employees. The CTCs are based on qualifications, experience, and capability of the individual. The attrition rate is < 7%, and the average year of association of employees with the Company is > 10 years.





## Employee Benefits

AIA has always given prime importance to the Company's employees considering them the most valuable assets of an organisation. Workplace accidents cannot be avoided or predicted. Hence, providing a safe working environment to employees is imperative. AIA is not only an employee-friendly organisation in terms of working culture but also in terms of securing risk of employees by providing various Employee Insurance Policies.

AIA falls under ESIC Zone, so all the employees/workers whose salary is ₹ 21,000 or below are covered under ESIC for various benefits including injury or death due to an accident while at work. AIA has also opted for Employee Compensation Insurance for contract workers as well as employees.

For employees above ESIC, AIA has taken Group Personal Accident Policy covering Accidental death, any kind of disability, loss of earning & medical expenses to some extent, for the worldwide jurisdiction

irrespective of whether the employee is on duty or off duty. In addition, AIA also has Group Term Insurance providing coverage to all the employees.

AIA has also provided medical benefits to the employees in case of hospitalisation on account of any illness, injury, or disease. AIA also has a Group Super Top Up Policy to take care of huge expenses in severe cases of hospitalisation on account of illness, injury, or disease.

AIA has tied up with hospitals for health check-ups of its managerial staff. Mobiles and data cards are provided to specific section of the staff based on the nature of their work. Transport facilities are provided to the staff. Loans are given to staff and workmen based on their needs. The Company provides 12 paid holidays, 12 casual leaves, and 30 privilege leaves to permanent staff and workmen at plants. Permanent and Contract workers are paid as per law, and statutory requirements such as PF, ESIC, Bonus, and Leave Salary are met. In case of emergencies, appropriate medical support or financial help is provided.



## Human Rights

We believe that business can only flourish in societies where human rights are protected and respected. We recognise that we have a responsibility to respect human rights.

We strive to respect and promote human rights as per the UN Guiding Principles (UNGPs) on Business and Human Rights in our relationships with our employees, suppliers, and within the communities in which we operate. We strive to maintain and improve systems and processes to avoid complicity in human rights violations.

Our human rights policy applies to all employees of the Company in permanent or contractual roles, as well as the suppliers & vendors and the local communities. Enforcement of the Human Rights Policy is the responsibility of the HR Department. Human Rights risks are overseen by the Risk Management Committee. The Company takes care to ensure that there is no child labour, forced labour, or any form of involuntary labour, paid or unpaid at any of our premises.

AIA has established a grievance mechanism to address all concerns and complaints related to human rights impacts and violations.



## Anti-Discrimination & Diversity

Equality, diversity, and non-discrimination are fundamental human rights and essential ingredients to a successful Company. Diversity of employees is encouraged at all levels within the organisation. It helps us to attract talent from different backgrounds, with different viewpoints and skills. This workforce diversity is taken care of at different levels of the organisation. The Company ensures that there are no discriminatory practices in the organisation on the grounds of gender, ethnicity, nationality, or age.

The Company provides and maintains equal opportunities at the time of recruitment as well as during employment, irrespective of caste, creed, gender, race, disability and sexual orientation. The recruitment is based on their aptitude and efficiency.

Our women employees enjoy all provisions as per statutory requirements including maternity benefits. Their safety is ensured through the Company-wide Policy on Prevention of Sexual Harassment. In the reporting year, there were no cases of Sexual Harassment reported at the workplace.





# VALUE CREATION FOR CUSTOMERS

AIA is a customer-centric organisation. We are a certified ISO 9001 Company, specialising in the design, development, manufacture, installation, and servicing of high chromium wear, corrosion, and abrasion-resistant castings used in cement, mining, and thermal power generation industries. We design and develop innovative, high-quality products and process optimisation services to meet specific customer needs.



## Operational Excellence

AIA has an organisation-wide culture of operational excellence that is built on the tenets of performance management, continuous improvement, and process excellence. Through this, we aim to improve all areas of

performance, including profitability, decision-making, customer needs, partner services, human resources capabilities, and ongoing investment.



### 5S, Kaizen

Kaizen is a philosophy that focuses on gradually improving productivity by involving all employees and by making the work environment more efficient. Kaizen translates to “change for the better” or “continuous improvement”. We believe in implementing best practices covering the entire business stream. The prime objective is to remain competitive in all respects i.e., Safety, Quality, Cost, and Delivery including employee morale.

To meet the twin objective i.e., to benefit the organisation along with all performance parameters and also to benefit the employees in terms of enhanced knowledge and exposure to best practices, our organisation has implemented initiatives like 5S, and Kaizen.

We have adopted the Kaizen philosophy at our Moraiya and Kerala units, where we are gradually experiencing an improvement in Quality, Cost, Delivery, Safety and Employee morale. Kaizen data is compiled every month in form of Kaizen sheets. Events are organised, where Kaizen Activity teams present their Kaizen results. Their participation is recognised and rewarded.

5S is implemented at our Moraiya and Kerala units. The entire plant is divided into 5S Zones. Each zone is owned by the zone leader and team. Each team practices 5S in a specified zone and does a self-audit daily. The monthly audit is performed by Management Representative and scoring is carried out and displayed.



## Research and Development

At AIA, we strive to adopt ahead-of-the curve technologies to ensure and maintain global performance benchmarks. We have an efficient in-house system that helps us to design cost-efficient

products and projects. Our efficient systems and processes, project tracking and control mechanism detect any slippages and identify value enhancement opportunities within the project timeline.





## Customer Feedback Management

Continuous and ongoing feedback from customers is used to align with the requirements of the customers. We have a process in place for handling customer complaints related to products and services. A complaint is normally received by the concerned field engineer which is then forwarded to Controller QA for further investigation. Wherever practicable, samples are collected and analysed to understand the reasons for failure.

<b>Category</b>	Type of complaint
<b>Serious</b>	Premature failure of parts
<b>Non-Serious</b>	No failure but shortfall in guaranteed life
<b>Unjustifiable</b>	The material is proven to be not belonging to us; A shortfall in guaranteed life due to wrong application at customer's end

For all sorts of complaints, a root cause analysis is carried out and appropriate corrective actions are taken. All complaints are resolved to the satisfaction of customers and the same is communicated to the customer through our field engineers.

### Measuring Customer Satisfaction

We have a system for monitoring information relating to customer perception of the products. Feedback is obtained from customers to represent the spectrum of activities. The attributes assessed are delivery, performance of the product, and after-sales service. The performance is graded on a scale of 1 to 4. Based on feedback received, the Customer Satisfaction Index (CSI) is worked out every year based on the weighted average method. In the reporting year, the CSI score was 97 %.



## Environmental and Social Impacts of Products & Services

We carry out a technical evaluation of the customers' requirements and then consider ideal metallurgy for their process applications. This helps our customers to reduce the environmental impacts of their activities and operations.

We do not manufacture any restricted chemicals or products. However, to ensure safety during transportation, handling, and use of our products, we provide Material Safety Data Sheets that list the hazard characterisation and other material safety information of the products we dispatch.

### CEMENT

Changing impact conditions can cause conventional grinding media to either loose the shape or show sapling – thus shortening working life, increasing downtime, and increasing costs for the customers.

Our alloys are specifically suited to different impact and abrasion conditions such as low abrasion/high impact and high abrasion/low impact.

### MINING

Reduced downtime is critical to successful mining operations. Wear components that last longer are therefore essential. We have developed new alloys and manufacturing techniques that provide improved wear-life for all types of minerals including iron, gold, lead/zinc, bauxite, copper, phosphates, and others.

### POWER

Processing fuel is critical to reducing the cost of power generation. By designing components that significantly reduce downtime and maintenance costs. We are helping power plants worldwide to keep down generating costs.

### AGGREGATE

Crushing recycled concrete and quarry stones is a critical operation for aggregate industries. By providing suitable metallurgy, we increase life time of crusher parts and thus help aggregate industries in reducing cost and reducing down time.



India Procurement Organisation

**ACC**

ACC Limited  
ACC Thane Complex, L B S Marg  
Teen Haath Naka, Thane (W) - 400604  
Maharashtra, India

Phone + 91 22 46728000 / 7650  
www.acclimited.com

**TO WHOM SO EVER IT MAY CONCERN**

We acknowledge AIA Engineering as one of the strategic suppliers, who supply products of desired quality as per the required delivery schedule.

We also appreciate their technical services by way of regular visits to our various works and technical study/audit of mills in view to improve mill performance in consultation with plant technical teams.

We hope that your company will continue to exhibit the exemplary performance and sustain the focus of a customer oriented organization.

  
AJAY SHAH  
Head Capex and NCM (E&C)



Registered office : Cement House, 121, Maharshi Karve Road, Mumbai 400 020, India  
CIN : L26940MH1936PLC002515



# COMMUNITY IMPACT



## CSR Strategy

Our CSR initiatives are designed to actively contribute to the Social, Economic, and Environmental Development of the community in which we operate. We enable the socio-economic development of the community through focused initiatives, driven towards the underprivileged and marginalised sections of society. We are driven by the commitment to enable

environmental sustainability through ecological conservation and regeneration, protection and regrowth of endangered plant species, and promotion of biodiversity.

AIA's corporate social responsibility agenda is driven by the CSR Committee of the Board. It is implemented through the CSR Policy.

## Composition of CSR Committee

Sr. No.	Name of Director	Designation	No. of CSR Committee meetings held during the year	No. of CSR Committee meetings attended during the year
1	Mr. Bhadresh K. Shah, Chairman	Executive	4	4
2	Mr. Sanjay S. Majmudar	Independent	4	4
3	Mr. Yashwant M. Patel	Executive	4	3
4	Mr. Rajendra S. Shah	Independent	4	3
5	Mrs. Khushali S. Solanki	Non-Independent	4	3
6	Mrs. Bhumika S. Shodhan	Non-Independent	4	3

## CSR Spend

The CSR expenditure for the current year is ₹ 1,233.21 Lakhs as of 31 March, 2022. The shortfall of ₹ 12.12 Lakhs in the spending during the year under report will







be transferred to the Fund specified under Schedule VII of the Companies Act, 2013 on or before 30 September, 2022.

Year	2020-21	2021-22
CSR Expenditure (Lakhs)	₹ 1,144.19	1,233.21





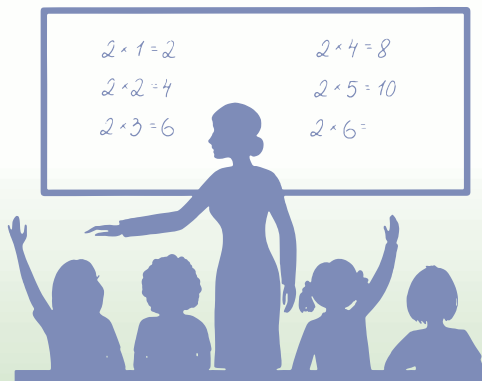
## Details of CSR Amount spent against SDGs/projects for the 2020-21 & 2021-22

SDGs		2020-21 (in Lakhs)	2021-22 (in Lakhs)
 2 ZERO HUNGER	Zero Hunger	31.25	31.00
 3 GOOD HEALTH AND WELL-BEING	Good Health and Well-being	317.14	362.41
 4 QUALITY EDUCATION	Quality Education	160.00	581.88
 8 DECENT WORK AND ECONOMIC GROWTH	Decent work and Economy Growth (Promotion of National Heritage, Art & Culture )	581.00	29.00
 3 GOOD HEALTH AND WELL-BEING	Good Health and Well-being (Promotion of Sports)	38.95	-
 15 LIFE ON LAND	Life and Land (Plantation and Animal)	15.85	228.92
<b>Total</b>		<b>1,144.19</b>	<b>1,233.21</b>

## Monitoring & Implementation

AIA's CSR activities are monitored by the CSR department. The Department provides regular progress reports to the CSR Committee of the Board. The Board of Directors include it in the Annual Report on CSR projects.

The CSR Committee monitors the implementation of the CSR Policy and Annual CSR Action Plan. For this purpose, it holds meetings as and when required. The Annual CSR Action Plan may be revised by the Board of Directors on the recommendation of CSR Committee as and when the Committee may deem it fit. The Committee reviews the policy every two years unless such revision is necessitated earlier.





## CSR Activities

Our CSR activities are in line with the Company's stated Vision and Mission, focused not just around our facilities and offices, but also in other geographies based on the needs of the communities. Through our CSR activities, we commit to undertake, support, and enhance the lives of marginalised sections in one or more of the following focus areas:

### Eradicating hunger, poverty and malnutrition:

- Provision of food, nutrition supplement, clothes, for the poor, children, and other deprived sections of the society
- Supporting nutrition in Anganwadi centers and building capacities of Anganwadi workers to this effect. Provision of shelter for homeless
- Promoting sanitation, making available safe drinking water

### Promoting Healthcare including Preventive Healthcare

- Through awareness programmes
- Health check-ups, provision of medicine, and treatment facilities
- Providing pre-natal and post-natal healthcare facilities
- Prevention of female foeticide through awareness creation
- Programme for preventing diseases and building immunity
- Providing for mentally retarded, blind children, and socially weak people for reducing inequalities faced by the society
- Providing aids for disaster relief

### Ensuring environmental sustainability and ecological balance through:

- Plantation drives in schools, villages, our manufacturing units, offices/business premises, and other areas in general
- Reviving endangered plants, promoting Agro-forestry
- Protection of flora and fauna
- Conservation of natural resources
- Maintaining the quality of soil, air, and water
- Adoption of wastelands to cultivate plants
- Promoting biodiversity
- Animal welfare and veterinary services
- Technical support and know-how for improving farming and building capacities of small farmers
- Promoting alternate energy resources
- Renewable Energy Projects

The Company carried out various lively hood enhancing vocational skills and projects.

In addition, the Company has identified the following areas for community development interventions – promotion of education, especially among children, women, the elderly, and the differently abled, promoting gender equality and empowering women.

Our CSR initiatives go beyond the above-mentioned areas. We contributed towards the CM relief fund, PM relief fund, PM Cares fund (following the outbreak of the Coronavirus-led pandemic, earlier this year) and the, Swachh Bharat Kosh.

AIA believes in the inclusive growth of the communities in which we live and work. By responding to the emerging needs at the grassroots level, our CSR initiatives stay aligned to the global sustainable development goals.





## Project Gyan Deep

AIA believes that quality education is the birth right of every child. Gyan Deep is AIA's CSR Initiative which was earlier being implemented by Schools LENS, and now it has been assigned to Yuva Unstoppable in collaboration with the Zeal Educational Consultants Private Limited and Jeevantirth – a Public Charitable Trust. The target audience is the under-privileged students in Government schools of Gujarat. The objective is to help the teachers enrich their classroom teaching using innovative educational methods. The assessment for this initiative is carried out quarterly.



### Case Study

#### GYAN DEEP – A CSR Initiative of AIA Engineering Limited

This application used is an android mobile application. The app is currently available only in Gujarati (regional) language. It was created for students to avail home learning during the pandemic. The app features a user-friendly interface that helps both the students and the teachers to use it without any difficulty.

It has the same content which is available in smart classroom solutions in our programme. It features creative animation content and worksheets that have been created by academic experts. It has a huge question bank.



Gyan Deep Project is directed towards ‘Teachers Training’ and ‘Capacity Building’ where we conduct several seminars and workshops within school premises. This involves activities like Teachers’ Survey, Teachers’ Training, Community Development, Leadership Workshop, Students’ Assessment, etc.

<b>Goal</b>	To improve the quality of education in Gujarati medium Government primary schools in the rural area of Ahmedabad district
<b>Project Duration</b>	3 academic years
<b>Starting Year</b>	January 2022
<b>Number of Students Benefited</b>	5,420
<b>Number of Teachers Benefited</b>	150
<b>Number of Schools Selected</b>	11 Government primary schools
<b>School’s Geographical Location</b>	Urban and rural area of Ahmedabad District – near AIA Engineering Limited’s manufacturing facilities
<b>Target Group for Programme Beneficiary</b>	Students, teachers, principals and parents
<b>Standard to be Targeted</b>	Standard 1 to 8

**The first activity for the Gyan Deep programme was to provide the required hardware to these schools and configure it at each school:**

**One smart classroom (for Teacher’s Usage): It contained the following technology components:**

- 1.1. Computer with an operating system
- 2.2. Projector
- 3.3. Speaker system
- 4.4. Software license for 3 years

**One tablet classroom (for Student’s Usage): It contained the following technology components:**

- 1.1. Server with an operating system
- 2.2. Tablets (40 per school)
- 3.3. Headphones and other accessories
- 4.4. Ruckus WIFI industrial router
- 5.5. Software license for 3 years



**Location-wise Tree Plantation Drive**

**We planted approximately 1,00,000 trees at the following sites:**

Chiloda Air-Force Colony, Air Force Recruitment Board, Gandhinagar, Ahmedabad; Military Cantonment Board, Ahmedabad; Municipal East Zone Park & Garden Dept. Nikol Ward Garden, Baroda Military Cantonment, and Baroda Air Force. The assessment for this initiative is carried out quarterly.





# SUPPLY CHAIN MANAGEMENT

**AIA is committed to responsible business practice in its operations and throughout the value chain. Our supply chain partners/vendors are based locally, and we enter into long-term contractual agreements with them. Our business performance is dependent upon the timely and reliable supply of raw material, fuels, packaging material and other consumables.**

We work with 6,489 local (Gujarat Region) vendors, which covers 40% of our total vendors. AIA has initiated the process of understanding the capability of key suppliers and has already assessed 10-15 core vendors on supply parameters. Performance assessment on environmental and social criteria will be conducted with critical suppliers in 2022-23, and this will also include physical audits.

## Approach to Responsible and Fair Sourcing

Responsible supply chain practices are vital to our business and a core value. We assess and audit vendors/suppliers on ESG aspects and build their capability.

When seeking out new vendors/ suppliers, to meet future demands in product sourcing, we are guided by our core values. We are committed to upholding and addressing human rights across our network of suppliers. Where possible, we buy goods and services locally. We offer training and development programmes to help local communities take advantage of employment and procurement opportunities.

We identify and fairly evaluate new suppliers. Supplier evaluation takes place in two phases:

- a. Technical
- b. Commercial

Technical specifications, detailed scope, and expectations are discussed with the supplier before moving on to commercial quotes. This enables suppliers to understand requirements before the finalisation of the commercials.

## Vendor Rating and Performance

Vendors are classified based on a system-generated vendor performance rating report every quarter. Where performance improvement is required, the purchasing department interacts with the vendor and provides this feedback while agreeing on a timeline for completion of the same.

Currently, we have 10,607 live vendors, and we source engineering products such as fixtures and parts that go into the manufacturing of grinding media and other castings. Spare parts include standard, tailor-made parts, prefabricated parts, and fasteners.

- Stationery is procured from paper producers BILT and International Paper APPM whose plantations are managed sustainably.
- Key raw material comprises metal scrap and Ferrochrome. The final product comprises 60-75% recycled materials such as scrap and returns.

- Sand is procured from the glass industry which produces high silica sand or from legally mined sand sources from Ankleshwar and Surendranagar regions.
- AIA has partnered with quenching oil manufacturers to produce improved oils with longer life.
- We monitor the life and condition of the transport vehicle and check the permissions and licenses. A monthly physical audit of the vehicle is done jointly by the HR and a Company employee selected on a random basis.
- AIA partners with local vendors to develop their capacities for product packaging and machining of castings.



# BOARD OF DIRECTORS

## Mr. Rajendra S. Shah, Chairman

(DIN 00061922)

Mr. Shah is a Mechanical Engineer and Industrialist with experience in finance and administration. He possesses entrepreneurial insight into running an engineering business. Mr. Shah is also the Chairman and Whole-Time Director of Harsha Engineers International Limited, a Bearing Cage producer.

## Mr. Bhadresh K. Shah, Managing Director & Promoter

(DIN 00058177)

Mr. Shah is a B. Tech Graduate in Metallurgy from the Indian Institute of Technology, Kanpur. He is experienced in the fields of production, finance cost and technical administration. He has over 51 years of experience in the manufacturing and design of high chrome castings that are value-added, impact, abrasion, and corrosion resistant. His primary areas of focus include manufacturing process improvements, new product development, quality, and adherence to international manufacturing standards, ensuring that the Company's products are recognised both domestically and globally.

## Mr. Rajan Ramkrishna Harivallabhdas, Independent Director

(DIN 00014265)

Mr. Harivallabhdas has a Bachelor's degree in Commerce and a Master of Business Administration from the USA. He is experienced in the fields of textile, engineering and chemicals. From 1973 to 1988, he served as the Managing Director and Director of various companies owned by the Shri Ambica Group, which included textile, engineering, and chemical companies. He gained management, financial, and marketing skills in this role. He was elevated to the family's own chemical manufacturing enterprises and began managing them. From 1992 to 2010, he served as Chairman and Managing Director of HK Finechem Limited, a publicly traded chemical manufacturing Company – one of the few specialities chemical.

## Mr. Yashwant M. Patel, Whole-Time Director

(DIN 02103312)

Mr. Patel has a Bachelor's degree in Science with Chemistry. He has extensive and diverse experience in production, administration, human resources, and accounting.

## Mrs. Khushali S. Solanki, Non-Executive – Non-Independent Director

(DIN 07008918)

Mrs. Solanki has a Diploma in Hotel Management. She has a wide range of experience in administration, marketing, and accounting.





■ **Mrs. Bhumika S. Shodhan**, Non-Executive – Non-Independent Director

(DIN 02099400)

Mrs. Shodhan has a Diploma in Fashion Designing. She has a diverse background in production, management, and administration.

■ **Mr. Sanjay S. Majmudar**, Independent Director

(DIN 00091305)

Mr. Majmudar is a B. Com., FCA & ACS. He has worked in the areas of corporate law, direct tax law, financial advisory services, debt syndication, project finance, international structures and taxation planning, and mergers & acquisitions. He is a Chartered Accountant in practice. He has contributed papers to seminars and conferences held by the ICAI and the CA Association in Ahmedabad, and has spoken on the topic of corporate law. He is a regular speaker at MSOP programme of the Institute of Company Secretaries of India, Ahmedabad Chapter.

■ **Mr. Dileep C. Choksi**, Independent Director

(DIN 00016322)

Mr. Choksi is a B. Com, LLB, FCA and Grad. CWA. He has over 41 years of experience as a Leading Chartered Accountant, trained Lawyer, and Cost Accountant. Tax planning and structuring for domestic and international clients, including expatriates, completing collaborations and joint ventures, executive advisory and decision support, corporate restructuring with a focus on start-ups, turnaround and change management strategies, and analysing the tax impact of various instruments are some of his areas of specialisation. He was a former Deloitte India Joint Managing Partner. He founded C. C. Choksi Advisors Private Limited, whose mission is to provide comprehensive solutions for all business needs.

■ **Mrs. Janaki U. Shah**, Independent Director

(DIN 00343343)

Mrs. Shah is a Bachelor of Arts in Economics. She has over 23 years of experience in textile manufacturing and computer education.



# BOARD'S REPORT

The Members,

## AIA Engineering Limited

Ahmedabad

Your Directors take pleasure in submitting the 32nd Annual Report and the Audited Annual Accounts of the Company for the year ended 31 March, 2022.

### 1. FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	Year ended 31 March, 2022	Year ended 31 March, 2021	Year ended 31 March, 2022	Year ended 31 March, 2021
Revenue from Sale of Products	3,02,949.05	2,41,031.67	3,51,446.75	2,81,877.87
Other Operating Revenue	5,207.98	6,267.71	5,207.98	6,271.37
<b>Total Revenue from Operations</b>	<b>3,08,157.03</b>	<b>2,47,299.38</b>	<b>3,56,654.73</b>	<b>2,88,149.24</b>
<b>Other Income</b>	<b>26,968.81</b>	<b>14,480.71</b>	<b>15,629.01</b>	<b>17,219.59</b>
<b>Total Income</b>	<b>3,35,125.84</b>	<b>2,61,780.09</b>	<b>3,72,283.74</b>	<b>3,05,368.83</b>
Profit before Finance Cost, Depreciation & Amortisation and Tax Expenses	84,591.86	74,296.87	87,723.52	82,744.19
Finance Cost	363.24	398.52	385.04	429.31
Depreciation & Amortisation	8,983.90	9,097.06	9,211.63	9,350.09
<b>Profit Before Tax</b>	<b>75,244.72</b>	<b>64,801.29</b>	<b>78,126.85</b>	<b>72,964.79</b>
(i) Provision for Taxation (Current)	16,657.86	18,628.27	16,886.01	18,683.22
(ii) Deferred Tax	136.33	(2,317.16)	(720.96)	(2,289.07)
<b>Total Tax (i+ii)</b>	<b>16,794.19</b>	<b>16,311.11</b>	<b>16,165.05</b>	<b>16,394.15</b>
<b>Profit After Tax</b>	<b>58,450.53</b>	<b>48,490.18</b>	<b>61,961.80</b>	<b>56,570.64</b>
Non Controlling Interest	-	-	(6.29)	(41.55)
Net Profit after Non Controlling Interest	<b>58,450.53</b>	<b>48,490.18</b>	<b>61,968.09</b>	<b>56,612.19</b>
Other Comprehensive Income / (Loss) (Net of Tax) (After Minority Interest)	84.66	(273.17)	(2,423.57)	(2,302.17)
Total Comprehensive Income after Non-Controlling Interest	<b>58,535.19</b>	<b>48,217.01</b>	<b>59,544.52</b>	<b>54,310.02</b>

#### Standalone Operating Results:

During the year under review, the Revenue from operation of the Company is ₹ 3,08,157.03 Lakhs as compared to ₹ 2,47,299.38 Lakhs in the previous Financial Year. Exports Turnover registered in the same period is ₹ 2,35,241.37 Lakhs as against the Export Turnover of ₹ 1,90,226.76 Lakhs in the previous Financial Year.

During the year under review, Company has earned a Profit Before Tax (PBT) of ₹ 75,244.72 Lakhs and Profit After Tax (PAT) of ₹ 58,450.53 Lakhs as compared to PBT of ₹ 64,801.29 Lakhs and PAT of ₹ 48,490.18 Lakhs respectively in the previous Financial Year.

#### Consolidated Operating Results:

During the year under review, on a Consolidated basis, your Company (together with its Subsidiaries) has earned Revenue from Operations of ₹ 3,56,654.73 Lakhs as compared to ₹ 2,88,149.24 Lakhs in the previous Financial Year. Correspondingly, the Consolidated Profit After Tax (PAT) registered during the year under review is ₹ 61,968.09 Lakhs (After Minority Interest) as compared to PAT (After Minority Interest) of ₹ 56,612.19 Lakhs in the previous Financial Year.

### 2. DIVIDEND:

The Board of Directors are pleased to recommend a Dividend of ₹ 9/- (450%) per Equity Share of the face value of ₹ 2/- each amounting to ₹ 8,488.83 Lakhs for the Financial Year 2021-22.



## BOARD'S REPORT (Contd.)

The Dividend, if declared by the shareholders at the ensuing Annual General Meeting, will be paid to those Shareholders, whose names stand registered in the Register of Members as on 5 September, 2022. In respect of shares held in dematerialised form, it will be paid to the members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners.

### 3. SHARE CAPITAL:

The paid up Equity Share Capital of the Company as on 31 March, 2022 is ₹ 1,886.41 Lakhs. During the year under review, the Company has neither issued shares with differential voting rights nor granted stock option or sweat equity.

### 4. FINANCE:

Cash and cash equivalents as at 31 March, 2022 were ₹ 25,670.86 Lakhs. the Company continues to focus on judicious management of its Working Capital, Receivables, Inventories, while other Working Capital parameters were kept under strict check through continuous monitoring.

#### Capital Expenditure Outlay:

During the year under review, the Company has incurred Capex of ₹ 12,547.42 Lakhs.

#### Deposits:

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

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

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

#### Internal Financial Control and Audit:

The Company has a formal framework of Internal Finance Control (IFC) in alignment with the requirement of Companies Act, 2013 and has also laid down specific responsibilities on the Board, Audit Committee, Independent Directors and Statutory Auditors with regard to IFC.

Accordingly, the Company has a well-placed, proper and adequate IFC system, which ensures,

- The orderly and effective conduct of its business.
- Safeguarding of its assets.
- The prevention and detection of frauds and errors.
- The accuracy and completeness of the accounting records and
- The timely preparation of reliable financial information.

The Board reviews the effectiveness of controls documented as part of IFC Framework and take necessary corrective actions wherever weaknesses are identified as a result of such review. This review covers entity level controls, process level controls, fraud risk controls and information technology environment.

Based on this evaluation, no significant events had come to notice during the year that have materially affected, or are reasonably likely to materiality affect, our IFC. The management has also come to a conclusion that the IFC and other financial reporting was effective during the year and is adequate considering the business operations of the Company. The Statutory Auditors of the Company has audited IFC with reference to Financial Reporting and their Audit Reports are annexed as Annexure B to both the Independent Audit Reports under Standalone Financial Statements and Consolidated Financial Statements.

The Company has detected that an employee of the Company has possibly committed a fraud by unlawful acquisition, possession and intentional misuse of confidential information related to certain Products of the Company.

An FIR has been filed with the office of Cyber Cell, Gujarat Police and the accused was arrested on 09.05.2022. Cyber Cell, Gujarat Police will take necessary action in the matter.

#### Related Party Transactions:

All the Related Party Transactions entered during the financial year were on an Arm's Length basis and were in the Ordinary Course of Business. There are no materially significant Related Party Transactions made by the Company with Promoters, Directors, Key Managerial Personnel (KMP) which may have a potential conflict with the interest of the Company at large.



## BOARD'S REPORT (Contd.)

Prior Omnibus approval of the Audit Committee is obtained on yearly basis for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted were placed before the Audit Committee and the Board of Directors for their approval on quarterly basis. The details of Related Party Transactions entered by the Company are disclosed in Form AOC-2 – as per Annexure "A".

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

### Credit Rating:

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

Dun & Bradstreet Information India Private Limited (D & B) has evaluated the Company during September, 2021. and reassigned a Dun Bradstreet Rating of 5A I, which indicates that overall status of the Company is "Strong".

## 5. HUMAN RESOURCES:

The man power of the organisation is considered by the Company as one of its most valuable asset. The Company is of the firm opinion that growth and success by an organisation can only be achieved through proper utilisation of the skills and knowledge of its human resources. The Company acknowledges the contribution of its human resources in its growth and hence puts in every effort to create an environment conducive to active employee participation.

Just as all assets need to be managed and maintained, human resource management is also extremely important for optimum output and efficiency. The Company understands that human resource management is a scientific process and hence ensures that the right tools and techniques are deployed for proper development of human resources. The Company works in a very structured manner on this aspect and hence engages with some of the topmost agencies and consultants in this area.

Continuous improvement and skill upgradation has been a very important facet of the Company's philosophy. The Company has always looked at avenues of improvement and upgradation in all areas of functioning. Keeping in mind this philosophy, the Company has always encouraged training and

development of all its members in various areas of business. Right from technical and functional training, to managerial and behavioral training, the Company has continuously encouraged and organised programs and workshops to facilitate this. It is primarily for this reason, that there has been a continuous skill upgradation observed in the Company's human resources.

The Company has always been extremely concerned about the health and safety of its employees. It is only because of this, that the Company had remained extremely careful and taken all possible safety measures during the global pandemic. Sanitisation, fumigation, immunity drinks etc were continuously being arranged for good health and hygiene of the team members. Apart from this, yoga, mindfulness and meditation sessions were being organised for the well being of its employees. A taskforce team was also created to continuously monitor and support any challenge that might crop up in the organisation during the pandemic.

The Company also puts in a very scientific approach towards an employee lifecycle management, right from proper induction, training, skill development to offering a career road map and succession planning. The Company also ensures that appraisals and assessments are performance centric and hence follows a very objective performance based appraisal system.

While the Company has very sound and robust HR practices, it remains open to continuous improvement and upgradation. It is with this objective in mind, that it works with some of the best global consultants and agencies for various HR activities like talent acquisition, creating organisation structure etc. While maintaining the strong and deep rooted organisational philosophy and way of functioning, the Company has continuously kept on strengthening its human resources by bringing in talented and competent professionals who can facilitate and accelerate the Company's journey towards its vision.

## 6. MATERIAL CHANGES, TRANSACTIONS AND COMMITMENTS:

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the close of Financial Year on 31 March, 2022 to which the Financial Statements relates and the date of this Report.



## BOARD'S REPORT (Contd.)

### 7. BUSINESS PROSPECTS:

The Company continues to invest its resources in furthering its market share in the High Chrome mill internal market worldwide with specific focus on high growth in the mining sector. Thus, to a considerable extent, the future growth prospects of the Company are linked to making further inroads in mining industry.

The Company presently focuses on three mineral ore types that represent the biggest pie of the mineral grinding space. These are Iron, Gold and Copper. Annual replacement requirement of Grinding Media is estimated at around 2.5 million tons. Of this, less than 20% is currently converted to High Chrome while the balance is served by Forged Grinding Media. This represents a large potential opportunity to convert Forged Grinding Media to High Chrome.

Your Company has adopted a three pronged approach for capitalizing on this opportunity offered by the mining segment. The first and primary focus area is approaching various mines across the Globe on the basis of the Ware advantage and cost savings – that is to say wherever the mining conditions are such that usage of High Chrome Grinding Media in place of Forged Grinding Media can offer a considerable cost saving, the Company approaches such mines with primary focus on such cost savings. The second approach is focussed on the Down Process advantage – that is to say the benefits which the usage of High Chrome Grinding Media can offer in the beneficiation process which has the potential of reduction of consumption of certain expensive and environmentally harmful consumables/reagents and also improve the recovery of the final ore, which is particularly relevant for copper and gold mines. Lastly, the Company is also offering a unique High Chrome mill lining solution based on a Patented design, which offers significant benefits in the form of improving grinding efficiency, and therefore the throughputs; and also significant reduction in the power cost.

Your Company believes that with the capability of offering such comprehensive solutions relating to grinding and crushing in the mining space, your Company is perhaps the only Company in the world who has all such capabilities under one roof and is therefore now in a unique position so as to convert a significantly large portion of the opportunity offered by the mining space and get a prominent market share in longer term.

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

The process of conversion of a mine from the conventional Forged Grinding Media to High-Chrome Grinding Media involves significant engagement with the customers. A major portion of this exercise is required to be carried out at the customer's site in physical mode. Due to the impact of Covid-19 pandemic, unfortunately your Company's personnel could not travel to the customers' locations during F.Y. 2020-21 and also practically upto H1 F.Y. 2021-22. However, fortunately the travel restrictions were largely lifted and normal travel has resumed during H2 F.Y. 2021-22 which has enabled your Company to take forward the process of new customer acquisition with full force from H2 F.Y. 2021-22. As you might be aware, every single Mining location represents a separate customer requiring special focus and attention and the entire process of developing a customer – i.e. a new Mine can take anywhere between 1 to 2 years or even longer given the high degree of customisation required in developing a solution for a given Mine. Due to onset of Covid-19 this process had come to a halt because of the travel restrictions as mentioned above. But now since the process has resumed your Company is confident that given the unique strength of the solutions your Company should be able to increase the volume of sales by adding regularly new Mining customers on a sustainable basis.

## BOARD'S REPORT (Contd.)

Thus, the medium to long term prospects for your Company remain absolutely intact.

Cement market continues to remain flat on a global basis as well as in India. Your Company is happy to inform that it continues to maintain market share and continues to make investments in new alloys, designs and process improvements which will ensure that it continues to be a preferred supplier to Cement Companies worldwide. Your Company is happy to inform that from F.Y. 2021-22 the Cement Industry worldwide has started growing thanks to the resumption of the Capex programmes in Industrial as well as Infrastructure space across the world. Though the relative consumption of your Company's wear parts in Cement industry is much lower as compared to Mining, still your Company feels that there should be some growth coming in the Cement Industry volumes in the coming years, matching with the rate at which there is an overall growth in this segment.

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

### 8. FUTURE EXPANSION:

The Company's current capacity stands at 3,90,000 MT of annual production of High Chrome Mill Internals.

The Company has started implementing a greenfield facility at Kerala GIDC near Ahmedabad to manufacture 50,000 MT of "Mill Linings" at a cost of ₹ 250 Crores and is estimated to be commissioned in Q2 of F. Y. 2022-23.

In line with earlier estimates, the Company has decided now to start the second phase of the Grinding Media Greenfield capacity expansion of 80,000 MT at GIDC Kerala, Ahmedabad at a cost of ₹ 200 Crores. This new expansion will be done in two phases.

The Company has plan to invest in renewable energy by investing ₹ 55 Crores in Hybrid Project consisting of 2 WTG of 2.1 MW each and 3.78 MW of Solar. The project is expected to be commissioned by 31 March, 2023.

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

### 9. SUBSIDIARY COMPANIES:

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

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

The separate Audited Financial statements in respect of each of the Subsidiary Companies are also available on the website of your Company at <http://www.aiaengineering.com/financials.php>.

### 10. INSURANCE:

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

### 11. INDUSTRIAL RELATIONS (IR):

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

### 12. CORPORATE GOVERNANCE:

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

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

### 13. MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA):

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



## BOARD'S REPORT (Contd.)

### 14. RISK MANAGEMENT:

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

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

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

The key elements of the framework include:

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

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

### 15. POLICES:

#### (a) Vigil Mechanism/Whistle Blower Policy:

The Company has adopted a Vigil Mechanism/Whistle Blower Policy through which the Company encourages employees to bring to the attention of Senior Management including Audit and Risk Management Committee, any unethical behavior and improper practice and wrongful conduct taking place in the Company. The brief details of such vigil mechanism forms part of the Corporate Governance Report.

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

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

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

In Compliance with the SEBI (Prohibition of Insider Trading) Regulations, the Company has revised Model Code of Conduct of Insider Trading Regulations from time to time. The Company adopted the Code of Conduct to regulate, monitor and report trading by Designated Person(s) in order to protect the Investor's Interest. The details of the said Code of Conduct forms part of the Corporate Governance Report.

#### (d) Policy for Business Responsibility

In pursuance of Regulation 34 of SEBI LODR Regulations, top 1000 companies based on market capitalisation (calculated as on March 31 of every financial year) are required to prepare and enclose with its Annual Report, a Business Responsibility Report describing the initiatives taken by them from an environmental, social and governance perspectives. A separate report on Business Responsibility is annexed herewith as Annexure "C".

#### (e) Dividend Distribution Policy:

The Board of Directors had approved the Dividend Distribution Policy in line with SEBI LODR Regulations. The Policy is hosted on website of the Company at <http://www.aiaengineering.com/finances/policy.php>.

### 16. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

#### (a) Board of Directors and KMP:

The Board of Directors of the Company is led by the Independent – Non Executive Chairman and comprises eight other Directors as on 31 March, 2022, including one Managing Director, one Whole-Time Director, four Independent Directors (including one Woman Independent Director) and two Non-Executive Directors (other than Independent Directors).

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

Considering the integrity, expertise and experience (including the proficiency), the Board of Directors recommends the reappointment of the following

## BOARD'S REPORT (Contd.)

Directors at the ensuing Annual General Meeting:

- Mrs. Khushali Samip Solanki (DIN: 07008918), Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offered herself for re-appointment.
- Mr. Yashwant M. Patel (DIN: 02103312) will be re-appointed as a Whole-Time Director for a period of 5 consecutive years from 01.04.2022 to 31.03.2027. The Board on recommendation of Nomination and Remuneration Committee, has re-appointed him as a Whole-Time Director for a period of 5 consecutive years from 1 April, 2022 and proposed a resolution for member's approval at the ensuing Annual General Meeting.

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

### (b) Meetings:

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

Mr. Sanjay S. Majmudar, Chairman

Mr. Rajendra S. Shah, Member

Mr. Bhadresh K. Shah, Member

Mr. Rajan R. Harivallabhdas, Member

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

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

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

In compliance with the requirement of applicable laws and as part of the best governance practice, the Company has following Committees of the Board as on 31 March, 2022.

- Audit Committee
- Stakeholders' Relationship Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Risk Management Committee

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

### (d) Board Evaluation:

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

### (e) Familiarisation Program for Independent Directors:

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

### (f) Remuneration Policy:

The Board has on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management Personnel and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report which is a Part of the Board's Report. The detailed Policy is placed on the website of the Company at [http://www.aiaengineering.com/finances/pdf/Nomination\\_Remuneration\\_Policy.pdf](http://www.aiaengineering.com/finances/pdf/Nomination_Remuneration_Policy.pdf).



## BOARD'S REPORT (Contd.)

### (g) Directors' Responsibility Statement:

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

- (i) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the Annual Accounts on a going concern basis;
- (v) the Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- (vi) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 17. AUDITORS:

#### Statutory Auditors:

BSR & Co. LLP, Statutory Auditors of the Company have been appointed as Statutory Auditor of the Company for a period of five years in 27th Annual General Meeting of the shareholders of the Company held on 14 August, 2017.

The term of existing Statutory Auditors gets completed on conclusion of 32nd Annual General Meeting of the

Company in terms of the said approval and Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rule, 2014. As their term will expire on conclusion of 32nd Annual General Meeting, the Audit Committee and the Board of Directors at their meetings held on 25 May, 2022, after considering various parameters and subject to approval of the shareholders, recommended the re-appointment of BSR & Co. LLP, Chartered Accountants (Firm Registration 101248W/W-100022) as Statutory Auditors, for a further term of 5 (five) consecutive years commencing from conclusion of this 32nd Annual General Meeting till the conclusion of 37th Annual General Meeting. The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditor' Report does not contain any qualification or reservation. There is also no fraud has been reported by the Auditors in their Audit Report for the year ended 31 March, 2022.

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

#### Internal Auditors:

The Board of Directors at the recommendations of the Audit Committee appointed Talati & Talati LLP, Chartered Accountants as Internal Auditors of the Company and ADCS & Associates, Chartered Accountants as Internal Auditors for its Nagpur Unit for the Financial Year 2022-23.

#### Cost Auditors:

The Cost Auditors has filed the Cost Audit Report for the Financial Year ended 31 March, 2021 before 30 September, 2021.

The Board of Directors on the recommendation of the Audit Committee has re-appointed Kiran J. Mehta & Co., Cost Accountants, Ahmedabad as the Cost Auditors of the Company to conduct the audit of the cost accounting records of the Company for the Financial Year 2022-23. As required under the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be placed before the members of the Company for their ratification at the ensuing Annual General Meeting. Accordingly, a resolution seeking member's ratification to the remuneration payable to Kiran J. Mehta & Co.,

**BOARD'S REPORT (Contd.)**

Cost Accountants, Ahmedabad is included in the Notice convening the 32nd Annual General Meeting.

**Secretarial Auditors:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed, Mr. Tushar M. Vora, Practising Company Secretary (FCS-3459, C.P. No. 1745), Ahmedabad to conduct a Secretarial Audit of the Company's Secretarial and related records for the year ended 31 March, 2022.

The Report on the Secretarial Audit for the year ended 31 March, 2022 is annexed herewith as Annexure "D" to this Board's Report. There were no qualification/ observations in the report.

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

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

**19. CONSOLIDATED FINANCIAL STATEMENTS:**

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

**20. ANNUAL RETURN:**

In accordance with the provisions of Section 92(3) of the Act, Annual Return of the Company as on 31 March, 2022 is hosted on website of the Company at [http://www.aiaengineering.com/financial\\_reports/ANNUALRETURN21\\_22.pdf](http://www.aiaengineering.com/financial_reports/ANNUALRETURN21_22.pdf).

**21. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

As per the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, the amount required to be spent on CSR activities during the year under review, is ₹ 1,245.33 Lakhs and the Company has spent ₹ 1,233.21 Lakhs during the Financial Year ended 31 March, 2022. The shortfall of ₹ 12.12 Lakhs in the spending during the year under report will be transferred to the Fund specified under Schedule VII

of the Companies Act, 2013 on or before 30.09.2022. The requisite details of CSR activities carried by the Company pursuant to Section 135 of the Companies Act, 2013 is annexed as Annexure "E".

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

**22. PARTICULARS OF EMPLOYEES:**

The information required pursuant to Section 197 of Companies Act, 2013 read with Rule 5 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is annexed as Annexure "F". The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate Annexure forming part of this report. Further, the Report and the Accounts are being sent to the members excluding the aforesaid Annexure. In terms of Section 136 of the Act, the said Annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

**23. ENVIRONMENT, HEALTH AND SAFETY:**

We at AIA Engineering Limited are committed to promote occupational health of our staff and workers and, prevent accident and injuries during the operations. We are continually improving occupational safety and environmental protection and the environmental compatibility. Wherever feasible, we are committed to conserve resources and to take advantage of opportunities for recycling. Internally, we use the best available technology for occupational safety and environmental protection when putting new investment into our units.

Company's policies and practices for environmental protection including use of clean technologies, resource conservation resulted in reduction, recycling, and reuse initiatives that contributed to lowering the adverse environmental footprint. We also remain deeply committed to the cause of environmental protection.

Our manufacturing divisions have instituted internationally accepted Quality Management Systems based on ISO 9001: 2015. Our Grinding Media foundries



## BOARD'S REPORT (Contd.)

located at Moraiya and Kerala GIDC have been integrated with ISO 14001: 2015 Environmental Management System and ISO 45001 : 2018 Occupational Health & Safety Management Systems.

### 24. SECRETARIAL STANDARDS:

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

### 25. ACKNOWLEDGEMENT:

Your Directors would like to express their appreciation for the assistance and co-operation received from the Company's customers, vendors, bankers, auditors, investors and Government bodies during the year under review. Your Directors place on record their appreciation of the contributions made by employees at all levels. Your Company's consistent growth was made possible by their hard work, solidarity, co-operation and support.

For and on behalf of the Board,

**RAJENDRA S. SHAH**

Chairman

(DIN:00061922)

Place: Ahmedabad

Date: 25 May, 2022



## BOARD'S REPORT (Contd.)

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO [Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

#### A) CONSERVATION OF ENERGY:

1. Effective usages of machine leading to energy savings of 4,85,681 Units.
2. Technology up gradation as mentioned below leading to energy savings of 11,33,400 Units :-
  - 2,76,524 Unit saved by replacing conventional sodium vapour light with LED light.
  - 21,200 Unit saved by using 30 KW fan in Heat treatment tempering process instead of 200 KW blowers.
  - 8,07,360 Unit saved by installation of Variable Frequency Drives in Fume Extraction System.
  - 28,316 Unit saved by operation of certain product handling equipment & cooling tower through Variable Frequency Drive.
3. Reduction of 20 units/ton of Liquid Metal in Grinding Media plant by efficient usage of furnaces was resulted in saving of 23,31,687 Units.
4. By improved temperature & pressures settings in coil cooling pump & compressor, Company saved 5,41,678 Units.

#### Renewable Energy:

By Installing 9 of 2.10 MW and 2 of 2.70 MW Wind Energy Turbines at the Kutch and Jamjodhpur sites, Company was able to meet 17% of its total electricity requirement through renewable energy sources during the Financial Year 2021-22.

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

Particulars	For the Year ended 31 March, 2022	For the Year ended 31 March, 2021
Electricity		
a) Purchased Units (in Lakhs)	3,522.12	3,333.60
Total Amount (₹ in Lakhs)	24,447.90	22,125.70
Rate/Unit (₹)	6.94	6.64
b) Own Generation		
Through Diesel Generator Unit	1,77,254	1,41,953
Unit per Litre of Diesel Oil	1.91	1.95
Cost/Unit (₹)	46.76	38.35
c) Through Steam Turbine/Generator Units		
Units per Ltr. Of Fuel/Oil/Gas	NA	NA
Cost/Unit (₹)	NA	NA
d) Coal (Specify Quantity and where used)		
Quantity (in Tons)	NA	NA
Total Cost (₹)	NA	NA
Average Rate(₹)	NA	NA
e) Light Diesel Oil/c9		
Quantity (in Ltrs)	5,64,012.98	7,16,877.97
Total Amount (₹ Lakhs)	265.04	247.70
Average Rate (₹)	46.99	34.55
f) Others/Internal Generation PNG		
Quantity Unit (SCM)(In Lakhs)	121.60	117.43
Total Cost (₹ Lakhs)	7,231.40	4,815.31
Rate/Unit (₹)	59.47	41.09



## BOARD'S REPORT (Contd.)

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

(₹ in Lakhs)

Particulars	For the Year ended 31 March, 2022	For the Year ended 31 March, 2021
Product:		
Casting Unit (Tonnes)	2,68,870.37	2,48,422.21
Electricity per Ton of Castings(Units)	1,310.63	1,342.48

### B) TECHNOLOGY ABSORPTION:

#### RESEARCH & DEVELOPMENT (R & D)

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

- Development of new alloys for Grinding Media used in mining industry.
- Effect of using High Chrome Media in place of Steel Forged Balls on improvement in mineral recoveries.

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

- New alloys of Grinding Media are expected to be more cost effective at customer's end.
- Improvement in mineral recovery by replacing Forged Balls by High Chrome Media will add value at customer's end.

##### c) Future plans of action.

Continue to introduce solutions which are cost effective and add value at customer's end.

##### d) Expenditure on R & D

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

### C) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

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

2. Benefits derived as a result of the above efforts.

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

3. Imported technology.

Nil

4. Foreign Exchange Earnings and Outgo:

(₹ in Lakhs)

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
i) Total Foreign exchange used	47,799.09	34,718.73
ii) Total Foreign exchange earned	2,35,278.39	1,90,287.12

For and on behalf of the Board,

**RAJENDRA S. SHAH**

Chairman

(DIN:00061922)

Place: Ahmedabad

Date: 25 May, 2022

# ANNEXURE-“A”

## FORM NO.AOC-2

[Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Companies Act, 2013 and Rules 8 (2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of Contracts/Arrangements entered into by the Company with the Related Parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain Arm's Length transactions under third proviso thereto:

### 1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS:

i)	Name (s) of the Related Party and nature of Relationship	None
ii)	Nature of contract/arrangement/transactions	
iii)	Duration of contract/arrangements/transactions	
iv)	Salient Terms of contract/arrangements/transactions including the value if any	
v)	Justification for entering into such contracts or arrangements or transactions	
vi)	Date(s) of approval by the Board	
vii)	Amount paid as Advances, if any	
viii)	Date on which the special resolution was passed in general meeting under first proviso to Section 188 of Companies Act, 2013	

### 2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS AT ARM'S LENGTH BASIS:

i)	Name (s) of the Related Party and nature of Relationship	Vega Industries (Middle East) FZC, a Wholly-Owned Subsidiary of the Company.	Welcast Steels Limited, a Subsidiary Company of the Company.
ii)	Nature of contract/arrangement/transactions	Distribution Agreement	Contract Manufacturing Agreement
iii)	Duration of contract/arrangements/transactions	Till the Agreement is mutually terminated	5 Years from 1 January, 2019.
iv)	Salient Terms of contract/arrangements/transactions including the value if any	Vega Industries (Middle East) FZC is a Global Distributor for the operations of the Company in the international market including helping in developing and formulating the global market strategy, identifying and tracking the customers leads and converting the same into offers and firm orders, co-ordinating with the Company to ensure timely delivery of orders and also providing the support in relation to inventory and debtors management.	Welcast Steels Limited manufactures Grinding Media of different grades for AIA Engineering Limited ("AIA") according to the Purchase Orders placed by AIA from time to time as per the technical specifications and using the technical knowhow provided by the AIA.
v)	Justification for entering into such contracts or arrangements or transactions	In order to optimise the Company's sales outside India, Vega Industries (Middle East) FZC acts as Global Distributor of the Company.	The Contract Manufacturing Arrangement was entered to fully utilise the installed capacity of Welcast Steels Limited.
vi)	Date(s) of approval by the Board	Approval of the Board is not required under Section 188(1) of the Companies Act, 2013.	27 May, 2019
vii)	Amount paid as Advances, if any	NIL	NIL

For and on behalf of the Board,

Place: Ahmedabad  
Date: 25 May, 2022

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



# ANNEXURE-“B”

## FORM NO.AOC-1

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

### Statement containing salient features of the Financial Statement of Subsidiaries/Associate Companies/Joint Ventures

#### Part – “A”: Subsidiaries

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

Name of the Subsidiary	Welcast Steels Ltd. - Ahmedabad	AIA CSR Foundation- Ahmedabad	Vega Industries (Middle East) FZC - UAE	Vega Industries Ltd. – UK	Vega Industries Ltd. – USA	Vega Steel Industries (RSA) (Pty) Ltd. - South Africa	Wuxi Vega Trade Co. Ltd. - China	PT Vega Industries Indonesia - Indonesia	VEGA Industries Chile SPA - Chile	AIA Ghana Ltd. Ghana	VEGA Industries Australia Pty Ltd. - Australia
The date since when subsidiary was acquired	28.09.2005	23.10.2015	20.12.2003	31.10.2004	31.10.2004	25.03.2009	28.08.2010	31.07.2015	22.05.2017	01.03.2018	12.06.2018
Reporting period for the subsidiary concerned, if different from the Holding Company's period.	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022	31.03.2022
	INR	INR	USD	GBP	USD	ZAR	CNY	IDR	CLP	GHS	AUD
			BS-75.9005	BS-100.2797	BS-75.9005	BS-5.1916	BS-11.9695	BS-0.0053	BS-0.0966	BS-10.1403	BS-56.9055
			PL-74.5090	PL-102.4573	PL-74.5090	PL-5.0897	PL-11.6234	PL-0.0052	PL-0.0960	PL-12.3536	PL-54.7343
Share Capital	63.84	1.00	246.58	9.47	37.94	0.013	227.62	151.74	80.42	758.72	0.05
Reserves & Surplus	3,188.39	-	20,920.24	1,212.29	1,417.75	115.07	35.49	(135.50)	(129.57)	(2,391.18)	254.69
Total Assets	4,290.74	614.45	1,40,764.44	3,274.13	41,094.22	1,885.85	1,864.62	5,703.97	4,833.77	12,900.99	26,535.40
Total Liabilities	1,038.51	613.45	1,25,344.40	2,089.86	39,637.99	1,770.73	1,601.41	5,687.72	4,882.93	14,534.06	26,280.56
Investments	-	-	5,754.78	37.94	-	-	-	-	-	-	-
Turnover	8,597.02	-	2,88,082.04	14,655.48	50,065.65	5,936.62	2,448.81	7,544.83	5,070.51	17,626.95	30,948.21
Profit Before Taxation	(53.77)	-	12,592.13	40.05	448.42	40.09	(22.73)	42.27	171.78	(2,606.89)	337.02
Provision for Taxation	(4.63)	-	-	7.90	89.17	16.16	-	-	-	13.24	101.11
Profit After Taxation	(49.14)	-	12,592.13	32.15	359.25	23.93	(22.73)	42.27	171.78	(2,620.12)	235.91
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
% of Shareholding	74.85%	100%	100%	100% by Vega ME	100% by Vega UK	74.63% by Vega ME	100% by Vega ME	99% by Vega ME & 1% by AIA	100% by Vega ME	100% by Vega ME	100% by Vega ME

(a) Names of Subsidiaries which are yet to commence operations: NIL

(b) Names of Subsidiaries which have been liquidated or sold during the year: NIL

**ANNEXURE-“B” (Contd.)**
**Part – “B”: Associates & joint ventures**

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

(a) Names of Associates or Joint Ventures which are yet to commence operations : NIL

(b) Names of Associates or Joint Ventures which have been liquidated or sold during the year: NIL

**For and on behalf of the Board of Directors**

**AIA Engineering Limited** CIN: L29259GJ1991PLC015182

**BHADRESH K. SHAH**

Managing Director  
(DIN: 00058177)

**YASHWANT M. PATEL**

Whole-Time Director  
(DIN: 02103312)

**VIREN K. THAKKAR**

Chief Financial Officer

**S. N. JETHELIYA**

Company Secretary  
(ACS: 5343)

Place: Ahmedabad  
Date: 25 May, 2022

Place: Ahmedabad  
Date: 25 May, 2022



# ANNEXURE-“C”

## BUSINESS RESPONSIBILITY REPORT

### OVERVIEW

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

The Directors of AIA present the Business Responsibility Report (BRR) of the Company for the Financial Year ended on 31 March, 2022, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

### Section A : General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L29259GJ1991PLC015182
2. Name of the Company: AIA Engineering Limited
3. Registered Office Address: 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad - 382410, Gujarat, India
4. Website: www.aiaengineering.com
5. E-mail Id: snj@aiaengineering.com
6. Financial Year: 2021-22
7. Sector that company is engaged in (Industrial activity code-wise):

Industrial Group	Description
243	High Chrome Alloy Castings including Grinding Media, Vertical Mill Parts and Ball Mill Liners.

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

### Section B: Financial Details of the Company

1. Paid up Capital (₹): 1,886.41 Lakhs
2. Total Turnover (₹): 3,08,157.03 Lakhs
3. Total Profit after Taxes (including other comprehensive income)(₹): 58,535.19 Lakhs
4. Total spending on Corporate Social Responsibility (CSR) as percentage of Profit after Tax (%): 2.11% (₹ 1,233.21 Lakhs)
5. Expenditure on CSR Activities in 4 above is based on Section 135 of the Companies Act 2013, read with the Rules made thereunder, the Company's CSR initiatives includes:
  - Promoting Health Care including Preventive Health Care.
  - Promoting Education.
  - Ensuring Environmental Sustainability.
  - Protection of National Heritage, Art & Culture.
  - Eradicating Hunger & Development of Children.

## ANNEXURE-“C” (Contd.)

### Section C : Other Details

Sr. No.	Disclosure item	Response
1	Does the Company have any Subsidiary Company/ Companies?	The Company has 11 subsidiary companies (including step-down subsidiaries) as on 31 March, 2022. 1. Welcast Steels Limited, Ahmedabad 2. Vega Industries (Middle East) FZC.,UAE 3. Vega Industries Limited, UK 4. Vega Steel Industries (RSA) PTY Limited, RSA 5. Wuxi Vega Trade Co. Limited, China 6. Vega Industries Indonesia, PT, Indonesia 7. Vega Industries Limited, USA 8. AIA CSR Foundation, Ahmedabad 9. Vega Industries Chile, SpA, Chile 10. AIA Ghana Limited, Ghana 11. Vega Industries Australia Pty Limited, Australia
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Business Responsibility initiatives of the parent Company are applicable to the Subsidiary Companies to the extent that they are material in relation to the business activities of the subsidiaries.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with/participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities (less than 30%, 30-60%, more than 60%).	No

### Section D: BR Information

#### 1. Details of a Director responsible for BR:

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

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

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

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



## ANNEXURE-"C" (Contd.)

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

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

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

Y = Yes

N = No

NA = Not Applicable

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

\*\* Policies available on Company website



## ANNEXURE-"C" (Contd.)

3. If answer to Sr. No 1 against any principle, is 'No', please explain why:

Sr. No.	Questions	Business Ethics	Product Responsibility	Welfare of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Value to customers
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6-12 months		√		√	-		√		
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify)	-	-	-	-	-	-	-	-	-

4. Governance related to BR:

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.	The Managing Director assesses the BR performance of the Company once in 3-6 months
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	This report comprises the Company's Sixth BRR as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibility of Business (NVG). The Company has published a separate Business Responsibility Report and Environment Social and Governance (ESG) Report in its Annual Report of 2020-21.

### Section E: Principle-Wise Performance

#### Ethics, Transparency & Accountability

#### Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability

The Company has developed its governance structures, procedures and practices that ensure ethical conduct at all levels. Towards this end:

- The Code of Conduct for senior managers and directors is available.
- The Company discloses all information required by statutory laws.
- The corporate governance structures encompasses Audit, Nomination & Remuneration, Stakeholders' Relationship, Corporate Social Responsibility and Risk Management Committees.

- Risk councils under the Risk Management Committee oversees identification, assessment and mitigation of various risks in production, maintenance, EHS, human resources (HR), accounts and finance, and statutory compliances.

Our ethics policy will be shared with all live vendors including contractors, suppliers and all third parties in a structured engagement. We will begin assessment of key suppliers and contractors on ethical, EHS and HR considerations in the next reporting period (2022-23).

In order to lend focus to each of the nine Principles, the Company has already in place the necessary policies and processes.

Stakeholders' complaints received in the past financial year have been satisfactorily resolved by the management wherever possible:



## ANNEXURE-"C" (Contd.)

- Customers: 59 customer complaints were received, 45 were addressed and resolved during the F.Y. 2021-22, while 14 remain pending.
- Employees: 14 were received, all were resolved.
- Shareholders/Investors: No complaint was received in the reporting period.
- Suppliers/vendors and Contractors: 50 complaints were received and all were addressed and nothing was pending.

The Company has an effective Vigil Mechanism/Whistle Blower Policy in place to report to the management instances on unethical behaviour and any violation of the Company's code of conduct. The Company has not received any complaints during F.Y. 2021-22.

The Company has an Internal Complaints Committee (ICC) to redress complaints received regarding sexual harassment. No complaints were received by the ICC during the F.Y. 2021-22.

### Products contributing to sustainability

#### **PRINCIPLE 2: Business should provide goods and services that are safe and contribute to sustainability throughout their lifecycle.**

The Company manufactures High Chrome alloy castings (Grinding Media, vertical mill parts and ball mill liners).

- Product Design:**

In designing the product, the Company ensures that the manufacturing processes and technologies required to produce it are resource efficient and sustainable. It has a continuous improvement in management system in place that helps address in product stewardship principles.

The Company assures safety and optimal resource use over the life-cycle of the product – from design to disposal – and ensure that everyone connected with it-designers, producers, value chain members, customers and recyclers are aware of their responsibilities.

Customers derive value from the product in the use phase through power reduction, increased durability (wear resistant casting) and increase in productivity. The Company provides wear resistant warranties for its products.

Customers in the mining and cement business are aware of the recyclability of the product at the end of life. The product composition being iron and steel, the customers hand over the worn-out products to

recyclers for manufacture of recycled steel ingots, the Company also arranges for product buy-backs if required.

The Company regularly reviews and improves upon the process of new technology development, deployment and commercialisation, incorporating social, ethical, and environmental considerations.

- Input material, energy and water**

- Over 65% of input material is sourced from scrap which is in turn sourced locally within the vicinity of 250 KM.
- The process of substituting its conventional cooling towers with dry type cooling towers has been initiated. It has reduced the water consumption and improved performance.
- The Company has enhanced the quality of its STP's by adopting membrane technology. Grey water is processed to increase its re-usability in cooling towers and certain processes resulting in saving of 45 KL/day.

	Key Criteria	Unit Of Measure	Grinding Media	Liners-VSMS
			YOY Improvement-%	
<b>Energy</b>	Furnace Power/ Metric Ton of Liquid metal charge	kWh	0.80 %	1.79 %
	PNG for Heat Treatment/ Metric Ton of Gas fired quenched production	SCM	0%	0%
<b>Water</b>	Usage of Water for Production unit(KL/ MT)	KL/MT	0%	0%

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

- Product Labelling**

The Company endeavours to provide customers with appropriate labelling and signages that details product weight, grade, and destination (customer), safe handling, safe usage and disposal of its products.

## ANNEXURE-"C" (Contd.)

The Company discloses all information truthfully and factually including the risks to the individual. Where required, the Company also educates its customers on the safe and responsible usage of its products including:

- Guidelines for product handling and storing at customer's end.
- The Company's liner product range which carries inherent risks is recommended to be installed under supervision of our experts.

### • Fairness in sourcing

The Company identifies and evaluates new suppliers in a fair manner; supplier evaluation takes place in two phases:

- I. Technical
- II. Commercial

Technical specs, detailed scope and expectations are discussed with the supplier before moving onto commercial quotes. This enables suppliers to understand requirements prior to finalisation of commercials.

### • Vendor performance rating:

Vendors are classified based on a system generated vendor performance rating report on a quarterly basis. Where performance improvement is essential, the purchase department interacts with the vendor and provides this feedback while agreeing on a timeline for completion of the same.

The Company currently has 7,027 live vendors, the Company sources engineering products such as fixtures and parts that go into manufacturing of Grinding Media. Spare parts include standard, tailor made parts, pre-fabricated parts and fasteners.

- Stationery is procured from paper producers BILT and International Paper APPM whose plantations are managed sustainably.
- Key raw material comprises of metal scrap and Ferro Chrome. The final product comprises of 60-75% recycled materials such as scrap and returns. Ferro alloys are sourced from well established players such as Tata Steel, Rohit Ferro Tech Limited, S.A.L. Steels Limited, Essel mining and Team Ferro alloys.
- Sand is procured from the glass industry which produces high silica sand or from legally mined

sand sources from Ankleshwar and Surendranagar regions.

- In the last two years the Company has worked with the OEMs to improve power consumption in the foundries. The melting furnace manufacturers have been convinced to accept higher coil cooling inlet water temperatures thereby reducing the size of cooling towers and making the dry type cooling towers extremely successful. Non-contact two coloured pyrometers introduced for pouring temperature measurement leading to reduction of pigged out metal.
- The Company has partnered with quenching oil manufacturers to produce improved oils with a longer life.
- The Company monitors transport vehicle life and conditions, permissions and licenses. A monthly physical audit of the vehicle is done jointly by the HR and a company employee selected on a random basis.
- The Company partners with local vendors to develop their capacities for product packaging and machining of castings. Local vendor capacity has been developed for:
  - a. Machining of castings
  - b. Fabrication of parts
  - c. Fasteners
  - d. Electrification requirements such as panel boards and automation

75% of our production is exported, Product packaging is completely local. The Company works with 4,853 local\* vendors, 69% of our vendors are local, (\*Local - Gujarat region).

The Company has initiated the process of understanding the capability of key suppliers and have already assessed 10-15 core vendors on supply parameters. Performance assessment on environmental and social criteria will be conducted with critical suppliers in F.Y. 2022-23.

The Company manufactures High Chrome alloy castings (Grinding Media, vertical mill parts and ball mill liners).

### Welfare of Employees

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

The manpower at AIA Engineering Limited as on 31 March, 2022 was 1287.



## ANNEXURE-"C" (Contd.)

### Employees Well-being

The Company takes cognisance of the work-life balance of its employees, especially that of women.

It provides:

- Timely payment of salaries/wages to all workers and staff.
- Top-up medical policy and Group Term Life (GTL) policy to all permanent staff and workmen in addition to the reimbursement of individual Medi-claim.
- Group Personal Accident policy (GPA) to managerial staff.
- Free transport facilities to our Moraiya and Kerala units, occupancy currently maintained @ around 60-70% to maintain social distancing.
- Perquisites such as subsidised food, jaggery and lemon water/Butter milk during summer on shop floors.
- Tie – ups with hospitals for periodic health check-ups of our managerial staff.
- Data cards and mobiles to specific employees based on nature of their work.
- Car scheme for managerial category.
- Loan facility which is availed often by permanent staff and workmen to meet specific requirements.
- Rotational weekly offs for our permanent and staff workmen. A work shift is of 8.5 hours.
- The Company provides 12 paid holiday, 12 casual leaves, and 30 privilege leaves to permanent staff and workmen at plants.
- Women employees enjoy all provisions as per statutory requirement including maternity benefits.
- Permanent and Contract workers are paid as per law, and statutory requirements such as PF, ESIC, Bonus, and Leave Salary are met. In case of emergencies, appropriate medical support or financial help is provided.
- Sudarshan Ghanvati & Kadha given to members at the plants to boost immunity.
- Temperature monitoring by security of all incoming persons.
- Sanitisation of offices/Plants & Buses on daily basis.
- Continuous support to members & their families for hospitalisation & medicines requirement for treatment of COVID-19.

The Company provides and maintains equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, disability or sexual orientation.

The Company takes care to ensure that there is no child labour, forced labour or any form of involuntary labour, paid or unpaid at any of its establishments.

The Company's recruitment policy detailed in the HR and Personnel Manual takes into account the above employment criteria. The CTCs are based on qualifications, experience and capability.

The attrition rate is < 8.5%, the average years of association of employees with the Company is > 10 years.

(Details as on 31 March, 2022)

Group*	Total Strength	No. of Female Employees	% of Female Employees to total strength
Staff	1,164	6	0.14%
Worker	123	-	-
Casual/Temporary/ Contractual	2,818	7	0.17%
<b>Total</b>	<b>4,105</b>	<b>13</b>	<b>0.32%</b>

Employees with disabilities 0.68%

### Collective Bargaining

The Company has a Representative committee at Unit 1 in Odhav. wage settlement was once done earlier. Workers at all other units have never expressed the desire to associate with a union.

The Company respects the right to freedom of association, participation, collective bargaining, and provide access to appropriate grievance redressal mechanisms.

The management ensures that all needs and grievances of workers are addressed.

### Grievance Redressal, Safety and Security

Grievances relate to food quality, timeliness of services, PPE, improper usage of mobile phone, safety hazards, transport facilities conditions, or pedestrian walk ways within the unit.

The Company has a grievance redressal & works committee at every unit, this calls for participation of unit head, functional heads, factory manager and HR manager.

The grievance redressal mechanism is deployed as follows:

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

## ANNEXURE-"C" (Contd.)

- c. Complaints are addressed and resolved on priority within a month.
- d. However if complaints relate to financial implications and requires policy changes, then the same will have to be placed before the grievance redressal committee meeting which meets quarterly.
- e. In order to counter sexual harassment, the Company has in place the said policy and required procedures. A committee have been constituted to address any such issues.

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

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

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

### Workplace Cleanliness and Hygiene:

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

	Drinking water access		Urinals	Latrines		Bathrooms	Wash Basins & others		OHC
	Water Coolers	Drinking water Tap	Male	Male	Female	All	Hand wash	Tap	
<b>Total</b>	44	99	166	125	20	46	140	136	3

The Company also provides 93 water Bottles (20 litres each) among them 54 bottles are refilled 3 times a day, 29 bottles 2 times a day & 10 bottles 1 time a day at various points of the plants.

### Occupational Health and Safety

The Company has constituted safety committee and safety representatives shift wise. In order to improve safety at the workplace, the Company provides:

- Half yearly and pre-employment medical check-up for all employees including contract workers.
- Installation of fire hydrant systems and smoke detectors at all units.
- Demarcation of walkways at Moraiya and Kerala units.
- Specialised fire-resistant jackets, aprons, safety shoes over and above those provided under the PPE scheme.
- Handsets at the Moraiya unit that allows placing voice calls both internally and externally. This has helped reduce workplace security hazards at both units and individual level.
- Control rooms that have an automated fire detection system. All units have manual call points connected to the central fire alarm monitoring systems.

Emergency mock drills are conducted every 6 months. Fire-fighting trainings are conducted on a quarterly basis, this is managed by the Company's Security and Fire Head.

Training Programs: the Company conducted more than 300 trainings, including fire and safety training, in the reporting period covering more than 3500 Participants.

### LTIFR/LTIR/Absentee Rate

Safety performance	Grinding Media	VSMS-Liner
	2021-22	2021-22
Lost Time Incident Rate (LTIR)	7.79	2.28
Lost Time Injury Frequency Rate (LTIFR)	2.97	0.91
Lost Time Injury Severity Rate (LTISR)	14.10	4.26

### Training and Development

The Company ensures continuous skill and competence upgradation of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. The Company undertakes various exercises to promote employee morale and career development through:

- Induction training and process training is provided when new contractual workers and staff join.



## ANNEXURE-"C" (Contd.)

- Workers are given tool box talks by safety manager on various safety topics.
- Staff and workers are provided trainings on work place discipline, team work, positive attitude, communication, 5S and ISO-QMS.
- Performance Evaluation is an annual process. If there are positions available, the Company first evaluates internal staff to fill such positions, there are many cases where people have been selected based on their aptitude and efficiency, and promoted within the organisation.
- Grooming of managerial staff and operators to develop their capabilities through multi-skilling, and enhancing roles.

### Second line leadership development

The Company through its various expansions in the last two years has groomed internal candidates for key positions. The Company has identified candidates for a mentoring programme wherein the unit head mentors these candidates, enabling them to enhance technical capabilities.

### Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

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

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

### Employees

The Company engages with its employees to motivate them, boost morale, provide platforms for them to develop and express their creativity, passion and commitment to the task at hand.

- Celebration of birthdays at Kerala & Moraiya plant.
- Completion of 25 years of service - gesture of appreciation to the concerned employee.
- Training activities, safety day, and safety competition.
- 5S awareness training programmes.
- Behavioural and personality development programmes.

The Company plans to continue to expand its activities and extend the same to other units.

Total of 14 grievances received from employees during the F. Y. 2021-22 and all were resolved.

### Contractors

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

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

### Statutory Bodies

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

The Company interacts with these statutory bodies as required, maintains records and ensures compliances internally and externally.

### Shareholders

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

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

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

### Vendors

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

Grievances have been on account of payment cycle, single window communication and retention money, 50 grievances were received and addressed, nothing is pending as on 31 March, 2022.

### Customers

The Company normally engages with customers through:

- a. One-on-one meetings (sales meets)

## ANNEXURE-“C” (Contd.)

- b. Technical seminars organised by AIA in Ahmedabad (1 time a year)
- c. Technical meets for knowledge sharing organised by Customer
- d. E-mail communication on technical developments, achievements

While a lot of the above activities could not be undertaken this year because of the pandemic, frequent communication and interaction happened over Video calls with various stake holders.

### Vulnerable and marginalised stakeholders

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

### Human Rights

#### Principle 5: Businesses should respect and promote human rights

The Company recognises and respects the human rights of all stakeholders within and beyond the workplace. The Company ensures that human rights articulated in the Constitution of India and the International Bill on human rights is not violated across its operations.

The Company will promote the awareness and realisation of human rights amongst relevant stakeholders in the next reporting period.

The Company has integrated respect for human rights in its management systems, it ensure that even contract workers have access to medical services. The Company's workers are free to form worker representative committees or join unions. The managerial staff also conduct informal surveys amongst workers to understand their genuine concerns, pay and benefits being received, and the timeliness of these.

The Company ensures that all individuals impacted by the business have access to grievance mechanisms, and no such complaints were received in the period under review.

### Environment

#### Principle 6: Businesses should respect, protect, and make efforts to restore the environment

The Company seeks to minimise the environmental impacts due to its manufacturing activities, it utilises

natural and manmade resources in an optimal and responsible manner and strives to ensure the sustainability of resources.

The Company has implemented Integrated Management Systems (ISO 14001:2015 and ISO 45001:2018) and has obtained certificate for its Grinding Media Plants located at Moraiya and Kerala GIDC for the same, in this way company strives to improve its performance on a continuous basis.

The environment, health and safety policy extends to all units including Welcast Steels Limited., Bangalore. The Business Heads reports to the MD on policy linked performance.

The Company has developed their Environment Management Systems (EMS) and contingency plans and processes that help them in preventing, mitigating and controlling environmental damages and disasters, which may be caused due to their operations.

The Company reports their environmental performance, including the assessment of potential environmental risks associated with their operations, to the stakeholders in a fair and transparent manner :

- **Raw material**

The main raw material which is steel is sourced through procurement of scrap locally within the vicinity of 250 KM.

The Company mitigates the challenge of raw materials (scrap) by maintaining minimum 2 months stock since during the monsoons mining of bentonite and sand is risky. The Company similarly stocks Ferro chrome and maintains a high inventory of spares to ensure zero down time. Above mention stock also help during any unprecedented emergency such as epidemic/pandemic illness e.g. COVID 19.

- **Recycling of moulding sand**

The Company has integrated mechanical and thermal reclaimers to recycle its moulding sand; this has helped reduce procurement of mined natural sand by 80%.

The Company continuously seeks to improve its environmental performance by adopting cleaner production methods, promoting use of energy efficient and environment friendly technologies and use of renewable energy.

- **Clean technology**

PNG are used as a Cleaner fuel in Heat Treatment furnaces.



## ANNEXURE-"C" (Contd.)

### • Energy

Targets for heat treatment (fuel), melting power, auxiliary power, productivity per man/per month are set annually. Projects undertaken in the reporting period include:

#### Energy Reduction Initiatives taken during F. Y. 2021-22

Sr.	Head	Sub-head	Unit saved (KWh)	Total unit saved (KWh)
1	Effective usages of machine leading to energy savings	Improved furnace coil cooling	23,040	4,85,681
		Modifying operations of certain equipment's from manual to auto mode	1,60,361	
		Efficient usages of utility equipment	1,13,100	
		Interlocking hydraulic motor in Heat treatment	28,860	
		Efficient temperature settings of chiller	1,60,320	
2	Technology upgradation leading to energy savings	Replacing conventional sodium vapour light by LED light	27,65,24	11,33,400
		Using 30 KW fan in Heat treatment tempering process instead of 200 KW blowers	21,200	
		Installation of VFD's in FES	8,07,360	
		Operation of certain product handling equipment & cooling tower by VFD	28,316	
3	Improved Operational & Maintenance efficiency leading to energy savings	20 units/ton of LMC reduced in Grinding Media plant by efficient usage of furnaces	23,31,687	23,31,687
4	Improved temperature & pressures settings in coil cooling pump & compressor	Improved temperature & pressures settings in coil cooling pump & compressor	5,41,678	5,41,678
<b>Total unit saved per annum (KWh)</b>				<b>44,92,446</b>

### • Renewable energy

The systematic increase in the percentage of renewable energy in our total energy mix is our medium to long-term strategy to address our scope 1 and scope 2 emissions. AIA has installed 11 Wind Energy Turbines at the Kutch and Jamjodhpur sites having total capacity of 24.3 MW of renewable energy. In F.Y. 2021-22, AIA was able to meet 17% of its total (group's all plants) electricity requirement through renewable energy sources.

### • Water

The Company consumes 2,70,693 KL/Annum of ground water. Water meters are installed at points of withdrawal and water balance is maintained.

#### 1. Water conservation projects:

Complete Zero Liquid Discharge (ZLD) is maintained at all the plants. Some initiatives taken to reduce water consumption are:

- A dry-type cooling tower is installed at Kerala GIDC Plant which reduces blow down drastically.
- The cooling tower blowdown is being reused for sand mold preparation, and sand/slag cooling purpose.
- Greywater/sewage are treated in the STP plant. Treated water is reused in gardening, toilet flushing, and cooling towers.
- Automatic/spring-operated water taps are being used to reduce the wastage of potable water.
- At some plants, waterless urinals are installed.



## ANNEXURE-“C” (Contd.)

Moraiya village have 2 Nos. recharge wells where runoff from village area and overflow from village pond is channelled for ground water recharge. Similar one recharge wells at Chiyada village pond where overflow from village pond is channelled for ground water recharge.

- Waste

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

- Currently, 25% of waste sand generated (fines and waste/slag residue) is reused for:
  - Co-processing in the cement industry.
  - At industrial constructions (roads and pavements).
  - Bricks & Paver block making.

- Foundry Waste Sand- 15315 MT (April '21 to March '22) reused as a Co-process (kiln feed) at Ambuja Cement Plant - Kodinar.
- Canteen waste, dried leaves and vegetation generated at the Kerala plant is processed in the recently installed Bioneer composting plant. The manure generated is used in the horticulture garden and lawns.
- The Company made agreement with Duro Green for its Moraiya plant canteen waste. Apprx. 200 kgs/day of canteen waste, dried leaves and vegetation generated at the canteen is processed for composting plant. The manure generated is used in the horticulture garden and lawns.

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

Key Criteria		Unit Of Measure	Grinding Media	Liners-VSMS
			2021-22	
Energy	Furnace Power/Metric Ton of Liquid metal charge	kWh	615.35	600.60
	PNG for Heat Treatment/Metric Ton of Gas fired quenched production	SCM	33.91	52.23
Water	Usage of Water for Production unit(KL/MT)	KL/MT	1.02	0.83
Waste	Waste sand (MT) per Metric ton of production	MT/MT of Production	0.074	1.0

The above information provided is for reductions in waste achieved in the production process in the reporting period.

- Air Emissions

The Company takes the necessary measures to check and prevent pollution. All stacks are  $\geq 30$  meters in height and have an online stack monitoring system that monitors Sox, NOx and PM. Apart from this, the Company contracts with a third party to monitor air quality as per ambient air norms. These are also reported to SPCB as per the process prescribed by them every year.

The Dust extraction (DE) system or fume extraction (FE) system is linked to the production equipment functioning, failure in any of these will trigger an alarm which automatically shuts down production.

- Industrial waste water

The induction furnace slag when formed is approx. 800 deg C or more, cooling tower blow down water is re-used to quench the slag and cool it to room temperature.

There is no show cause and legal notice received during the year which are pending from the CPCB or SPCB at any of the Company's operations.

### Policy Advocacy

#### Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The Company is an active member of several Industry and Trade Bodies and regularly participates in industry events and dialogue leading to policy formulation by various regulatory bodies.

The Company is a member of the Gujarat Chamber of Commerce and Industry, FICCI, CII, Institute of Indian Foundry Men, Indian Institute of Materials Management.



## ANNEXURE-"C" (Contd.)

### **Inclusive Growth**

#### **Principle 8: Businesses should support inclusive growth and equitable development**

The Company has adopted the Corporate Social Responsibility (CSR) Policy and a CSR committee of the Board guides policy implementation, monitoring and reporting. The CSR Policy is available on the website of the Company.

The Company has made contributions to various NGO/Agencies for various CSR projects for the period under review and has spent ₹ 1,233.21 Lakhs towards the same.

The Company through feedback from the NGO/Agencies ensures that the contribution made by the Company is utilised for the purpose for which it was made and that the community development initiative is successfully adopted by the community.

Please refer to the CSR Report annexed to the Board's Report of F.Y. 2021-22.

### **Value to customers**

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

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

The Company continuously researches on metallurgy that improves product performance, reduce costs for customers. Products like the High Chrome Grinding Media, Liners have increased longevity, thus reducing frequency of consumption at customer's end in the long run.

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

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

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

A total of 59 customer complaints were received, 45 of these were addressed and resolved during F.Y. 2021-22, while 14 remain pending.

# ANNEXURE-“D”

## FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH, 2022

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

(Appointment and Remuneration of Personnel) Rules, 2014]

To,  
The Members,  
AIA Engineering Limited

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

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, We hereby report that in our opinion read with Annexure A forming part of this report, the Company has, during the audit period covering the Financial Year ended on 31 March, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31 March, 2022 according to the provisions of:

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

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (upto 12 August, 2021 - Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021(upto 09 June, 2021 - Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009); and
- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;

We have also examined compliance with the applicable clauses of

1. Secretarial Standards issued by the Institute of Company Secretaries of India.
2. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).

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

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



## ANNEXURE-"D" (Contd.)

on examination, on test-check basis, of the relevant documents and records thereof, the Company has complied with the provision of (1) Water (Prevention & Control of Pollution) Act 1974, (2) The Air (Prevention & Control of Pollution) Act 1981, (3) The Hazardous Wastes (Management & Handling) Rules 1989, as amended up to 2008, (4) Noise Pollution (Regulation & Control) Rules 2000 as are specifically applicable to the Company.

### **We further report that**

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.
- b) Adequate notices were given in advance to all directors to schedule the Board Meetings. As informed to us, the Company has also provided agenda and detailed notes on agenda to the directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) Majority decision is carried through while the dissenting members' views are captured and recorded, wherever applicable, as part of the minutes.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure

compliance with other applicable Laws, Rules, Regulations and Guidelines.

**We further report that** during the audit period, the following major events took place under the Companies Act, 2013 having bearing on the Company's affairs.

1. Shareholders' approval by way of an Ordinary Resolution has been obtained for related party transactions with Subsidiary Company pursuant to Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI Listing Regulations.
2. Shareholders' approval by way of a Special Resolution has been obtained for re-appointment and remuneration of Managing Director.
3. Shareholders' approval by way of an Ordinary Resolution has been obtained for payment of remuneration by way of commission to Non-Executive Directors.

For **TUSHAR VORA & ASSOCIATES**

*Company Secretaries*

**TUSHAR M VORA**

*Proprietor*

FCS No. 3459

C P No.: 1745

UDIN: F003459D000387031

Place : Ahmedabad

Date : 25 May, 2022

## ANNEXURE-"D" (Contd.)

### "Annexure A"

To  
The Members  
AIA Engineering Limited

Our Report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as considered appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification as done on test basis is to reasonably ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. In respect of Laws, Rules and Regulations other than those specifically mentioned in our Report above, we have limited our review, analysis and reporting up to process and system adopted by the Company for compliance with the same and have not verified detailed compliance, submissions, reporting under such laws etc. nor verified correctness and appropriateness thereof including financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of Laws, Rules and Regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards and its proper and adequate presentation and submission in prescribed formats is the responsibility of management. Our examination was limited to the verification of procedures on test basis and not its one to one contents.
6. The Secretarial Audit report is neither an assurance as to compliance in totality or the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **TUSHAR VORA & ASSOCIATES**

*Company Secretaries*

**TUSHAR M VORA**

*Proprietor*

FCS No. 3459

C P No.: 1745

UDIN: F003459D000387031

Place : Ahmedabad

Date : 25 May, 2022



## ANNEXURE-“E”

### ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT FOR THE FINANCIAL YEAR 2021-22

- Brief outline on CSR Policy of the Company:  
Company's vision on CSR is to enhance the quality of life and the economic wellbeing of communities around our operations.
- Composition of CSR Committee:

Sr. No.	Name of Director	Designation/Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Bhadresh K. Shah - Chairman	Managing Director	4	4
2.	Mr. Yashwant M. Patel	Whole-Time Director	4	3
3.	Mr. Sanjay S. Majmudar	Independent Director	4	4
4.	Mr. Rajendra S. Shah*	Independent Director	3	3
5.	Mrs. Khushali S. Solanki*	Non – Independent Director	3	3
6.	Mrs. Bhumika S. Shodhan*	Non – Independent Director	3	3

\* appointed as members of the Committee with effect from 25 May, 2021.

- Web-link where the composition of CSR Committee, CSR Policy approved by the Board are disclosed on website of the Company

Web-link where the composition of CSR Committee on the website of the Company	<a href="http://www.aiaengineering.com/aboutus.php#">http://www.aiaengineering.com/aboutus.php#</a>
Web-link where the CSR Policy on the website of the Company	<a href="http://www.aiaengineering.com/finances/pdf/CSRPolicy.pdf">http://www.aiaengineering.com/finances/pdf/CSRPolicy.pdf</a>

- Provide the details of Impact assessment of CSR Projects carried out in pursuance of Sub-Rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if Applicable (attach report): NOT APPLICABLE
- Details of the amount available for the set off in pursuance of Sub-Rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sr. No.		
Financial Year		<b>NOT APPLICABLE</b>
Amount available for set-off from preceding financial years (in ₹ Lakhs)		
Amount required to be set-off for the financial year, if any (in ₹ Lakhs)		

- Average Net Profit of the Company as per Section 135(5) : ₹ 62,266.60 Lakhs
- |   |                  |
|---|------------------|
| a. 2% of average Net Profit of the Company as per Section 135 (5)                                       | ₹ 1,245.33 Lakhs |
| b. Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. | NIL              |
| c. Amount required to be set off for the financial year, if any   | NIL              |
| d. Total CSR obligation for the financial year  | ₹ 1,245.33 Lakhs |

- (a) CSR amount spent or unspent for the Financial Year

Total amount spent for the Financial Year (in ₹ Lakhs)	Amount Unspent (in ₹ Lakhs)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
1,233.21	NOT APPLICABLE		Schedule VII	12.12	*

\* ₹ 12.12 Lakhs will be transferred to the fund specified in Schedule VII of the Companies Act, 2013 on or before 30.09.2022.

**ANNEXURE-"E" (Contd.)**

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	Sr. No.	NOT APPLICABLE
(2)	Name of the Project	
(3)	Item from the list of activities in Schedule VII to the Act	
(4)	Local area (Yes/No)	
(5)	Localities of the Project State & District	
(6)	Project duration	
(7)	Amount allocated for the project (in ₹)	
(8)	Amount spent in the current financial year (in ₹)	
(9)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹)	
(10)	Mode of Implementation – Direct (Yes/No)	
(11)	Mode of Implementation – Through Implementing Agency Name & CSR Registration Number	

(c) Details of CSR Amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No	Name of the Project	Item from the list of activities in schedule VII to the Act	Local Area (Yes/No)	Location of the project		Amount spent for the project (in ₹ Lakhs)	Mode of implementation – Direct (Yes/No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR Registration Number
1	Contribution for a project of breast cancer awareness and diagnosis	Cl. (i) - Prevention & Promoting Health Care	Yes	Gujarat	Ahmedabad	11.00	No	Ashirvad Foundation	CSR00013876
	Contribution for "Empower Chetna" Project for mental wellness of people through webinars		No	Maharashtra	Aurangabad	9.25	No	Chetana Empowerment Foundation	CSR00006727
	Contribution for Covid 19 relief and rehabilitation initiative		No	Delhi	New Delhi	3.00	No	CII Foundation	CSR00001013
	Contribution for PPE kits and distribution of Oxygen Concentrator		Yes	Gujarat	Ahmedabad	46.22	Yes	Dhanvantri Covid Hospital	–



**ANNEXURE-"E" (Contd.)**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No	Name of the Project	Item from the list of activities in schedule VII to the Act	Local Area (Yes/No)	Location of the project		Amount spent for the project (in ₹ Lakhs)	Mode of implementation – Direct (Yes/No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR Registration Number
1	Contribution for Covid relief works	CI.(i) - Prevention & Promoting Health Care	Yes	Gujarat	Ahmedabad	11.00	No	Gujarat Chamber Foundation	CSR00005767
	Contribution for Medical Camp		Yes	Gujarat	Ahmedabad	40.00	No	Gujarat Cancer Society	CSR00000688
	Contribution for various medical treatment to the deprived class of people		Yes	Gujarat	Ahmedabad	30.00	No	Health and Care Foundation	CSR00005410
	Contribution for purchase of ventilators for Covid patients		Yes	Gujarat	Ahmedabad	13.44	No	Indrajit Chimanlal Shah Charitable Trust	CSR00003394
	Contribution for various medical treatment to the under privileged people		No	Gujarat	Gandhinagar	11.00	No	Kanoria Seva Kendra	CSR00002759
	Contribution for medical assistance to under privileged patients		No	Gujarat	Nadiad	15.00	No	Vithaldas Tulsidas Desai Charity Trust	CSR00005235
	Contribution for medical assistance in the form of medicines		Yes	Gujarat	Ahmedabad	12.00	No	Nihar Charitable Trust	CSR00014366
	Contribution for Health Care activities		Yes	Gujarat	Ahmedabad	15.00	No	Sadvichar Parivar	CSR00006145
	Contribution for Health Care activities		Yes	Gujarat	Ahmedabad	21.00	No	Sanjivani Health & Relief Committee	CSR00008578
	Contribution for medical assistance		Yes	Gujarat	Ahmedabad	5.00	No	Shri Mahesh Seva Sangh	CSR00023644
	Contribution given for Covid relief work		Yes	Gujarat	Ahmedabad	17.50	No	Tulsi Vallabh Nidhi Trust	CSR00005666
	Contribution for Health, Education and Research		Yes	Gujarat	Ahmedabad	102.00	No	Zydus Foundation	CSR00000974
<b>Sub-Total</b>						<b>362.41</b>			



**ANNEXURE-"E" (Contd.)**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sr. No	Name of the Project	Item from the list of activities in schedule VII to the Act	Local Area (Yes/No)	Location of the project		Amount spent for the project (in ₹ Lakhs)	Mode of implementation – Direct (Yes/No)	Mode of implementation – Through implementing agency	
				State	District			Name	CSR Registration Number
2	Contribution for free nutritious mid-day meals to under privileged children and for free distribution of Happiness kits	Cl. (i) - Eradicating Hunger	Yes	Gujarat	Ahmedabad	10.00	No	Akshay Patra Foundation	CSR00000286
	Contribution for eradicating hunger		Yes	Gujarat	Ahmedabad	21.00	No	Human Welfare Trust	CSR00024741
<b>Sub-Total</b>						<b>31.00</b>			
3	Contribution for the welfare of mentally challenged people	Cl. (ii) - Promotion of Education & Vocational Skill	Yes	Gujarat	Ahmedabad	50.00	No	Aastha Charitable Trust	CSR00002020
	Contribution for construction of a block in college campus		Yes	Gujarat	Ahmedabad	15.00	No	Bhartiya Vidya Bhavan	CSR00009636
	Contribution for providing education and vocational training to blind people		Yes	Gujarat	Ahmedabad	25.00	No	Blind People's Association	CSR00000936
	Contribution for education of underprivileged kids and improvement of infrastructure of Chinmaya schools		Yes	Maharashtra	Mumbai	15.00	No	Central Chinmaya Mission Trust	CSR00008084
	Contribution for education of poor and unprivileged children		No	Uttar Pradesh	Lucknow	11.00	No	Kiddy Kingdom Academy Samiti	CSR00002908
	Contribution for education of girl child		Yes	Delhi	New Delhi	1.80	No	Smile Foundation	CSR00001634



**ANNEXURE-"E" (Contd.)**

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)		
Sr. No	Name of the Project	Item from the list of activities in schedule VII to the Act	Local Area (Yes/No)	Location of the project		Amount spent for the project (in ₹ Lakhs)	Mode of implementation – Direct (Yes/No)	Mode of implementation – Through implementing agency		
				State	District			Name	CSR Registration Number	
3	Contribution for implementation of Gyandeeep Program for education in Government Schools	Cl. (ii) - Promotion of Education & Vocational Skill	Yes	Gujarat	Ahmedabad	5.00	No	AIA CSR Foundation	CSR00000838	
			Yes	Gujarat	Ahmedabad	4.80	No	AIA CSR Foundation	CSR00000838	
			Yes	Gujarat	Ahmedabad	8.40	No	AIA CSR Foundation	CSR00000838	
			Yes	Gujarat	Ahmedabad	26.33	No	AIA CSR Foundation	CSR00000838	
	Yes		Gujarat	Ahmedabad	24.00	No	AIA CSR Foundation	CSR00000838		
	Contribution towards women education		Yes	Gujarat	Ahmedabad	24.00	No	AIA CSR Foundation	CSR00000838	
3	Contribution to develop the down trodden especially dalits, scheduled caste, scheduled tribes, minorities, BPL's and other backward communities and welfare of women, youth and child development through education, economic environment, health and cultural programs	Cl. (ii) - Promotion of Education & Vocational Skill	No	Uttar Pradesh	Mathura	375.00	No	AIA CSR Foundation	CSR00000838	
	Scholarship under Vidyasaarhi progam of Protean e-Gov Technologies Limited		Yes	Gujarat	Ahmedabad	20.55	No	AIA CSR Foundation	CSR00000838	
<b>Sub-Total</b>						<b>581.88</b>				
4.	Contribution for Cultural activities		Cl. (v) - Protection of National Heritage, Art and Culture	Yes	Gujarat	Ahmedabad	10.00	No	Brahmanand Saraswati Ved Vidya Trust	CSR00018060

**ANNEXURE-“E” (Contd.)**

(1) Sr. No	(2) Name of the Project	(3) Item from the list of activities in schedule VII to the Act	(4) Local Area (Yes/No)	(5) Location of the project		(6) Amount spent for the project (in ₹ Lakhs)	(7) Mode of implementation – Direct (Yes/No)	(8) Mode of implementation – Through implementing agency	
				State	District			Name	CSR Registration Number
4.	Contribution for training students from underprivileged schools to become fit, confident and appreciative of India's multi culturalism through training in folk dance	Cl. (v) - Protection of National Heritage, Art and Culture	Yes	Gujarat	Ahmedabad	11.00	No	Karmakshetra Educational Foundation	CSR00001864
	Contribution for cultural activities		Yes	Gujarat	Ahmedabad	8.00	No	Neekoe Foundation	CSR00010398
<b>Sub-Total</b>						<b>29.00</b>			
5	Plantation of trees and reclamation of land	Cl. (iv) - Protection of Environment & Animal Welfare	Yes	Gujarat	Ahmedabad, Gandhinagar, Vadodara	191.92	No	AIA CSR Foundation	CSR00000838
	Contribution for the project of Oxygen Park		Yes	Gujarat	Ahmedabad	20.00	No	Shri Bhagwat Vidyapith Trust	CSR00009413
	Contribution for animal welfare		No	Delhi	New Delhi	2.00	No	Chain Bihari Ashray Foundation	CSR00022670
	Contribution for animal welfare		Yes	Gujarat	Ahmedabad	15.00	No	Shri Hari Seva Trust	CSR00001233
<b>Sub-Total</b>						<b>228.92</b>			
<b>Expenditure incurred during the year</b>						<b>1,233.21</b>			

- (d) **Amount spent in Administrative Overheads** NIL
- (e) **Amount spent on Impact Assessment, if applicable** NIL
- (f) **Total amount spent for the Financial Year (8b+8c+8d+8e)** ₹ 1,233.21 Lakhs



## ANNEXURE-"E" (Contd.)

### (g) Excess amount for set off, if any

Sr. No.	Particular	Amount (in ₹)
(i)	2% of average net profit of the Company as per Section 135(5)	NOT APPLICABLE
(ii)	Total amount spent for the financial year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

### 9. (a) Details of Unspent CSR amount for the preceding three financial years:

(1)	Sr. No.			NOT APPLICABLE
(2)	Preceding Financial Year			
(3)	Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹ Lakhs)			
(4)	Amount spent in the reporting financial year (in ₹ Lakhs)			
(5)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			
(6)	Name of the Fund	Amount (in ₹ Lakhs)	Date of Transfer	
(7)	Amount remaining to be spent in succeeding financial years. (in ₹ Lakhs)			

### (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	Sr. No.			NOT APPLICABLE
(2)	Project ID			
(3)	Name of the Project			
(4)	Financial Year in which the project was commenced			
(5)	Project duration			
(6)	Total amount allocated for the project (in ₹ Lakhs)			
(7)	Amount spent on the project in the reporting financial year (in ₹ Lakhs)			
(8)	Cumulative amount spent at the end of the reporting financial year (in ₹ Lakhs)			
(9)	Status of the project Completed/Ongoing			

### 10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year.

(a)	Date of creation or acquisition of capital asset(s)	NOT APPLICABLE
(b)	Amount of CSR spent for creation or acquisition of capital asset	
(c)	Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	
(d)	Provide the details of the capital asset(s) created or acquired (including complete address and location of the capital asset)	

### 11. Specify the reason(s), if the Company has failed to spend 2% of the average net profit as per Section 135(5):

The amount required to be spent on CSR activities during the year under report in accordance with the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder is ₹ 1,245.33 Lakhs and the Company has spent ₹ 1,233.21 Lakhs during the Financial Year ended 31 March, 2022. The shortfall of ₹ 12.12 Lakhs was not spent during the year because the Company was not able to find any suitable project or programs for meaningful spending of the amount. Hence, the shortfall in the spending during the year under report will be transferred to the fund specified in Schedule VII of the Companies Act, 2013 on or before 30.09.2022.

For and on behalf of the Board

**BHADRESH K. SHAH**  
Chairman – CSR Committee  
(DIN: 00058177)

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

Place: Ahmedabad  
Date: 25 May, 2022

## ANNEXURE-“F”

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

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

Name of the Director	Ratio of remuneration of each director to the median remuneration of the employees
Mr. Bhadresh K. Shah	22.31
Mr. Yashwant M. Patel	7.06
Mr. Rajendra S. Shah	0.28
Mr. Sanjay S. Majmudar	5.49
Mr. Rajan Harivallabhdas	0.37
Mr. Dileep C. Choksi	0.15
Mrs. Khushali S. Solanki	4.34
Mrs. Bhumika S. Shodhan	0.21
Mrs. Janaki Udayan Shah	0.21

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

Name of the Director, CFO and Company Secretary	% increase in remuneration in the Financial Year
Mr. Bhadresh K. Shah	17.83%
Mr. Yashwant M. Patel	105.95%
Mr. Rajendra S. Shah	--
Mr. Sanjay S. Majmudar	(2.22%)
Mr. Rajan Harivallabhdas	--
Mr. Dileep C. Choksi	--
Mrs. Khushali S. Solanki	--
Mrs. Bhumika S. Shodhan	--
Mrs. Janaki Udayan Shah	--
Mr. Viren K. Thakkar – Chief Financial Officer	4.61%
Mr. S. N. Jetheliya, Company Secretary	2.63%

- 3) The percentage increase in the median remuneration of employees in the financial year was 3.26%.
- 4) There were 1,287 permanent employees on the rolls of the Company as on 31 March, 2022.
- 5) Average increase in the salaries of employees other than the managerial personnel in the last financial year was 2.19% whereas the average increase in the managerial remuneration was 31.33%.
- 6) The members have at the 31st Annual General Meeting of the Company held on 3 September, 2021 approved the payment of remuneration by way of commission to the Non-Executive Directors. The performance of the Company in terms of sales and profitability are the key parameters apart contributions of the Directors at the Board and the Committee meetings.
- 7) The Company affirms that the remuneration is as per the remuneration policy of the Company.

For and on behalf of the Board,

Place: Ahmedabad  
Date: 25 May, 2022

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



# REPORT ON CORPORATE GOVERNANCE

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

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

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

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

## I. BOARD OF DIRECTORS

### (A) COMPOSITION OF BOARD:

The Composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meets the requirement of provisions of Corporate Governance. The Board is headed by the Non-Executive Chairman Mr. Rajendra S. Shah. The present strength of the Board of Directors is 9 which include 1 Executive - Promoter Director, 1 Executive – Whole-Time Director, 5 Independent Directors and 2 Non-Independent - Non-Executive Directors in terms of the SEBI LODR Regulations. Board represents a balanced mix of professionalism, knowledge and expertise.

Pursuant to the provisions of Section 149 (1) of the Companies Act, 2013 and SEBI LODR Regulations, Mrs. Khushali Samip Solanki (Non-Independent Non-Executive), Mrs. Bhumika Shyamal Shodhan (Non-Independent Non-Executive) and Mrs. Janaki Udayan Shah (Independent Non-Executive) are the three Women Directors on the Board of the Company.

### (B) DETAILS OF BOARD MEETINGS:

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

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

**REPORT ON CORPORATE GOVERNANCE (Contd.)**

Company's Board met 4 times during the Financial Year under review on 25 May, 2021, 13 August, 2021, 30 October, 2021 and 27 January, 2022. The Company holds one Board Meeting in each quarter and the gap between any two Board meetings was not more than One Hundred and Twenty days as prescribed under the SEBI LODR Regulations.

Details of the Directors, their positions, attendance record at Board Meetings and last Annual General Meeting (AGM), other Directorships (excluding Private Limited, Foreign Companies and Alternate Directorships) and the Memberships/ Chairmanships of Board Committees (only Audit Committee and Stakeholders' Relationship Committee) other than your Company as on 31 March, 2022 are as follows:

Name of the Board Member	Category	Attendance at the Board of Directors Meeting held on				Attended AGM held on 3 September, 2021
		25 May, 2021	13 August, 2021	30 October, 2021	27 January, 2022	
Mr. Rajendra S. Shah (Chairman)	Independent - Non Executive	√	√	√	L.A.	√
Mr. Bhadresh K. Shah (Managing Director)	Executive - Promoter	√	√	√	√	√
Mr. Sanjay S. Majmudar	Independent Director	√	√	√	√	√
Mr. Yashwant M. Patel Whole-Time Director	Executive	√	√	√	√	√
Mr. Dileep C. Choksi	Independent Director	√	√	L.A.	√	√
Mrs. Khushali S. Solanki	Non Independent - Non Executive	√	√	L.A.	√	√
Mrs. Bhumika S. Shodhan	Non Independent - Non Executive	√	√	√	√	√
Mr. Rajan Harivallabhdas	Independent Director	√	√	√	√	√
Mrs. Janaki Udayan Shah	Independent Director	√	√	√	√	√

\* L.A. (Leave of Absence)

As on 31 March, 2022, none of the Directors are related to each other except Mr. Bhadresh K. Shah, Mrs. Khushali S. Solanki and Mrs. Bhumika S. Shodhan. Mr. Bhadresh K. Shah is the father of Mrs. Khushali S. Solanki and Mrs. Bhumika S. Shodhan.

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

Name of the Director	Other Directorships		Committee Membership *	Committee Chairmanship *
	Listed	Unlisted		
Mr. Rajendra S. Shah	3	1	3	-
Mr. Bhadresh K. Shah	2	-	4	-
Mr. Sanjay S. Majmudar	4	1	3	3
Mr. Yashwant M. Patel	-	-	-	-
Mr. Dileep C. Choksi	4	4	6	3
Mrs. Khushali S. Solanki	1	-	-	-
Mrs. Bhumika S. Shodhan	-	-	-	-
Mr. Rajan Harivallabhdas	-	-	-	-
Mrs. Janaki Udayan Shah	-	-	-	-

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



## REPORT ON CORPORATE GOVERNANCE (Contd.)

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

Name of the Director	Name of Listed Company	Category of Directorship
Mr. Rajendra S. Shah	Dishman Carbogen Amics Limited	Independent
	Welcast Steels Limited	Independent
	Transformers & Rectifiers (India) Limited	Independent
Mr. Bhadresh K. Shah	Welcast Steels Limited	Non Independent - Non Executive
	Zydus Lifesciences Limited	Independent
Mr. Sanjay S. Majmudar	Dishman Carbogen Amics Limited	Independent
	Welcast Steels Limited	Independent
	Aarvee Denims & Exports Limited	Independent
	Ashima Limited	Independent
Mr. Yashwant M. Patel	--	--
Mr. Dileep C. Choksi	Arvind Limited	Independent
	Deepak Nitrite Limited	Independent
	Swaraj Engines Limited	Independent
	ICICI Prudential Life Insurance Company Limited	Independent
Mrs. Khushali S. Solanki	Welcast Steels Limited	Non Independent - Non Executive
Mrs. Bhumika S. Shodhan	--	--
Mr. Rajan Harivallabhdas	--	--
Mrs. Janaki Udayan Shah	--	--

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

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

Skills/Expertise/Competencies	Director who possess such skills/expertise/competencies	
<b>Strategic Leadership</b>	Significant leadership experience to think strategically and develop.	All Directors
<b>Industry Experience</b>	Experience and/or knowledge of the industry in which the Company Operates.	Mr. Rajendra S. Shah Mr. Bhadresh K. Shah Mr. Rajan R. Harivallabhdas Mr. Yashwant M. Patel
<b>Financial Expertise</b>	Qualification and/or experience in accounting and/or finance coupled with ability to analyse key financial statements; critically assess financial viability and performance; contribute to financial planning; assess financial controls and oversee capital management and funding arrangements.	Mr. Rajendra S. Shah Mr. Bhadresh K. Shah Mr. Sanjay S. Majmudar Mr. Dileep C. Choksi Mr. Rajan R. Harivallabhdas Mrs. Janaki U. Shah Mrs. Khushali S. Solanki
<b>Governance, Risk and Compliance</b>	Knowledge and experience of best practices in governance structures, policies and processes including establishing risk and compliance frameworks, identifying and monitoring key risks.	All Directors
<b>Diversity</b>	Representation of gender, cultural or other such diversity that expand the Board's understanding and perspective.	Mrs. Janaki Udayan Shah Mrs. Khushali S. Solanki Mrs. Bhumika S. Shodhan



**REPORT ON CORPORATE GOVERNANCE (Contd.)****(C) CONFIRMATION OF INDEPENDENT DIRECTORS:**

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

Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs, all Independent Directors have completed the registration with the Independent Directors Databank. Requisite disclosures have been received from the Directors in this regard.

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

Non-Executive Directors including Independent Directors are paid sitting fees in accordance with the applicable laws. The Company is paying sitting fees of ₹ 25,000 for attending a Board Meeting and ₹ 15,000 for attending an Audit Committee Meeting.

In addition to sitting fees, Mr. Sanjay S. Majmudar has been paid ₹ 22.00 Lakhs as a remuneration by way of Commission for the Financial Year 2021-22 for availing the Investors' Relationship Services from him.

In addition to sitting fees, Mrs. Khushali S. Solanki has been paid ₹ 18.00 Lakhs as a remuneration by way of Commission during the Financial Year 2021-22 for her role in Finance & Accounts function of the Company and advising in banking & investment matters.

**(E) CODE OF CONDUCT:**

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

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

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

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

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time, the Company has framed a Code of Conduct to avoid insider trading. The Code of Conduct is applicable to all the promoters, directors, designated persons and their immediate relatives, connected persons and such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company. The Company installed a Software to monitor the insider trading in the equity shares of the Company mainly during the trading window closure and the reversal of the transactions, by the designated persons.

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

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

This Mechanism also provides for adequate safeguards against victimisation of Director (s)/Employee (s)/Stakeholders who avail the mechanism and also provide for direct access to the Chairman of the Audit Committee. No person has been denied access to the Audit Committee.

The Policy is available on the website of the Company [www.aiaengineering.com](http://www.aiaengineering.com). Any Stakeholder, who comes across any instances of unethical matters, can report the same by sending an e-mail to [snj@aiaengineering.com](mailto:snj@aiaengineering.com) and by sending letter to the address mentioned in the said Policy.



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### (H) POLICY ON PROTECTION OF WOMEN AGAINST SEXUAL HARASSMENT AT WORK PLACE:

The Company is committed to create a healthy and conducive working environment that enables women employees to work without fear of prejudice, gender bias and sexual harassment and/or any such orientation in implicit or explicit form. Pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, the Company has adopted a "Policy on Protection of Women against Sexual Harassment at Work Place" and formed a Committee as prescribed in the Regulation. Through this Policy, the Company seeks to provide protection to its women employees against sexual harassment at work place and thereby provide mechanism for redressal of complaints related to matters connected therewith or incidental thereto. During the year, no complaint was received under the Policy.

### (I) FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying them in their Appointment Letters along with necessary documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices. The Company has through presentations at regular intervals, familiarised and updated the Independent Directors with the strategy, operations and functions of the Company and Engineering Industry as a whole. Site visits to various plant locations are organised for the Directors to enable them to understand the operations of the Company. The details of such familiarisation programmes for Independent Directors are posted on the website of the Company and can be accessed at <http://www.aiaengineering.com/finances/corporategovernance.php>.

## II. COMMITTEES OF THE BOARD:

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

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

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

### a) AUDIT COMMITTEE:

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

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

#### Brief description of Terms of Reference:

- (i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- (ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

**REPORT ON CORPORATE GOVERNANCE (Contd.)**

- (iv) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of Sub-Section 3 of section 134 of the Companies Act, 2013;
  - (b) Changes, if any, in accounting policies and practices and reasons for the same;
  - (c) Major accounting entries involving estimates based on the exercise of judgement by management;
  - (d) Significant adjustments made in the financial statements arising out of audit findings;
  - (e) Compliance with listing and other legal requirements relating to financial statements;
  - (f) Disclosure of any related party transactions;
  - (g) Modified Opinion(s) in the draft audit report.
- (v) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (vi) Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, right issue, preferential issue, etc.) the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (vii) Review and monitor the auditor's independence and performance and effectiveness of audit process;
- (viii) Approval or any subsequent modification of transactions of the Company with related parties;
- (ix) Scrutiny of inter-corporate loans and investments;
- (x) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (xi) Evaluation of internal financial controls and risk management systems;
- (xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (xiii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (xiv) Discussion with internal auditors of any significant findings and follow up there on;
- (xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (xvi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;
- (xvii) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors;
- (xviii) Reviewing the functioning of the Whistle Blower mechanism;
- (xix) Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- (xx) Reviewing the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision;
- (xxi) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.
- (xxii) Reviewing the Management Discussion and Analysis of financial condition and results of operations;



## REPORT ON CORPORATE GOVERNANCE (Contd.)

- (xxiii) Reviewing the appointment, removal and terms of remunerations of the Chief Internal Auditor;
- (xxiv) Reviewing and discuss with the management the status and implications of major legal cases;
- (xxv) Recommending the Board, the appointment of a Cost Accountant within the meaning of the Cost and Works Accountants Act, 1959 to conduct audit of cost records of the Company in compliance with the provisions of Section 148 of the Companies Act, 2013 and the Rules made thereunder;
- (xxvi) Reviewing the compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations 2015 as amended from time to time at least once in a financial year and shall verify that the system for internal control are adequate and are operating effectively.
- (xxvii) carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

During Financial Year 2021-22, five (5) Audit Committee Meetings were held on 25 May, 2021, 13 August, 2021, 30 October, 2021, 27 January, 2022 and 24 March, 2022. Necessary quorum was present in all the meetings. The time gap between any two Audit Committee Meetings was not more than four months.

### Composition, Name of Members and Chairperson of Audit Committee are:

1. Mr. Sanjay S. Majmudar – Chairman
2. Mr. Rajendra S. Shah – Member
3. Mr. Rajan Harivallabhdas – Member
4. Mr. Bhadresh K. Shah – Member

### Meeting and Attendance during the year:

Name of the Member/Chairman	Category	25 May, 2021	13 August, 2021	30 October, 2021	27 January, 2022	24 March, 2022
Mr. Sanjay S. Majmudar–Chairman	Independent	√	√	√	√	√
Mr. Rajendra S. Shah	Independent	√	√	√	L.A.	√
Mr. Rajan Harivallabhdas	Independent	√	√	√	√	√
Mr. Bhadresh K. Shah	Executive	√	√	√	√	√

Chairman of the Audit Committee attended the last Annual General Meeting (AGM) of Shareholders of the Company.

All the members of the Audit Committee have the requisite qualification for appointment on the Committee and possess sound knowledge of finance, accounting practices and internal controls.

Statutory Auditors, Internal Auditors and their representatives are permanent invitees to the Audit Committee Meetings. They have attended all the Meetings during the year under review. The Whole-Time Director, Chief Financial Officer and other Executives of the Company are also invited to attend the Audit Committee Meetings.

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

### b) NOMINATION AND REMUNERATION COMMITTEE:

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

- (i) identify persons who are qualified to become Directors and who may be appointed in Senior Management;
- (ii) recommend to the Board their appointment and removal;
- (iii) carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval;
- (iv) devise a policy on Board diversity;

## REPORT ON CORPORATE GOVERNANCE (Contd.)

- (v) formulate the criteria for determining qualifications, positive attributes and independence of a Director;  
For every appointment of an Independent Director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an Independent Director.  
The person recommended to the Board for appointment as an Independent Director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
- (a) use the services of an external agencies, if required;
  - (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - (c) consider the time commitments of the candidates
- (vi) recommend to the Board a Policy relating to the remuneration for the Directors, Key Managerial Personnel and Other Employees;
- (vii) administer, monitor and formulate detailed terms and conditions of the Employees Stock Option Scheme including:
- (a) The quantum of options to be granted under Employees Stock Option Scheme per employee and in aggregate;
  - (b) The conditions under which option vested in employees may lapse in case of termination of employment for misconduct;
  - (c) The exercise period within which the employee shall exercise the option and that the option would lapse on failure to exercise the option within the exercise period;
  - (d) The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;
  - (e) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
  - (f) The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as right issues, bonus issues, merger, sale of division and others;
  - (g) The granting, vesting and exercising of options in case of employees who are on long leave; and the procedure for cashless exercise of options.
- (viii) carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.
- (ix) perform such other functions as may be necessary or appropriate for the performance of its duties.
- (x) recommend to the Board, all remuneration, in whatever form, payable to senior management.

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

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmark;
- (c) remuneration to Directors, KMP and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
- (d) the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year;
- (e) the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;
- (f) percentage increase in the median remuneration of employees in the financial year;
- (g) the number of permanent employees on the roll of the Company;



## REPORT ON CORPORATE GOVERNANCE (Contd.)

- (h) the explanation on the relationship between average increase in remuneration and company performance;
- (i) comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;
- (j) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;
- (k) comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company;
- (l) the key parameters for any variable component of remuneration availed by the Directors;
- (m) the ratio of the remuneration of the highest paid Director to that of the employee who are not Directors but receive remuneration in excess of the highest paid Director during the year;

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

1. Mr. Sanjay S. Majmudar – Chairman
2. Mr. Rajendra S. Shah – Member
3. Mrs. Khushali S. Solanki – Member

### Meeting and Attendance during the year:

Name of the Member/Chairman	Category	Attendance at the Nomination and Remuneration Committee Meetings held on		
		24 May, 2021	12 August, 2021	27 January, 2022
Mr. Sanjay S. Majmudar - Chairman	Independent	√	√	√
Mr. Rajendra S. Shah	Independent	√	√	√
Mrs. Khushali S. Solanki	Non-Executive - Non-Independent	√	√	√

### c) STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The terms of reference of the Stakeholders' Relationship Committee cover the matters as under:

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

### Composition, Name of Members and Chairperson:

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

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

## REPORT ON CORPORATE GOVERNANCE (Contd.)

### Meetings and attendance during the year:

Name of the Member/Chairman	Category	Attendance at the Stakeholders' Relationship Committee Meetings held on			
		24 May, 2021	12 August, 2021	28 October, 2021	27 January, 2022
Mr. Rajendra S. Shah - Chairman	Independent	√	√	√	L.A. *
Mr. Bhadresh K. Shah	Executive	√	√	√	√
Mr. Yashwant M. Patel	Executive	√	L.A. *	√	√

\* Leave of Absence

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

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

During the period under review, Company has not received any Complaint from Shareholders and there is no outstanding complaint as on 31 March, 2022.

### d) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

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

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

The Composition of the Corporate Social Responsibility Committee as on 31 March, 2022 and the details of members participation at the Meetings of the Committee are as under:

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

1. Mr. Bhadresh K. Shah - Chairman
2. Mr. Sanjay S. Majmudar - Member
3. Mr. Yashwant M. Patel - Member
4. Mr. Rajendra S. Shah - Member
5. Mrs. Khushali S. Solanki - Member
6. Mrs. Bhumika S. Shodhan - Member

### Meeting and Attendance during the year:

Name of the Member/Chairman	Category	Attendance at the Corporate Social Responsibility Committee Meetings held on			
		24 May, 2021	12 August, 2021	28 October, 2021	27 January, 2022
Mr. Bhadresh K. Shah - Chairman	Executive	√	√	√	√
Mr. Sanjay S. Majmudar	Independent	√	√	√	√
Mr. Yashwant M. Patel	Executive	√	L.A.**	√	√
Mr. Rajendra S. Shah*	Independent	--	√	√	√
Mrs. Khushali S. Solanki *	Non Independent	--	√	√	√
Mrs. Bhumika S. Shodhan *	Non Independent	--	√	√	√

\* Appointed as members of the Committee in the Board Meeting held on 25 May, 2021.

\*\* Leave of Absence



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### e) RISK MANAGEMENT COMMITTEE:

SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 has amended the Regulation 21 of SEBI LODR Regulations making it compulsory to have Risk Management Committee for top 1000 listed companies. However, the Company is having a Risk Management Committee since 2014.

Corporate Risk Evaluation and Management is an on going process within the Organisation. The Company has a well-defined Risk Management framework to identify, monitor and minimising/mitigating risks as also identifying business opportunities. The terms of reference of the Committee inter alia comprises of the following:

- (1) To formulate a detailed risk management policy which shall include:
  - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the Risk Management Policy, including evaluating the adequacy of risk management systems;
- (4) To periodically review the Risk Management Policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (5) To keep the Board of Directors informed about the nature and content of its discussions, recommendations and actions to be taken;
- (6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

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

The key elements of the framework include:

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

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

**The Composition of Risk Management Committee and its meeting and attendance during the year are as under.**

Name of the Member/Chairman	Category	Attendance at the Risk Management Committee Meetings held on		
		24 May, 2021	12 August, 2021	27 January, 2022
Mr. Bhadresh K. Shah - Chairman	Executive	√	√	√
Mr. Yashwant M. Patel - Member	Executive	√	L.A.**	√
Mr. Sanjay S. Majmudar *	Independent	--	√	√
Mrs. Khushali S. Solanki *	Non-Independent	--	√	√
Mrs. Bhumika S. Shodhan *	Non-Independent	--	√	√
Dr. Ajit Nath Jha - Member	Consultant	√	√	√

\* Appointed as members of the Committee in the Board Meeting held on 25 May, 2021.

\*\* Leave of Absence



## REPORT ON CORPORATE GOVERNANCE (Contd.)

The Risk Management Committee has appointed a Risk Council which comprises of Mr. Kunal Shah, Executive Director – Corporate Affairs, Mr. Viren K. Thakkar- Chief Financial Officer, Mr. S. N. Jetheliya- Company Secretary and Mr. Chetan Shah- Business Head – Kerala Plant of the Company. The Risk Council is responsible for day-to-day oversight of risk management including identification, impact assessment, monitoring, mitigation and reporting. The Risk Council also keeps the Risk Management Committee and the Board updated from time to time, on the enterprise risks and actions taken.

### III. INDEPENDENT DIRECTORS' MEETING:

As per Secretarial Standard (SS) 1 issued by the Institute of Company Secretaries of India and relevant provisions of the Companies Act, 2013 and Rules made thereunder, the Independent Directors should meet once in a calendar year.

During the year under review, the Independent Directors met on 25 May, 2021, inter alia, to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
- Evaluation of the quality, content and timeline of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

### IV. SUBSIDIARY COMPANIES:

Company has one Material Subsidiary Company i.e. Vega Industries (Middle East) FZC. UAE, whose Net Worth exceeds 10% of the Consolidated Net Worth of the Holding Company in the immediately preceding Accounting Year or has generated 10% of the consolidated income of the Company during the previous Financial Year. The Company has complied with all compliances related to its Material Subsidiary.

The Company has also formed a Policy on Material Subsidiary which has been placed at the website of Company at [http://www.aiaengineering.com/finances/pdf/AIA\\_PolicyfordeterminingMaterialSubsidiaries.pdf](http://www.aiaengineering.com/finances/pdf/AIA_PolicyfordeterminingMaterialSubsidiaries.pdf).

The Company does not have any Unlisted Material Indian Subsidiary.

### V. RELATED PARTY TRANSACTIONS:

All transactions entered into with Related Parties as defined under the Section 188 of the Companies Act, 2013 and of SEBI LODR Regulations during the Financial Year 2021-22 were in the Ordinary Course of Business and at Arms' Length basis. Suitable disclosures as required under Indian Accounting Standards (Ind AS-24) have been made in the Notes to the Financial Statements.

### VI. DISCLOSURES:

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

The Company has not entered any transaction with related parties i.e. Directors or Management, its subsidiaries or relatives conflicting with the Company's interest at large. The Register of Contracts containing transactions in which Directors are interested is placed before the Audit Committee/Board regularly for their approval. The details of Related Party Transactions are disclosed in Financial Section of this Annual Report.

#### (B) DISCLOSURE OF ACCOUNTING TREATMENT:

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

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



## REPORT ON CORPORATE GOVERNANCE (Contd.)

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

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

#### (1) Criteria for Selection of Non-Executive Directors:

- a. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
- b. In case of appointment of Independent Directors, the Nomination and Remuneration Committee satisfies itself with regard to the independence nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- c. Nomination and Remuneration Committee ensures that the candidate identified for appointment/re-appointment as an Independent Director is not disqualified for appointment/re-appointment under Section 164 of the Companies Act, 2013.
- d. Nomination and Remuneration Committee considers the following attributes/criteria, whilst recommending to the Board the candidature for appointment as Director:
  - i. Qualification, expertise and experience of the Directors in their respective fields;
  - ii. Personal, Professional or business standing;
  - iii. Diversity of the Board.
- e. Board of Directors take into consideration the performance evaluation of the Directors and their engagement level.

#### (2) Remuneration:

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

- i. A Non-Executive Director shall be entitled to receive sitting fees for each of the meeting of Board or Committee of the Board attended by him as approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;
- ii. A Non-Executive Director may be paid Commission of such sum as may be approved by the Board on the recommendation of the Nomination and Remuneration Committee;
- iii. The total remuneration by way of commission payable to the Non-Executive Directors (including Independent Directors) shall not exceed 1.00% per annum of the Net Profit of the Company subject to the approval of the members of the Company;
- iv. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, pursuant to the provisions of Companies Act, 2013 and SEBI LODR Regulations.

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

- I. In determining the remuneration of the Senior Management Employees, the Nomination and Remuneration Committee shall ensure/consider the following:
  - the relationship of remuneration and performance benchmark;
  - the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
  - the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
  - the remuneration including annual increment and performance bonus is decided based on the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individual performance vis-à-vis KRAs/KPIs, industry benchmark and current compensation trends in the market.

**REPORT ON CORPORATE GOVERNANCE (Contd.)**

- II. The Managing Director carry out the individual performance review based on the standard appraisal matrix and take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the Nomination and Remuneration Committee for its review and approval.

**(4) Performance Evaluation:**

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

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

The details of remunerations paid to the Managing Director and Whole-Time Director during the Financial Year 2021-22 is given below:

(₹ in Lakhs)			
Name of the Director and Designation	Salary	Perquisites	Total
Mr. Bhadresh K. Shah, Managing Director	87.00	8.89	95.89
Mr. Yashwant M. Patel, Whole-Time Director	30.00	0.32	30.32

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

The details of Sitting Fees paid to the Non-Executive Directors for attending Board and Committee Meetings during the Financial Year 2021-22 is given below:

(in ₹)		
Sr. No.	Name of the Director	Sitting Fees Paid
1.	Mr. Rajendra S. Shah	1,20,000
2.	Mr. Sanjay S. Majmudar*	1,60,000
3.	Mr. Dileep C. Choksi	65,000
4.	Mr. Rajan Harivallabhdas	1,60,000
5.	Mrs. Khushali S. Solanki**	65,000
6.	Mrs. Bhumika S. Shodhan	90,000
7.	Mrs. Janaki Udayan Shah	90,000

\*In addition to sitting fees, ₹ 22.00 Lakhs has been paid as a remuneration by way of Commission for the Financial Year 2021-22 for availing the Investors' Relationship services from him.

\*\* In addition to sitting fees, ₹ 18.00 Lakhs has been paid as a remuneration by way of Commission during the Financial Year 2021-22 for her role in Finance & Accounts function of the Company and advising in banking & investment matters.

The Directors' Remuneration Policy of your Company conforms to the provisions under Companies Act, 2013. The Board determines the remuneration of the Non-Executive Directors.



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### (D) MANAGEMENT

#### (i) Management Discussion and Analysis Report:

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms a part of this Report.

#### (ii) Disclosure of Material Financial and Commercial Transactions:

As per the disclosures received from the Senior Management, no Material Financial and Commercial transactions that may have a potential conflict with the interest of the Company at large were taken place during the year under review.

### (E) SHAREHOLDERS:

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

Mrs. Khushali Samip Solanki (DIN 07008918), Director of the Company will retire by rotation at the ensuing 32nd Annual General Meeting of the Company and being eligible, has offered herself for re-appointment.

Mr. Yashwant M. Patel (DIN: 02103312), Director is being re-appointed as a Whole-Time for a period of five years with effect from 1 April, 2022.

The brief resume and other information of the above retiring Director and the Whole-Time Director to be reappointed, as required to be disclosed under this section is provided in the Notice of the Annual General Meeting.

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

(iii) Shareholding of Directors as on 31 March, 2022 is as under:

Name of Director	Number of Shares
Mr. Bhadresh K. Shah	5,51,28,901
Mr. Yashwant M. Patel	NIL
Mr. Rajendra S. Shah	947
Mr. Sanjay S. Majmudar	NIL
Mr. Dileep C. Choksi	NIL
Mr. Rajan Harivallabhdas	NIL
Mrs. Khushali Samip Solanki	10,010
Mrs. Bhumika Shyamal Shodhan	10,005
Mrs. Janaki Udayan Shah	NIL

### (F) COMPLIANCE BY THE COMPANY:

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

### VII. CEO/CFO CERTIFICATION:

The Managing Director and the Chief Financial Officer of the Company have certified to the Board that the Financial Results of the Company for the year ended 31 March, 2022 do not contain any false or misleading statements or figures and do not omit any material facts which may make the statements or figures contained therein misleading as required by Regulations 33 of SEBI LODR Regulations.

### VIII. MEANS OF COMMUNICATION:

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

**REPORT ON CORPORATE GOVERNANCE (Contd.)****IX. General Body Meetings: (Last three years disclosures)****Annual General Meeting:**

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

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

Financial Year	Date	Venue	Time
2020-21	3 September, 2021	Through Video Conferencing/other Audio-Visual Means ("OAVM").	10.00 A.M.
2019-20	21 September, 2020	Through Video Conferencing/other Audio-Visual Means ("OAVM").	10.00 A.M.
2018-19	12 August, 2019	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380 015.	10.00 A.M.

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

**Annual General Meeting held on 3 September, 2021:**

1. Re-appointment of Mr. Bhadresh K. Shah as Managing Director for a period of Five Years with effect from 1 October, 2021.

**Annual General Meeting held on 21 September, 2020:**

1. Payment of remuneration by way of Commission to Mr. Sanjay S. Majmudar, a Non-Executive Independent Director of the Company.
2. Re-appointment of Mr. Rajan Harivallabhdas as an Independent Director.

**Annual General Meeting held on 12 August, 2019:**

1. Payment of remuneration by way of Commission to Mr. Sanjay S. Majmudar, a Non-Executive Independent Director of the Company.
2. Re-appointment of Mr. Rajendra S. Shah as an Independent Director.
3. Re-appointment of Mr. Sanjay S. Majmudar as an Independent Director.
4. Re-appointment of Mr. Dileep C. Choksi as an Independent Director.

**POSTAL BALLOT:**

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

**X. GENERAL SHAREHOLDERS' INFORMATION:**

Day, Date and Time of 32nd AGM	: Monday, 12 September, 2022 at 10.00 a.m.
Venue of AGM	: Through Video Conferencing
Financial Year	: 1 April, 2021 to 31 March, 2022
Book Closure Date	: Tuesday, 6 September, 2022 to Monday, 12 September, 2022
Registered Office Address	: 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad 382410
Dividend Payment Date	: On or before 11 October, 2022
Compliance Officer	: Mr. S. N. Jetheliya, Company Secretary
E-mail for redressal of Investors' Complaints	: <a href="mailto:ric@aiaengineering.com">ric@aiaengineering.com</a>
Website	: <a href="http://www.aiaengineering.com">www.aiaengineering.com</a>

Financial Calendar (subject to change) for Financial Year 2022-23:

First Quarter Results	: On or before 14 August, 2022
Second Quarter/Half Yearly Results	: On or before 14 November, 2022
Third Quarter Results	: On or before 14 February, 2023
Audited Results for the year 2022-23	: On or before 30 May, 2023



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### (a) Listing on Stock Exchanges:

#### Name and Address of the Stock Exchange

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

#### Script Code

532683  
AIAENG

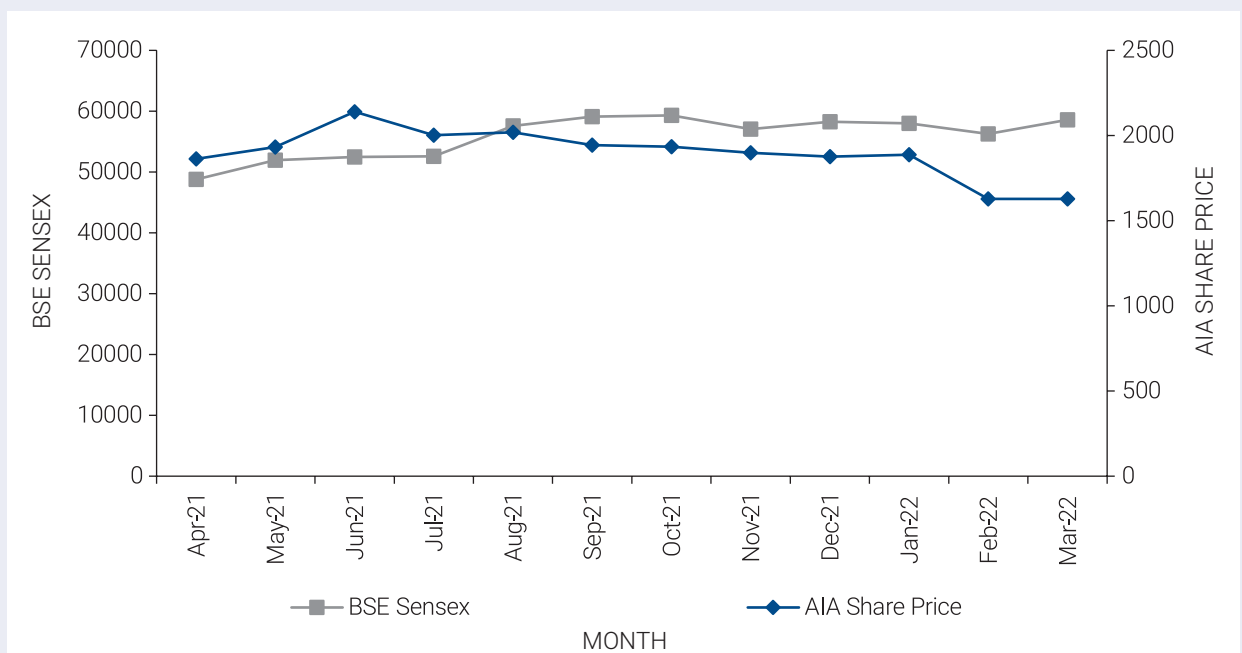
The listing fees for the Financial Year 2022-23 have been paid to both the Stock Exchanges.

### (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 21	48782.36	2089.95	1824.00	2084.55	1830.00
May 21	51937.44	1998.55	1810.10	2002.00	1814.00
June 21	52482.71	2169.30	1897.00	2174.00	1896.55
July 21	52586.84	2220.00	1960.50	2222.00	1963.05
Aug. 21	57552.39	2050.00	1903.80	2056.90	1897.05
Sept. 21	59126.36	2185.85	1912.00	2198.35	1910.90
Oct. 21	59306.93	1996.55	1839.95	1987.90	1840.00
Nov. 21	57064.87	1964.95	1820.00	1974.90	1819.10
Dec. 21	58253.82	1924.00	1758.00	1925.00	1766.00
Jan. 22	58014.17	1941.95	1800.00	1944.00	1792.30
Feb. 22	56247.28	1998.75	1585.00	2000.00	1582.90
Mar. 22	58568.51	1785.00	1476.00	1784.40	1475.05

### (c) Performance in comparison to broad-based indices such as BSE Sensex.



**REPORT ON CORPORATE GOVERNANCE (Contd.)****SHARE TRANSFER SYSTEM/DIVIDEND AND OTHER RELATED MATTERS:****i. Share Transfers:**

In terms of amended Regulation 40 of SEBI LODR Regulations w.e.f. 1 April, 2019, transfer of securities in physical form shall not be processed unless the securities are held in the demat mode with a Depository Participant. Further, with effect from 24 January, 2022, SEBI has made it mandatory for listed companies to issue securities in demat mode only while processing any investor service requests viz. issue of duplicate share certificates, exchange/sub-division/splitting/consolidation of securities, transmission/transposition of securities. Vide its Circular dated 25 January, 2022, SEBI has clarified that listed entities/RTAs shall now issue a Letter of Confirmation in lieu of the share certificate while processing any of the aforesaid investor service request.

**ii. Simplified Norms for processing Investor Service Request :**

SEBI, vide its Circular dated 3 November, 2021, has made it mandatory for holders of physical securities to furnish PAN, KYC and Nomination/Opt-out of Nomination details to avail any investor service. Folios wherein any one of the above mentioned details are not registered by 1 April, 2023 shall be frozen. The concerned Members are therefore urged to furnish PAN, KYC and Nomination/Opt out of Nomination by submitting the prescribed forms duly filled by e-mail from their registered e-mail id to [kyc@linkintime.co.in](mailto:kyc@linkintime.co.in) or by sending a physical copy of the prescribed forms duly filled and signed by the registered holders to Link Intime India Limited at 506-508, Amarnath Business Centre-1, (ABC-1), Besides Gala Business Centre, Near St Xavier's College, Off C G Road, Ellisbridge, Ahmedabad 380 006.

**iii. Physical Shareholding:**

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

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

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

**b. Unclaimed Dividends:**

The Company is required to transfer dividends which have remained unpaid/unclaimed for a period of seven years to the Investor Education & Protection Fund established by the Government. During the year under review, the Company has transferred to the said Fund, ₹ 81,300 the unpaid Dividend for the year ended 31 March, 2014 which have remained unpaid.

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

During the year 2021-22, the Company has transferred 100 Equity Shares to IEPF Authority pertaining to a shareholder who has not claimed/encashed dividend for 7 consecutive years since the Financial Year 2013-14.

**vi. Reconciliation of Share Capital Audit:**

As required by the Securities and Exchange Board of India (SEBI), a Quarterly Reconciliation of Share Capital is being carried out by an independent Practicing Company Secretary with a view to reconcile the Total Share Capital admitted with National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL] and held in physical form, with the Issued and Listed Capital of the Company. The Practicing Company Secretary's Certificate with regard to this is submitted to BSE Limited and the National Stock Exchange of India Limited and is placed before Stakeholders' Relationship Committee and the Board of Directors at every quarter.

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

C 101, 247 Park, L B S Marg,  
Vikhroli (W), Besides Gala Business Centre,  
Mumbai 400 083  
Phone No. 022-49186270, Fax No. 022-49186060  
E-mail : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

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

5th Floor 506 to 508, Amarnath Business Centre -1,  
Nr. St. Xavier's College Corner, Off. C. G. Road,  
Ellisbridge, Ahmedabad 380 006  
Phone No. 079-26465179  
E-mail : [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### (d) Distribution of Shareholding:

#### (i) Shareholding pattern as on 31 March, 2022:

Category	No. of Shares held		Total No. of Shares	% of holding
	Physical	Electronic		
Promoters Shareholding	-	5,51,48,921	5,51,48,921	58.47
Mutual Funds	-	1,62,48,387	1,62,48,387	17.23
Alternative Investment Fund	-	1,62,155	1,62,155	0.17
Financial Institutions/Non Nationalised Bank	-	10	10	0.00
Foreign Portfolio Investor	-	1,70,52,678	1,70,52,678	18.08
Central Government/State Governments	-	2,87,729	2,87,729	0.31
NRIs	-	1,15,189	1,15,189	0.12
Other Corporate Bodies	-	2,54,594	2,54,594	0.27
NBFC registered with RBI	-	13,100	13,100	0.01
Indian Public	130	20,42,386	20,42,516	2.17
Hindu Undivided Family	-	99,709	99,709	0.10
Trusts	-	2,572	2,572	0.00
IEPF	-	1,566	1,566	0.00
Clearing Member	-	17,419	17,419	0.02
Insurance Companies	-	28,68,301	28,68,301	3.04
Body Corp – Limited Liability Partnership	-	5,524	5,524	0.01
<b>Total</b>	<b>130</b>	<b>9,43,20,240</b>	<b>9,43,20,370</b>	<b>100.00</b>

#### (ii) Distribution of Shareholding as on 31 March, 2022:

No. of Equity Shares	No. of folios	% of total folios	Total No. of Shares	% of holding
1 to 500	22,457	96.89	10,75,415	1.14
501 to 1,000	285	1.23	2,09,968	0.22
1,001 to 2,000	130	0.56	1,84,887	0.20
2,001 to 3,000	52	0.22	1,29,594	0.14
3,001 to 4,000	24	0.10	84,487	0.09
4,001 to 5,000	20	0.09	92,034	0.10
5,001 to 10,000	49	0.21	3,46,244	0.37
10,001 & above	160	0.70	9,21,97,741	97.75
<b>Grand Total</b>	<b>23,177</b>	<b>100.00</b>	<b>9,43,20,370</b>	<b>100.00</b>
Shareholders in Physical Mode	6	0.01	130	0.00
Shareholders in Electronic Mode	23,171	99.99	9,43,20,240	100.00

### (e) Dematerialisation of Shares & Liquidity:

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

As on 31 March, 2022, 9,43,20,240 Equity Shares are in Dematerialised Form representing 99.99% of the total 9,43,20,370 Equity Shares of the Company. The ISIN allotted to the Company's scrip is INE212H01026. The Shares of the Company are actively traded at BSE Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE).

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

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

### (g) Commodity Price Risk/Foreign Exchange Risk and Hedging:

In the ordinary course of business, the Company is exposed to risks resulting from exchange rate fluctuation and interest rate movements. It manages its exposure to these risks through derivative financial instruments. The Company's risk management activities are subject to the management, direction and control of Treasury Team of the Company under the framework of Risk Management Policy for Currency and Interest rate risk as approved by the Board. The Company ensures appropriate financial risk governance framework through appropriate policies and procedures and that financial risks are



**REPORT ON CORPORATE GOVERNANCE (Contd.)**

identified, measured and managed in accordance with the Company's policies and risk objectives. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The decision of whether and when to execute derivative financial instruments will be governed by the risk management policy framework while also considering the prevailing market conditions and the relative costs of the instruments..

(h) The total fee paid to the Statutory Auditors of the Company during the year under review is ₹ 47.67 Lakhs.

**(i) Plant Locations:**

- (a) 235-236 & Other Plants at G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad – 382 410
- (b) 129/129-A, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad – 382 410 (erstwhile Reclamation Welding Limited)
- (c) Plot Nos. 70-77, Survey Nos. 423/P, 426/P & 427/P, Mahagujarat Industrial Estate, Sarkhej-Bavla N. H. 8-A, Village: Moraiya, Post: Changodar, Taluka: Sanand, Ahmedabad – 382 213
- (d) 18/P, 20th Mile Stone, Sarkhej-Bavla N. H. 8-A, Village: Moraiya, Post: Changodar, Taluka: Sanand, Ahmedabad – 382 213
- (e) Plot No. 14, (Survey No. 67, 67A & 70), Ginnar Scooter Compound, Odhav Road, Odhav, Ahmedabad – 382 410
- (f) L-3, MIDC Industrial Area, Hingna, Nagpur – 440 016 (erstwhile Paramount Centrispun Castings Private Limited)
- (g) SF No. 514, 5A1, 5A2, 5A3, Thathamangalam Village, Kariamanickam Road, S. Pudur, Samayapuram, Trichy - 621 115 (erstwhile DCPL Foundries Limited)
- (h) 103/104/115 to 118, Kerala GIDC Estate, Taluka Bavla, Ahmedabad-382 220.
- (i) Block No 535, Mouje - Kunjad, Kunjad, Tal-Dascroi, Ahmedabad - 382 410

**(j) Address for Correspondence:**

a) For Transfer/Dematerialisation of Shares, change of address of members and other queries:

**Link Intime India Private Limited**

C 101, 247 Park, L B S Marg,  
Vikhroli (W), Besides Gala Business Centre,  
Mumbai 400 083  
Phone No. 022-49186270 Fax No. 022-49186060  
E-mail : [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

Any query relating to Dividend, Annual Reports etc.

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

**Registered Office:**

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

**Link Intime India Private Limited**

5th Floor 506 to 508, Amarnath Business Centre -1,  
Nr. St. Xavier's College Corner, Off. C. G. Road,  
Ellisbridge, Ahmedabad 380 006  
Phone No. 079-26465179  
E-mail : [ahmedabad@linkintime.co.in](mailto:ahmedabad@linkintime.co.in)

**Corporate Office:**

11-12, Sigma Corporates  
B/h. HOF Showroom, Sindhu Bhavan Road,  
Off. S.G. Highway, Bodakdev,  
Ahmedabad-380 054  
Phone No. 079-66047800 Fax No. 079-66047848  
Investors' related query E-mail : [ric@aiaengineering.com](mailto:ric@aiaengineering.com)

**Details of Non-Compliances:**

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

**NON-MANDATORY REQUIREMENTS:****a) Chairman of the Board**

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

**b) Shareholders' Rights**

As the Quarterly and Half Yearly results are published in leading Newspapers having wide circulation, the same are not sent to the Shareholders of the Company individually. However, the Quarterly and Half Yearly Financial Results are uploaded on the website of the Company.



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### PRACTICING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of  
AIA Engineering Limited  
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by AIA Engineering Limited, CIN - L29259GJ1991PLC015182 ("the Company") for the year ended on 31 March, 2022, as stipulated under Regulations 17 to 27, Clauses (b) to (i) of Sub-Regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulation).

The Compliance of conditions of Corporate Governance is the responsibility of the Management of the company. Our examinations were limited to review of procedures and implementation thereof, as adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the year ended on March 31, 2022.

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*

Place : Ahmedabad  
Date : 25 May, 2022

C P No.: 1745  
UDIN : F003459D000387183

The above Corporate Governance Report was adopted by the Board of Directors at its meeting held on 25 May, 2022.

### AIA ENGINEERING LIMITED DECLARATION

In compliance with Regulation 34(3) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, I, Bhadresh K. Shah, Managing Director of the Company hereby declares on the basis of information furnished to me that all Board Members and Senior Managerial Personnel have affirmed in writing the Compliance of their respective Code of Conducts adopted by the Board for the Financial Year 2021-22.

Place: Ahmedabad  
Date: 25 May, 2022

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

**REPORT ON CORPORATE GOVERNANCE (Contd.)****CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

To,  
The Members of  
AIA ENGINEERING LIMITED  
115, GVMM Estate, Odhav Road,  
Odhav, Ahmedabad – 382 410

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me/us by the Company & its officers, I/We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31 March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs any such other Statutory Authority.

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

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

**FOR TUSHAR VORA & ASSOCIATES**

*Company Secretaries*

**TUSHAR M. VORA**

*Proprietor*

C P No.: 1745

UDIN: F003459D000387150

Place: Ahmedabad

Date: 25 May, 2022



## REPORT ON CORPORATE GOVERNANCE (Contd.)

### MANAGING DIRECTOR/CFO CERTIFICATION

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

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

- (a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31 March, 2022 and based on our knowledge and belief, we state that:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) These statements together present a true and fair view of the Company’s affairs and are in compliance with existing Indian Accounting Standards, applicable Laws & Regulations.
- (b) We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company’s Code of Conduct.
- (c) We accept responsibility for establishing & maintaining Internal Controls for financial reporting and we have evaluated the effectiveness of the Internal Control System of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control system, if any, and that we have taken the required steps to rectify these deficiencies.
- (d) We have indicated, based on our evaluation, wherever applicable, to the Auditors and the Audit Committee:
  - (i) significant changes, if any, in internal control over financial reporting during the year;
  - (ii) significant changes, if any, in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) instances of fraud which we have become aware and the involvement therein, if any, of management or an employee having significant role in the Company’s internal control system over financial reporting.

**BHADRESH K. SHAH**

Managing Director  
DIN: 00058177

Place: Ahmedabad  
Date: 25 May, 2022

**VIREN K. THAKKAR**

Chief Financial Officer

Place: Ahmedabad  
Date : 25 May, 2022

# MANAGEMENT DISCUSSION AND ANALYSIS

## A. INDUSTRY OVERVIEW:

AIA Engineering Limited ("AIA") designs, manufactures and markets a wide range of consumable wear parts (mill internals) which are used in the process of Crushing and Grinding in Cement, Mining, Thermal Power and Aggregate industries. AIA partners with customers in these industries in their cost and process optimization journey, helping them improve operational parameters. The Company employs casting process for the manufacture of the products.

We primarily service the Global Cement and Mining Industries, where we offer customised grinding and crushing solutions relating to consumable wear parts which are used in the process of grinding and crushing in cement and mining industries. In India, we are also servicing the Thermal Power Plants by offering similar solutions for grinding/crushing of coal/lignite used in the Boilers. Again, from a Global Industry perspective, while the Cement Industry has practically worldwide converted into the use of High Chrome consumable wear parts in mining industry the level of penetration of High Chrome wear parts (mainly High Chrome Grinding Media and mill liners) is only in the region of around 20% thereby leaving a considerable growth opportunity for conversion of the mines from the use of conventional wear parts (mainly Forged Grinding Media) into our High Chrome Grinding Media. Thus, our key focused Industry at present is the Global Mining Industry with our specific focus on Copper, Gold and Iron ore mines across all Geographies of the world, where mining of these ores is happening.

So far as the Cement industry is concerned while F.Y. 2020-21 witnessed a significant disruption in the Global Cement markets due to the impact of Covid-19 pandemic and hence also impacted the cement industry growth which is generally localised and linked to construction and real estate activity, we believe that in F.Y. 2021-22 more particularly from the second half of F.Y. 2021-22 there has been a strong rebound in the cement demand in all key markets including India and at present it is already more or less at the pre Covid-19 level. We believe that going forward cement industry should continue to grow at a near double digit growth rate in India and in normal single digit growth rate of around 3% to 4% worldwide and matching with this our supplies to the cement industry will also therefore grow in tandem. However, as compared to mining, the

consumption of wear parts in cement industry is much lower and therefore in absolute terms this will imply only some marginal increase in our volumes in this industry.

Mining Industry is not as affected by COVID-19 as consumption of base metals like Copper, Gold, Steel and Platinum continues unabated largely driven by end-use of each of these metals. There is a structural bullish outlook on Gold and Copper while Steel seems to be in revival mode after being depressed for more than a decade. On account of this positive outlook, we believe that our Mining business should continue to be our growth engine.

Within mining, conversion of conventional Forged Grinding Media to High Chrome Grinding Media remains the largest growth opportunity. As indicated earlier, Annual consumption of Grinding Media for the mining segment is estimated at 2.50 million tons with less than 20% of the same converted to High Chrome, thus offering a sizeable growth opportunity of conversion.

AIA is addressing the mining opportunity of conversion through a combination of solutions based on the requirement of a mining customer. This includes cost savings through lower wear rates and lower consumptions owing to the High Chrome advantage; Down process related benefits in the form of reduction in the cost of other expensive reagents/improvement of recoveries by use of High Chrome Grinding Media; and lastly unique Mill Lining solutions having the effect of increasing the throughput and reduction in the power cost. AIA is also offering unique Mill Liners to the mining market and widening its wallet share and value addition with customers. Mill Linings is estimated to be 300,000 ton global market and represents an additional growth opportunity. AIA's dedicated greenfield Mining Liner plant will be commissioned in Q2 F.Y. 2022-23 and will help AIA in taking incremental market share in this segment, as well as offer higher cross selling opportunities for Grinding Media.

F.Y. 21-22 has also witnessed a significant increase in most major raw materials, commodities, etc. Scrap and Ferro Chromium prices have soared requiring us to take steps to make sure that price increases are passed on to customers. Again, in F.Y. 2021-22 while initially there were challenges of availability of shipping lines and containers, towards the second half while the availability has improved, there has been a considerable



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

increase in the shipping rates. However, AIA has again demonstrated its ability of passing over this increased freight rates on its customers without seeing any major customer stopping their procurement from AIA on this ground, barring a few exceptional cases.

Lastly, currently the world is witnessing headwinds emanating out of the Geopolitical situation relating to prolonged Russian-Ukraine war, very high inflation in major economies of the world culminating into stagflation and also threatening recessionary situation, adverse cross currency movements due to adverse capital flows, and continued supply chain challenges due to frequent lockdowns continued to be imposed by China. We, however believe that global mining industry should be relatively less impacted. Further, even if there is a significant fall in the demand for commodities and metals in near term, we still feel that given the considerable headroom available for us for conversion of Mines to High Chrome use, a Zero or even a negative growth in the mining should not have any material adverse impact on our growth plans. However, while we remain cautiously optimistic we are carefully and diligently monitoring the situation.

### B. SEGMENTWISE PERFORMANCE:

The Company primarily operates in only one segment i.e. manufacturing of High Chrome Mill Internals. In Fiscal Year 2021-22, 78.88% of its total sales came from outside India while balance 21.12% came from within India.

### C. OUTLOOK AND PROSPECTS:

AIA's prospects are linked to activity in basic industries of Mining, Cement and Thermal Power generation. These industries were affected by the COVID interruption but there was a quick rebound in industrial activity which allowed AIA to ensure continued operations without any major reduction in production and sales. In F.Y. 2021-22, generally, the world has seen rapid recovery in consumption and in turn manufacturing and services activity saw a sharp increase. But continued COVID variants kept on playing truant and affecting different countries in different ways. Most significantly, it impacted port operations in many major ports across the world, which in turn led to severe disruption in shipping activity. This in addition to increased activity (from post-COVID recovery) meant that supply chains became stretched with container and vessel availability

affected and sea freight pricing being out of control. Just when things started to seem getting normalized, China went through its own COVID spread and their zero-tolerance policy meant port operations again getting affected and second order effects affecting the rest of the global shipping operations.

AIA is proud to state that despite these extremely trying circumstances around disruption in sea borne trade, every single customer delivery timelines were honoured. Even if it meant significant increase in working capital in terms of stock (against confirmed orders) to make sure not only we meet customer delivery timelines but also give sufficient comfort to customers about us meeting those timelines.

AIA got tested on multiple headwinds in this year and right after coming out of a difficult COVID year. From very volatile and increasing raw material prices and shipping rates to unpredictable cross-currencies, multiple COVID variants affecting different parts of the world at different times not allowing our sales team to travel to adverse import duty decisions in Canada and South Africa. But AIA is happy to inform that it successfully dealt with these challenges and ensured that it grew this year in terms of volume and revenue, albeit after adjusting for volume losses from Canada and South Africa. Thus, although in terms of sales quantities the total sales volume in F.Y. 2021-22 at around 260,409 MT looks more or less the same as the sales volume achieved in F.Y. 2020-21, the fact remains that in F.Y. 2021-22 AIA lost a major portion of the sales to Canada owing to the Anti-Dumping Duty imposed by the Canadian Authorities and there was also a significant loss of sales to South Africa owing again to trade restrictions imposed by South African Authorities, the combined volume loss being approximately in the region of around 32,075 MT. However, this was compensated by significant gain in volumes from various other geographies.

Going forward, AIA continues to build on its competencies to offer material value addition to its customers in form of increase in throughput, increase in yield of gold and copper ores and reduction in operating costs in terms of wear costs, power costs and reagent consumption. This value addition is offered by continuous and direct engagement with operations personnel at plants in different countries and ensuring that a custom designed solution is offered to meet their specific objectives and engage

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

with them on a continuous improvement journey to measure and ensure the benefits accrue over the lifetime of our solution. Our teams are now starting to travel to meet customers and engage with them on our solutions. We also believe that given the size of the conversion opportunity for conversion of the users from Forged to our High Chrome Grinding Solutions in Copper, Gold and Iron Ore Mining industries, we have significant headroom available for achieving a decent and sustainable volume growth year over year thanks to the strength of our Solutions which helps the end users in not only reducing the cost of consumable wear parts but also in effectively reducing their overall cost of ownership and making their processes more cost efficient. Again, going forward the focus is mainly on conversion from Forged to High Chrome and therefore we do not foresee any major threat or risks pertaining to artificial trade barrier restrictions that can deter our progress. We believe that through the combination of Solutions based on High Chrome cost saving advantage, Down process benefits and unique Mill lining solutions that we are offering, we should be able to continue gaining a significant market share in Mining Industry segment.

In the near term, AIA's development cycle for conversion of Forged to High Chrome has become slightly longer on account of supply chains being under pressure and customers being cautious of switching to a Supplier supplying from an off-shore location for fear of supply risks. We are addressing this challenge by offering more stock at customer site and in-transit. We are hoping that the Supply chain issues should eventually ease and in medium to longer term, we remain fairly confident of sustained growth and increased market share in the mining space. As we have demonstrated, we have been able to pass on to a large extent the increase in the input costs as well as the increase in the freight rates to our customers which indicates the resilience and strength of our solutions. Again, from the second half of F.Y. 2021-22 with the global travel restrictions easing out considerably we have witnessed a resumption of the process of conversion of the mining customers from Forged to High Chrome wear parts.

We plan to commission our mill lining facility in Q2 of F.Y. 2022-23 and after a few months of stabilization will become an important part of our overall mining strategy. We plan to fully utilize the plant in 4 to 5 years and not only become a meaningful player in the mill lining space but more importantly realize the strategy of becoming a full value provider to mining customers

in terms of wear parts.

In Cement, we will continue to grow with the growth in Cement production. India continues to remain a high growth market as do some select countries worldwide in line with intention of governments to spend on infrastructure.

### D. CAPEX PLAN:

The Company's current capacity stands at 3,90,000 MT of annual production of High Chrome Mill Internals.

The Company has started implementing a Greenfield facility at Kerala GIDC near Ahmedabad to manufacture 50,000 MT of "Mill Linings" at a cost of ₹ 250 Crores and is estimated to be commissioned in Q2 of F.Y. 2022-23.

In line with earlier estimates, the Company has decided now to start the second phase of the Grinding Media Greenfield capacity expansion of 80,000 MT at GIDC Kerala, Ahmedabad at a cost of ₹ 200 Crores. This new expansion will be done in two phases.

The Company has plan to invest in renewable energy by investing ₹ 55 Crores in Hybrid Project consisting of 2 WTG of 2.1 MW each and 3.78 MW of Solar. The project is expected to be commissioned by 31 March, 2023.

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

### E. RISKS AND CONCERNS:

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

Key risks that the Company faces are around stability in the mining market, foreign exchange rate fluctuation, fluctuation in raw material prices, debtor defaults, disruption in supply chain and disruption and uncertainty in business due to Covid-19 pandemic.

**Currency Fluctuation:** On account of high exchange volatility, there is possibility of big exchange fluctuation due to higher export in turnover and import of raw material. Proactive and Adoptive Hedging Policy which is aligned with market best practices and Dynamic Pricing Mechanism are in place to limit impact of exchange volatility on receivables and forecasted revenue.



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

**Raw Material Fluctuation:** The Company engages with the customers and is able to pass through most of the raw material changes – either through price pass clauses if there are longer tenure contracts or by repricing new offers. The Company is closely monitoring raw material price movements and is regularly buying the raw materials during low price cycles so as to average out the impact of price fluctuations.

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

**Disruption in Supply Chain:** Due to renewed pandemic in China and other part of World and Ukraine Crisis, there is severe disruption in export and import Supply Chain mainly on account of extreme waiting time for availability of berth space at port supported with high demand of transportation. This may result in jump in overall outward freight cost. It may result in higher working capital because of increase in transit inventory and increase in inventory at Customer place to meet timely delivery. It may also put pressure on margin because of increased freight cost. To mitigate disruption in supply chain, Company is planning production well in advance to compensate delay in logistic, maintaining higher inventory at warehouse of country having disrupted supply chain. Logistic team is putting efforts on midterm contract with shipping line to keep cost under cap. Sales team is also working with Customers to fix contract on FOB Plus Actual Freight.

**COVID-19:** Worldwide COVID 19 is now subsiding; however, at many Countries suddenly it is taking shape of pandemic. These may affect revenue growth and lead to under-utilisation of established capacity. This is likely to affect the Company's earnings in the short and medium term. However, the Company's relative competitiveness is expected to increase because of its traditional value focus and its strong track record in helping customers improve their efficiency and saving costs. Various measures taken by the Company include deployment of infrastructure enabling employees to work from home and ensure business continuity, ensuring continuation of production at required level with minimum disruption and cost, guidance and mandate of appropriate workplace

operating procedures including social distancing measures, regular coordination with key suppliers for smooth deliveries of material required for desired level of production.

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

The Company's Internal Control Systems are commensurate with the size and nature of its operations, aimed at achieving efficiency in operations, optimum utilisation of resources, reliable financial reporting and compliances with all applicable laws and regulations. Talati and Talati LLP, Chartered Accountants is the Internal Auditor of the Company. It carries out extensive internal audit throughout the year across all functional areas and submits reports to Management and Audit Committee. The recommendations from such internal audit and follow up actions for improvements of the business processes and controls are also periodically reviewed and monitored by the Audit Committee.

### 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	2021-22	2020-21
High Chrome Mill Internals	2,78,590	2,62,969

##### • Sales Turnover:

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

(₹ in Lakhs)

Particulars	2021-22	2020-21
Sales in India (21.12%) (P.Y. 20.29%)	74,230.94	57,201.27
Sales Outside India (78.88%) (P.Y. 79.71%)	2,77,215.81	2,24,676.60
<b>Total</b>	<b>3,51,446.75</b>	<b>2,81,877.87</b>



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

- Key Performance Indicators :**

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

		(₹ in Lakhs)	
Particulars	2021-22	2020-21	
1 Revenue from Operations	3,56,654.73	2,88,149.24	
2 Cost of Materials Consumed( Including change in Inventories)	1,47,109.37	1,14,260.58	
- % of revenue from operations	41.25%	39.65%	
3 Employee Benefit Expense	13,936.66	13,350.47	
- % of revenue from operations	3.91%	4.63%	
4 Other Expenses	1,23,514.19	95,013.59	
- % of revenue from operations	34.63%	32.97%	
5 EBIDTA	87,723.52	82,744.19	
- % of revenue from operations	24.60%	28.72%	
6 Finance Costs	385.04	429.31	
- % of revenue from operations	0.11%	0.15%	
7 Depreciation and Amortisation Expense	9,211.63	9,350.09	
- % of revenue from operations	2.58%	3.24%	
8 Profit Before Tax	78,126.85	72,964.79	
- % of revenue from operations	21.91%	25.32%	
9 Profit After Tax (Including Other Comprehensive Income and after Minority Interest)	59,544.52	54,310.02	
- % of revenue from operations	16.70%	18.85%	

## II Standalone Performance

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

- Sales Turnover :**

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

		(₹ in Lakhs)	
Particulars	2021-22	2020-21	
Sales in India (22.35%) (P.Y. 21.08%)	67,707.68	50,804.91	
Sales Outside India (77.65%) (P.Y. 78.92%)	2,35,241.37	1,90,226.76	
<b>Total</b>	<b>3,02,949.05</b>	<b>2,41,031.67</b>	

- Key performance indicators:**

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

		(₹ in Lakhs)	
Particulars	2021-22	2020-21	
1 Revenue from Operations	3,08,157.03	2,47,299.38	
2 Cost of Materials Consumed(including change in inventories and purchase of stock in trade)	1,63,544.35	1,10,142.89	
- % of revenue from operations	53.07%	44.54%	
3 Employee Benefit Expense	10,302.79	9,805.91	
- % of revenue from operations	3.34%	3.97%	
4 Other Expenses	76,686.84	67,534.42	
- % of revenue from operations	24.89%	27.31%	
5 EBIDTA	84,591.86	74,296.87	
- % of revenue from operations	27.45%	30.04%	



## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

Particulars		2021-22	2020-21
6	Finance Costs	363.24	398.52
	- % of revenue from operations	0.12%	0.16%
7	Depreciation and Amortisation Expense	8,983.90	9,097.06
	- % of revenue from operations	2.92%	3.68%
8	Profit Before Tax	75,244.72	64,801.29
	- % of revenue from operations	24.42%	26.20%
9	Profit After Tax (Including Other Comprehensive Income)	58,535.19	48,217.01
	- % of revenue from operations	19.00%	19.50%

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

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

#### Standalone

Sr. No.	Particulars	2021-22	2020-21	Change	Change in %	Explanations
1	Debtors Turnover (Days)	156.69	161.08	(4.38)	(2.72%)	--
2	Inventory Turnover (Days)	75.66	63.53	12.14	19.11%	--
3	Interest Coverage Ratio	208.15	163.60	44.54	27.23%	Due to reduction in Finance Cost and increase in Profit
4	Current Ratio	17.11	8.84	8.27	93.60%	Increased on account of Increase in Inventory, Trade Receivable and Cash and Bank Balances.
5	Debt Equity Ratio	-	0.04	(0.04)	(100.00%)	Due to repayment of Current Borrowings
6	Operating Profit Margin (%)	16.06%	21.04%	(4.99)	(23.70%)	--
7	Net Profit Margin (%)	19.29%	20.12%	(0.82)	(4.10%)	--
8	Return on Networth (%)	13.45%	12.58%	0.87	6.91%	--

#### Consolidated

Sr. No.	Particulars	2021-22	2020-21	Change	Change in %	Explanations
1	Debtors Turnover (Days)	83.66	83	0.66	0.80%	--
2	Inventory Turnover (Days)	127.33	97.73	29.59	30.28%	Due to Increase in Inventory mainly on account of increased transit time
3	Interest Coverage Ratio	203.91	170.96	32.95	19.27%	--
4	Current Ratio	12.26	7.94	4.32	54.50%	Due to Increase in Trade Receivables and Inventories, and repayment of Current Borrowings
5	Debt Equity Ratio	-	0.04	(0.04)	(98.63%)	Due to repayment of Current Borrowings
6	Operating Profit Margin (%)	17.89%	19.93%	(2.04)	(10.22%)	--
7	Net Profit Margin (%)	17.63%	20.08%	(2.45)	(12.21%)	--
8	Return on Networth (%)	13.77%	14.25%	(0.48)	(3.36%)	--

## MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

### I. INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT:

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

### CAUTIONARY STATEMENT:

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

# **FINANCIAL STATEMENTS**

# INDEPENDENT AUDITORS' REPORT

## To the Members of AIA Engineering Limited

### REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

#### Opinion

We have audited the Standalone Financial Statements of AIA Engineering Limited (the "Company"), which comprise the Standalone Balance Sheet as at 31 March, 2022, and the Standalone Statement of Profit and Loss (including other comprehensive income), Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows for the year then ended, and notes to the Standalone Financial Statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Revenue Recognition

Refer Note 3(j) and Note 32 to the Standalone Financial Statements

The key audit matter	How the matter was addressed in our audit
<p>Revenue of the Company mainly comprises of sale of products (i.e. high chrome mill internals) to its customers.</p> <p>Significant portion of the Company's revenue from sale of products arises from transactions with related parties, mainly a wholly owned overseas subsidiary of the Company.</p> <p>Revenue from sale of goods is recognized when control is transferred to the customer and there is no other unfulfilled obligation. This requires detailed analysis of each customer contract regarding timing of revenue recognition.</p> <p>Inappropriate assessment could lead to a risk of revenue being recognized on sale of goods before the control in the goods is transferred to the customer.</p> <p>Accordingly, timing of recognition of revenue is a key audit matter.</p>	<p>In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>Assessing the Company's accounting policies for revenue recognition by comparing with the applicable accounting standards;</li> <li>Testing the design, implementation and operating effectiveness of key internal controls over timing of recognition of revenue from sale of goods;</li> <li>Testing of revenue recognized during the year by selecting samples, through statistical sampling, and verifying the underlying customer contracts and proof of dispatch/delivery in accordance with the contractual terms agreed with the customers;</li> <li>Testing of revenue recognized near the year-end, through specific testing of high value samples and statistical sampling, to verify only revenue pertaining to current year is recognized based on delivery documents along with terms and conditions set out in customer contracts;</li> </ul>

#### Basis for Opinion

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

#### Key Audit Matters

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

## INDEPENDENT AUDITORS' REPORT (Contd.)

The key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> <li>Understanding the Company's process for identifying, recording and disclosing related parties and related party transactions;</li> <li>Testing the underlying data for ascertaining arm's length pricing and sighting the approvals of the Audit Committee for related party transactions;</li> <li>Evaluating the adequacy of the standalone financial statements disclosures</li> </ul>

### Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the Standalone Financial Statements and our auditor's report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation

and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due

## INDEPENDENT AUDITORS' REPORT (Contd.)

to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of Standalone Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate

with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

### Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

**INDEPENDENT AUDITORS' REPORT (Contd.)**

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Company has disclosed the impact of pending litigations as at 31 March, 2022 on its financial position in its Standalone Financial Statements - Refer Note 43(a) to the Standalone Financial Statements.
- b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- d) (i) The management has represented that, to the best of its knowledge and belief, as disclosed in note 55 to the Standalone Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in note 55 to the Standalone Financial Statements, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Party or
  - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.
- e) The dividend declared or paid during the year by the Company is in compliance with Section 123 of the Act.
- (C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act: In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

**Rupen Shah**  
Partner

Place: Ahmedabad  
Date: 25 May, 2022

Membership No. 116240  
ICAI UDIN: 22116240AJNYFZ5177



## ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT

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

With reference to the “Annexure A” referred to in the Independent Auditor’s Report to the members of the Company on the Standalone Financial Statements for the year ended 31 March, 2022, we report the following:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification 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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The inventory, except goods-in-transit and stocks lying with third parties, has been physically verified by the management during the year. For stocks lying with third parties at the year-end, written confirmations have been obtained and for goods-in-transit subsequent evidence of receipts/delivery has been linked with inventory records. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any security or advance in the nature of loan to companies, firms, limited liability partnership or any other parties. The Company has made investments in and provided loans to other parties and provided guarantee to a company during the year, in respect of which the requisite information is as below. The Company has not made any investments in and provided loans to companies, firms, limited liability partnership and not provided any guarantee, to firms, limited liability partnership or any other parties during the year.
- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity as below:

(₹ in lakhs)

Particulars	Guarantees	Security	Loans	Advances in nature of loans
Aggregate amount during the year				
- Subsidiaries	749.99	-	-	-
- Others	-	-	135.80	-
Balance outstanding as at balance sheet date				
- Subsidiaries	1,745.70	-	-	-
- Others	-	-	257.61	-

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT (Contd.)**

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the investments made, guarantees provided during the year and the terms and conditions of the grant of loans and guarantees provided during the year are, prima facie, not prejudicial to the interest of the company.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, the repayment of principal and payment of interest has been stipulated and the repayments or receipts have been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any security as specified under section 185 and 186 of the Companies Act, 2013. In respect of the guarantees given and investments made by the Company, the provisions of section 186 of the Companies Act, 2013, have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013 in respect of its manufactured goods and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July, 2017, these statutory dues has been subsumed into GST. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Provident fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31 March, 2022 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues of Income-tax, Goods and Service tax, Duty of Customs, Duty of Excise, Sales Tax, Service Tax, Value Added Tax, Provident Fund, Employees' State Insurance, Cess or other statutory dues as at 31 March, 2022, which have not been deposited with the appropriate authorities on account of dispute, other than those mentioned in the Enclosure - I to this report.

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT (Contd.)**

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lenders.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, there were no term loans obtained during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term purposes by the company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under Companies Act, 2013.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under Companies Act, 2013).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) (a), (b) and (c) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the Standalone Financial Statements as required by the applicable Indian Accounting Standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT (Contd.)**

(xvi) (a) & (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clauses 3(xvi)(a) and (b) of the Order are not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi) (c) of the Order is not applicable.

(d) According to the information and explanations provided to us, the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due

within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) (a) The company has not transferred the amount remaining unspent in respect of other than ongoing projects, to a Fund specified in Schedule VII to the Companies Act, 2013 till the date of our report. However, the time period for such transfer i.e. six months of the expiry of the financial year as permitted under the second proviso to sub-section (5) of section 135 of the Companies Act, 2013, has not elapsed till the date of our report.

(b) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of section 135 of the Companies Act, 2013 pursuant to any ongoing project. Accordingly, clause 3(xx)(b) of the Order is not applicable.

For **B S R & Co. LLP**

*Chartered Accountants*

(Firm's Registration No. 101248W/W-100022)

**Rupen Shah**

*Partner*

Place: Ahmedabad

Membership No. 116240

Date: 25 May, 2022

ICAI UDIN: 22116240AJNYFZ5177

## ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

## Enclosure – I

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount related	Amount involved (₹ in lakhs)	Amount unpaid (₹ In lakhs)
Income tax Act, 1961	Income tax	Hon'ble High Court of Gujarat	A.Y. 2006-07	407.44	407.44
			A.Y. 2007-08	1,100.66	1,100.66
			A.Y. 2008-09	893.05	893.05
			A.Y. 2009-10	1,728.35	1,728.35
			A.Y. 2010-11	1,830.28	1,830.28
			A.Y. 2011-12	1,729.92	1,729.92
			A.Y. 2012-13	1,610.63	1,610.63
			A.Y. 2013-14	2,173.48	2,173.48
		Commissioner of Income-tax, Ahmedabad	A.Y. 2014-15	3,657.95	1,908.84
			A.Y. 2016-17	1,554.18	1,420.23
	A.Y. 2017-18	3,049.52	3,049.52		
	A.Y. 2018-19	3,649.05	3,649.05		
Central Excise Act, 1944	Duty of Excise, including interest and penalty (as applicable)	CESTAT, Ahmedabad	F.Y. 2006-07 to 2007-08	31.39	31.39
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	VAT Tribunal, Madurai	F.Y. 2013-14	18.63	9.47
Maharashtra Value Added Tax Act, 2002	Value Added Tax	Joint Commissioner of State Tax - Nagpur	F.Y. 2015-16	10.70	5.13
Central Sales tax Act, 1956	Central Sales Tax	Joint Commissioner of State Tax - Nagpur	F.Y. 2015-16	44.16	21.19
CGST Act, 2017	Goods service tax	Deputy Commissioner of GST & Central Excise, Tiruchirappalli	F.Y. 2017-18 to 2018-19	44.55	44.55
Finance Act, 1994	Service tax	Commissioner of CGST, Audit, Ahmedabad	F.Y. 2017-18	17.15	17.15
Integrated Goods and Services Tax Act, 2017	Goods service tax	Dy. Commissioner of State Tax, Nagpur	F.Y. 2018-19	41.22	41.22
Employees' State Insurance Act, 1948	Employee state Insurance scheme	Hon'ble High Court of Gujarat	F.Y. 2001-02 to 2004-05	9.80	4.90



# ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

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

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

### **Opinion**

We have audited the internal financial controls with reference to financial statements of AIA Engineering Limited (“the Company”) as of 31 March, 2022 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March, 2022, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”).

### **Management’s Responsibility for Internal Financial Controls**

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

### **Auditors’ Responsibility**

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

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

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

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

### **Meaning of Internal Financial controls with Reference to Financial Statements**

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

## ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT (Contd.)

### **Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

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

evaluation of the internal financial controls with reference to Standalone Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Standalone Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

**Rupen Shah**

*Partner*

Place: Ahmedabad

Membership No. 116240

Date: 25 May, 2022

ICAI UDIN: 22116240AJNYFZ5177



# STANDALONE BALANCE SHEET

AS AT 31 MARCH, 2022

(₹ in Lakhs)

Particulars	Note	As at	
		31 March, 2022	31 March, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	4	72,437.24	74,501.25
(b) Right of use assets	5	3,382.87	3,589.76
(c) Capital work-in-progress	6	21,023.40	16,094.87
(d) Goodwill	7	460.69	460.69
(e) Other intangible assets	7	282.60	299.66
(f) Financial assets			
(i) Investments	8	1,541.24	27,213.99
(ii) Trade receivables	9	541.34	250.30
(iii) Loans	10	161.57	96.88
(iii) Other financial assets	11	31,961.03	530.12
(g) Other tax assets (net)	12	2,779.24	2,560.46
(h) Other non-current assets	13	3,817.32	2,571.31
<b>Total non-current assets</b>		<b>1,38,388.54</b>	<b>1,28,169.29</b>
<b>Current assets</b>			
(a) Inventories	14	62,801.62	41,949.88
(b) Financial assets			
(i) Investments	15	1,01,208.75	52,026.08
(ii) Trade receivables	16	1,29,513.30	1,06,117.47
(iii) Cash and cash equivalents	17	17,690.98	21,708.67
(iv) Bank balances other than (iii) above	17	24,566.99	93,080.85
(v) Loans	18	96.04	95.04
(vi) Derivatives		-	313.18
(vii) Other financial assets	19	4,494.81	4,983.02
(c) Other current assets	20	7,721.46	4,890.07
<b>Total current assets</b>		<b>3,48,093.95</b>	<b>3,25,164.26</b>
<b>Total assets</b>		<b>4,86,482.49</b>	<b>4,53,333.55</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	21	1,886.41	1,886.41
(b) Other equity	22	4,57,602.12	4,07,555.76
<b>Total equity</b>		<b>4,59,488.53</b>	<b>4,09,442.17</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	23	308.12	575.02
(b) Provisions	24	534.30	769.51
(c) Deferred tax liabilities (net)	40 (b)	5,804.32	5,748.77
<b>Total non-current liabilities</b>		<b>6,646.74</b>	<b>7,093.30</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	25	-	18,100.00
(ii) Lease liabilities	26	317.31	257.78
(iii) Trade payables	27		
Total outstanding dues of micro enterprises and small enterprises		3,846.20	3,600.54
Total outstanding dues of creditors other than micro enterprises and small enterprises		11,210.03	11,096.44
(iv) Derivatives		115.98	-
(v) Other financial liabilities	28	2,348.73	2,186.54
(b) Other current liabilities	29	1,215.29	1,250.13
(c) Provisions	30	335.66	196.85
(d) Current tax liabilities (net)	31	958.02	109.80
<b>Total current liabilities</b>		<b>20,347.22</b>	<b>36,798.08</b>
<b>Total liabilities</b>		<b>26,993.96</b>	<b>43,891.38</b>
<b>Total equity and liabilities</b>		<b>4,86,482.49</b>	<b>4,53,333.55</b>

The accompanying notes are integral part of these standalone financial statements 2 - 56

As per our report of even date attached

For and on behalf of the Board of Directors  
AIA Engineering Limited

CIN: L29259GJ1991PLC015182

For **B S R & CO. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022**BHADRESH K. SHAH**  
Managing Director  
(DIN : 00058177)**YASHWANT M. PATEL**  
Whole-Time Director  
(DIN : 02103312)**RUPEN SHAH**  
Partner  
Membership No: 116240**VIREN K. THAKKAR**  
Chief Financial Officer**S. N. JETHELIYA**  
Company Secretary  
(ACS: 5343)Place : Ahmedabad  
Date : 25 May, 2022Place : Ahmedabad  
Date : 25 May, 2022Place : Ahmedabad  
Date : 25 May, 2022



# STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH, 2022

(₹ in Lakhs)

Particulars	Note	For the Year ended 31 March, 2022	For the Year ended 31 March, 2021
<b>INCOME</b>			
Revenue from operations	32	3,08,157.03	2,47,299.38
Other income	33	26,968.81	14,480.71
<b>Total income</b>		<b>3,35,125.84</b>	<b>2,61,780.09</b>
<b>Expenses</b>			
Cost of materials consumed	34	1,72,861.67	1,08,078.03
Purchases of stock-in-trade		1,657.92	3,307.97
Changes in inventories of finished goods and work-in-progress	35	(10,975.24)	(1,243.11)
Employee benefits expense	36	10,302.79	9,805.91
Finance costs	37	363.24	398.52
Depreciation and amortisation expense	38	8,983.90	9,097.06
Other expenses	39	76,686.84	67,534.42
<b>Total expenses</b>		<b>2,59,881.12</b>	<b>1,96,978.80</b>
<b>Profit before tax</b>		<b>75,244.72</b>	<b>64,801.29</b>
<b>Tax expense</b>			
	40 (a)		
Current tax		16,808.26	18,628.27
Excess provision for current tax of earlier years written back		(150.40)	-
Deferred tax		136.33	(2,317.16)
<b>Total tax expense</b>		<b>16,794.19</b>	<b>16,311.11</b>
<b>Profit for the year</b>		<b>58,450.53</b>	<b>48,490.18</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to statement of profit and loss	42 (iv)	88.88	201.84
(ii) Income tax relating to items that will not be reclassified to statement of profit and loss		(22.37)	(50.80)
B (i) Items that will be reclassified to statement of profit and loss	22	24.25	(566.88)
(ii) Income tax relating to items that will be reclassified to statement of profit and loss	22	(6.10)	142.67
<b>Other comprehensive income/(loss) for the period (net of tax)</b>		<b>84.66</b>	<b>(273.17)</b>
<b>Total comprehensive income for the year (comprising profit and other comprehensive income for the year)</b>		<b>58,535.19</b>	<b>48,217.01</b>
<b>Earnings per equity share</b>			
Equity share of par value ₹ 2 each			
Basic and diluted	41	61.97	51.41

The accompanying notes are integral part of these standalone financial statements 2 - 56

As per our report of even date attached

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

**RUPEN SHAH**  
Partner  
Membership No: 116240

Place : Ahmedabad  
Date : 25 May, 2022

For and on behalf of the Board of Directors  
**AIA Engineering Limited**

CIN: L29259GJ1991PLC015182

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

**VIREN K. THAKKAR**  
Chief Financial Officer

Place : Ahmedabad  
Date : 25 May, 2022

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

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

Place : Ahmedabad  
Date : 25 May, 2022



# STANDALONE STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 31 MARCH, 2022

### A. Equity share capital

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Balance at the beginning of the reporting year	1,886.41	1,886.41
Changes in equity share capital during the year	-	-
Balance at the end of the reporting year	1,886.41	1,886.41

### B. Other equity

(₹ in Lakhs)

Particulars	Reserves and Surplus				Other Comprehensive Income			Total
	Securities premium	Capital redemption reserve	General reserve	Retained earnings	Cash flow hedge reserve	Remeasurement of defined benefit plan	Fair Value Through Other OCI	
Balance as at 1 April, 2020	26,579.52	1,925.74	16,189.27	3,13,656.46	987.76	-	-	3,59,338.75
Profit for the year	-	-	-	48,490.18	-	-	-	48,490.18
Remeasurement of defined benefit plan	-	-	-	-	-	151.04	-	151.04
Net movement in cash flow hedge reserve (net of tax)	-	-	-	-	(424.21)	-	-	(424.21)
OCI that will not be reclassified to statement of Profit and Loss transferred to retained earnings	-	-	-	151.04	-	(151.04)	-	-
<b>Balance as at 31 March, 2021</b>	<b>26,579.52</b>	<b>1,925.74</b>	<b>16,189.27</b>	<b>3,62,297.68</b>	<b>563.55</b>	<b>-</b>	<b>-</b>	<b>4,07,555.76</b>
Profit for the year	-	-	-	58,450.53	-	-	-	58,450.53
Dividend paid on equity shares (Including TDS)	-	-	-	(8,488.83)	-	-	-	(8,488.83)
Remeasurement of defined benefit plan	-	-	-	-	-	66.51	-	66.51
Net movement in cash flow hedge reserve (net of tax)	-	-	-	-	(57.41)	-	-	(57.41)
OCI that will not be reclassified to statement of Profit and Loss transferred to retained earnings	-	-	-	66.51	-	(66.51)	-	-
Fair Value of Investment through OCI (net of tax)	-	-	-	-	-	-	75.56	75.56
<b>Balance as at 31 March, 2022</b>	<b>26,579.52</b>	<b>1,925.74</b>	<b>16,189.27</b>	<b>4,12,325.89</b>	<b>506.14</b>	<b>-</b>	<b>75.56</b>	<b>4,57,602.12</b>

#### Nature and purpose of reserves:

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

#### The accompanying notes are integral part of these standalone financial statements 2 - 56

As per our report of even date attached

For and on behalf of the Board of Directors

AIA Engineering Limited

CIN: L29259GJ1991PLC015182

For **B S R & CO. LLP**

Chartered Accountants

Firm's Registration No : 101248W/W -100022

**BHADRESH K. SHAH**

Managing Director

(DIN : 00058177)

**YASHWANT M. PATEL**

Whole-Time Director

(DIN : 02103312)

**RUPEN SHAH**

Partner

Membership No: 116240

**VIREN K. THAKKAR**

Chief Financial Officer

**S. N. JETHELIYA**

Company Secretary

(ACS: 5343)

Place : Ahmedabad

Date : 25 May, 2022

Place : Ahmedabad

Date : 25 May, 2022

Place : Ahmedabad

Date : 25 May, 2022

# STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH, 2022

(₹ in Lakhs)

Particulars	For the Year ended 31 March, 2022	For the Year ended 31 March, 2021
<b>A. Cash flow from operating activities:</b>		
<b>Profit before tax</b>	<b>75,244.72</b>	64,801.29
<b>Add/(less): adjustments</b>		
Interest income	(7,570.94)	(4,777.15)
Dividend income	(8,429.91)	-
Profit on sale of current investments	(152.23)	(3,677.24)
Fair valuation of current investments	(1,588.96)	(1,228.20)
Unrealised loss/(gain) on foreign exchange fluctuation (net)	(2,418.88)	1,048.93
Loss on sale/disposal of Property, plant and equipment and right of use assets (net)	10.90	216.37
Sundry balances (written back)/written off (net)	(51.89)	12.71
Depreciation and amortisation	8,983.90	9,097.06
Provision for doubtful receivables	(57.31)	3.26
Finance costs	363.24	398.52
Provision for product warranties	(128.61)	170.52
	<b>64,204.03</b>	66,066.07
<b>Changes in working capital:</b>		
Increase in trade receivable	(20,955.62)	(12,371.75)
(Increase)/Decrease in loans	(65.69)	51.82
(Increase)/Decrease in inventories	(20,851.74)	1,554.21
(Increase)/Decrease in other financial assets	39.69	(32.83)
(Increase)/Decrease in other non current and current assets	(2,828.11)	4,191.83
Increase/(Decrease) in provisions	98.72	(423.65)
Increase in trade payables	460.20	3,163.29
Increase/(Decrease) in other financial liabilities	58.67	(36.38)
(Decrease) in other current liabilities	(892.54)	(521.27)
<b>Cash generated from operations</b>	<b>19,267.61</b>	61,641.34
Income taxes paid (net of refunds)	<b>(16,115.30)</b>	(18,601.00)
<b>Net cash generated from operating activities (A)</b>	<b>3,152.31</b>	43,040.34
<b>B. Cash flow from investing activities:</b>		
Acquisition of property, plant and equipment, capital work-in-progress and other intangibles	(12,665.90)	(12,357.24)
Proceeds from sale of property, plant and equipment	19.34	102.01
(Purchase of)/proceeds from sale of investments (net)	(21,019.13)	70,026.92
(Investment in)/Redemption of fixed deposits with bank (net)	37,563.46	(92,503.46)
Interest income	6,852.60	2,710.87
Dividend income	8,429.91	-
<b>Net cash (used in)/generated from investing activities (B)</b>	<b>19,180.28</b>	(32,020.90)
<b>C. Cash flow from financing activities:</b>		
Proceeds from/(Repayment) of current borrowings (net)	(18,100.00)	9,103.42
Repayment non-current borrowings	-	(1,500.00)
Dividends paid (Net of TDS applicable on payment of Dividend)	(7,631.13)	-
Finance costs paid	(291.26)	(181.85)
Repayment of lease liabilities	(376.21)	(613.54)
<b>Net cash (used in)/generated from financing activities (C)</b>	<b>(26,398.60)</b>	6,808.03
<b>D. Net Increase/(Decrease) in cash and cash equivalents (A+B+C)</b>	<b>(4,066.01)</b>	17,827.47
<b>E. Add : Cash and cash equivalents at the beginning of the year</b>	<b>21,708.67</b>	3,881.10
<b>F. Less: Foreign exchange gain on restatement of cash and cash equivalents</b>	<b>48.32</b>	0.10
<b>G. Cash and cash equivalents at the end of the year (refer Note 1 below)</b>	<b>17,690.98</b>	21,708.67

**STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**
**Notes :**

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

<b>Particulars</b>	<b>As at 31 March, 2022</b>	<b>As at 31 March, 2021</b>
Balances with banks	12,685.79	21,702.26
Balances with bank in fixed deposit accounts (original maturity of 0 - 3 months)	5,000.00	-
Cash on hand	5.19	6.41
	<b>17,690.98</b>	<b>21,708.67</b>

2. Movement in financial liabilities and financial assets arising from financing activities: (₹ in Lakhs)

<b>Particulars</b>	<b>Non-current borrowings (including current maturities of long-term debt)</b>	<b>Current borrowings (Note 25)</b>	<b>Lease liabilities (Note 23 and 26)</b>	<b>Dividends paid (Note 22)</b>	<b>Finance Cost (Note - 37)</b>
Balance as at 1 April, 2020	1,500.00	9,294.66	1,408.41	-	12.96
Proceeds from borrowings	-	49,928.04	-	-	-
Repayment of borrowings	(1,500.00)	(40,824.62)	-	-	-
Interest paid	-	-	-	-	(406.64)
Amount paid during the year	-	-	(432.46)	-	-
<b>Net movement during the year</b>	<b>(1,500.00)</b>	<b>9,103.42</b>	<b>(432.46)</b>	<b>-</b>	<b>(406.64)</b>
Interest accrued during the year	-	-	113.10	-	-
Remeasurement of lease liability (Addition)	-	-	(256.26)	-	-
Charge to statement of profit and loss	-	-	-	-	398.52
Foreign exchange fluctuation (gain)	-	(298.08)	-	-	-
<b>Balance as at 31 March, 2021</b>	<b>-</b>	<b>18,100.00</b>	<b>832.79</b>	<b>-</b>	<b>4.84</b>
Proceeds from borrowings	-	50,250.00	-	-	-
Repayment of borrowings	-	(68,350.00)	-	-	-
Dividends paid (Net of TDS applicable on payment of Dividend)	-	-	-	(7,631.13)	-
Interest paid	-	-	-	-	(335.39)
Amount paid during the year	-	-	(352.05)	-	-
<b>Net movement during the year</b>	<b>-</b>	<b>(18,100.00)</b>	<b>(352.05)</b>	<b>(7,631.13)</b>	<b>(335.39)</b>
Interest accrued during the year	-	-	76.82	-	-
Remeasurement of lease liability (Addition/Deletion)	-	-	67.87	-	-
Charge to statement of profit and loss	-	-	-	-	363.24
<b>Balance as at 31 March, 2022</b>	<b>-</b>	<b>-</b>	<b>625.43</b>	<b>-</b>	<b>32.69</b>

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

**The accompanying notes are integral part of these standalone financial statements 2 - 56**

As per our report of even date attached

**For and on behalf of the Board of Directors  
AIA Engineering Limited**

CIN: L29259GJ1991PLC015182

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

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

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

**RUPEN SHAH**  
Partner  
Membership No: 116240

**VIREN K. THAKKAR**  
Chief Financial Officer

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

Place : Ahmedabad  
Date : 25 May, 2022

Place : Ahmedabad  
Date : 25 May, 2022

Place : Ahmedabad  
Date : 25 May, 2022

# NOTES

## TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022

### NOTE - 1 BACKGROUND

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

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

### NOTE - 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

The standalone financial statements of the Company comprises, the standalone balance sheet as at 31 March, 2022, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (herein referred to as "standalone financial statements"). These standalone financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under Section 133 of Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 (the 'Act') and other relevant provisions of the Act.

The standalone financial statements are approved for issue by Board of Directors in their meeting held on 25 May, 2022.

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

#### 2.2 Basis of measurement

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

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

#### 2.3 Use of estimates and judgments

In preparing these standalone financial statements, management has made judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses, based on historical experiences and other factors, including expectation of future events that may have an impact on the Company and that are reasonable under the circumstances.

As more fully explained in Note 46, the ongoing pandemic relating to COVID-19 may have an impact on the use of assumption and judgements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March, 2022 is included in the following notes:

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

#### 2.4 Measurement of fair values

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

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

The financial reporting team regularly reviews significant unobservable inputs and valuation adjustments. If third

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

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

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

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

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

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

All assets and liabilities have been classified as current or non-current as set out in the Schedule III (Division II) to the Companies Act, 2013.

### 2.5 Functional and presentation currency

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

### NOTE - 3 SIGNIFICANT ACCOUNTING POLICIES

#### a) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences arising on settlement of transactions and translation of monetary items are recognised in statement of profit and loss. However, foreign currency differences pertaining to qualifying cash flow hedges are recognised in other comprehensive Income to the extent the hedges are effective.

#### b) Financial instruments

##### **Recognition and initial measurement**

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

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

##### **Financial assets - classification and subsequent measurement**

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

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

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

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

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

## NOTES

## TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

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

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

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

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

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

**Financial assets: Business model assessment**

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

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

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual amount, a feature that permits or requires prepayment at

**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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

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

**Financial liabilities: Classification, subsequent measurement and gains and losses**

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

except derivative instruments which are measured at FVTPL.

**Derecognition**

**Financial assets**

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

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

**Financial liabilities**

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

**Offsetting**

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

**c) Derivative instruments and hedge accounting**

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

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

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



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

### Recognition and measurement of cash flow hedge:

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

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

### Derecognition:

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

### d) Property, plant and equipment

#### Recognition and measurement

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

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

plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

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

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

### Subsequent measurement

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

### Depreciation

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

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

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

Leasehold land is amortised over the lease period

Following low value assets have been depreciated fully during the year of purchase

- Plant and equipment and laboratory equipment with value up to ₹ 25,000 and
- Other assets with value up to ₹ 5,000

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



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

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

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

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

### **Derecognition**

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

### **e) Goodwill and Other intangible assets**

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

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

### **Subsequent measurement**

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

### **Amortisation**

Goodwill is not amortised and is tested for impairment annually.

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

The estimated useful lives of intangibles are as per below:

- Software - 6 years
- Patents - 20 years

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

### **Impairment**

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

### **f) Inventories**

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

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

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

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

### g) Impairment

#### **Impairment of financial assets**

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

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

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

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

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

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

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

#### **Measurement of expected credit losses**

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

#### *Presentation of allowance for expected credit losses in the balance sheet*

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

#### **Write off**

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

#### **Impairment of non-financial assets**

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

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

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

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

### h) Employee benefits

#### **Defined benefit plans**

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

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

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

and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in statement of profit and loss.

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

#### **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.

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

#### **Short-term employee benefits**

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

#### **Other long-term employee benefits**

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

### **Termination benefits**

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring in accordance with Ind AS 37 and involves payment of termination benefits.

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

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

### **Warranties**

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

### **Onerous contracts**

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

### **Contingent liability**

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow

of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

### **Contingent assets**

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

### **j) Revenue**

#### **Sale of goods**

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

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

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

#### **Other operating revenue – export incentives**

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

### **k) Other income**

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



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

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

### l) Leases

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

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

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

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

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rates. The lease

liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

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

Lease liability and ROU asset have been separately presented in the standalone balance sheet and lease payments have been classified as cash flows from financing activities.

### m) Income taxes

#### **Current tax**

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

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

#### **Deferred tax**

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

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

**NOTES****TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

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

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

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

**n) Borrowing cost**

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

**o) Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. For the disclosure on reportable segments see Note 48.

**p) Cash and cash equivalents**

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

**q) Earnings per share**

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

**r) Events after reporting date**

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

**s) GST input credit**

Goods and service tax (GST) input credit is accounted on an accrual basis on purchase of eligible inputs, capital goods and services. The balance of GST input credit is reviewed at the end of each year and amount estimated to be un-utilisable is charged to the statement of profit and loss for the year.

**t) Investments in subsidiaries**

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

**u) Recent pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 01 April, 2022, as below:

**i. Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

**ii. Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the Company is preparing the asset for its intended use. Instead, an entity will recognise such

**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any significant impact in its recognition of its property, plant and equipment in its financial statements.

**iii. Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its financial statements.

**iv. Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10%' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

**v. Ind AS 106 – Annual Improvements to Ind AS (2021)**

The amendment removes the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 4 PROPERTY, PLANT AND EQUIPMENT**

(₹ in Lakhs)

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixture	Vehicles	Office Equipment	Others *	Total
<b>Gross block:</b>								
As at 1 April, 2020	3,736.18	35,646.29	73,783.03	1,453.46	225.78	354.91	1,198.76	1,16,398.41
Additions during the year	-	390.81	1,314.11	51.01	17.76	50.68	92.54	1,916.91
Disposals/adjustments during the year	-	(8.42)	(1,935.25)	(411.74)	(89.68)	(48.43)	(61.57)	(2,555.09)
<b>As at 31 March, 2021</b>	<b>3,736.18</b>	<b>36,028.68</b>	<b>73,161.89</b>	<b>1,092.73</b>	<b>153.86</b>	<b>357.16</b>	<b>1,229.73</b>	<b>1,15,760.23</b>
Additions during the year	-	858.33	5,407.41	44.08	28.68	24.79	193.41	6,556.70
Disposals/adjustments during the year	-	(10.09)	(104.77)	(13.55)	(21.11)	(1.48)	(29.08)	(180.08)
<b>As at 31 March, 2022</b>	<b>3,736.18</b>	<b>36,876.92</b>	<b>78,464.53</b>	<b>1,123.26</b>	<b>161.43</b>	<b>380.47</b>	<b>1,394.06</b>	<b>1,22,136.85</b>
<b>Accumulated depreciation:</b>								
As at 1 April, 2020	-	5,780.51	27,370.32	790.07	65.94	209.53	660.29	34,876.66
Charge for the year	-	1,348.66	6,901.60	115.46	29.75	52.37	171.23	8,619.07
Disposals/adjustments during the year	-	(2.27)	(1,760.22)	(325.74)	(46.11)	(45.99)	(56.42)	(2,236.75)
<b>As at 31 March, 2021</b>	<b>-</b>	<b>7,126.90</b>	<b>32,511.70</b>	<b>579.79</b>	<b>49.58</b>	<b>215.91</b>	<b>775.10</b>	<b>41,258.98</b>
Charge for the year	-	1,319.85	6,927.54	102.12	23.16	38.82	178.98	8,590.47
Disposals/adjustments during the year	-	(4.91)	(86.73)	(11.29)	(17.94)	(1.40)	(27.57)	(149.84)
<b>As at 31 March, 2022</b>	<b>-</b>	<b>8,441.84</b>	<b>39,352.51</b>	<b>670.62</b>	<b>54.80</b>	<b>253.33</b>	<b>926.51</b>	<b>49,699.61</b>
<b>Net Block</b>								
As at 31 March, 2021	3,736.18	28,901.78	40,650.19	512.94	104.28	141.25	454.63	74,501.25
<b>As at 31 March, 2022</b>	<b>3,736.18</b>	<b>28,435.08</b>	<b>39,112.02</b>	<b>452.64</b>	<b>106.63</b>	<b>127.14</b>	<b>467.55</b>	<b>72,437.24</b>

\* Others include laboratory equipments and computer hardware.

**Notes:**

1. There have been no charge over immovable properties of the Company.
2. Refer Note 43 (b) for contractual commitments with respect to property, plant and equipments.
3. The title deeds of all the immovable properties are held in the name of the Company.



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 5 RIGHT OF USE ASSETS**

(₹ in Lakhs)

Particulars	Leasehold Land	Buildings	Total
<b>Gross block:</b>			
As at 1 April, 2020	2,998.62	1,694.85	4,693.47
Additions during the year	27.92	108.81	136.73
Disposals/adjustments during the year	-	(604.60)	(604.60)
<b>As at 31 March, 2021</b>	<b>3,026.54</b>	<b>1,199.06</b>	<b>4,225.60</b>
Additions during the year	23.73	70.34	94.07
Disposals/adjustments during the year	-	(9.25)	(9.25)
<b>As at 31 March, 2022</b>	<b>3,050.27</b>	<b>1,260.15</b>	<b>4,310.42</b>
<b>Accumulated depreciation:</b>			
As at 1 April, 2020	126.84	395.18	522.02
Depreciation for the year	16.86	376.56	393.42
Disposals/adjustments during the year	-	(279.60)	(279.60)
<b>As at 31 March, 2021</b>	<b>143.70</b>	<b>492.14</b>	<b>635.84</b>
Depreciation for the year	16.86	282.05	298.91
Disposals/adjustments during the year	-	(7.20)	(7.20)
<b>As at 31 March, 2022</b>	<b>160.56</b>	<b>766.99</b>	<b>927.55</b>
<b>Net block:</b>			
As at 31 March, 2021	2,882.84	706.92	3,589.76
<b>As at 31 March, 2022</b>	<b>2,889.71</b>	<b>493.16</b>	<b>3,382.87</b>

1. Lease contracts entered by the Company are pertains for land and buildings taken on lease to conduct business activity in ordinary course of business.
2. Lease rent of ₹ 12.81 Lakhs (PY ₹ 2.44 Lakhs) is recognized in statement of profit and loss for the year towards short term lease, lease of low value assets (refer Note 39).
3. Extension and termination options are included in some lease contracts. These are used to maximise operational flexibility in terms of managing assets and operations.
4. Lease Obligation, interest expense on lease maturity profile of lease obligation and payment of lease obligation are disclosed respectively in lease liabilities (refer Note 23 & 26), Finance Costs (refer Note 37), Liquidity risk (refer Note 50) and Standalone statement of cash flows.
5. The operating lease arrangements are cancellable subject to the stipulated notice period which generally does not exceed 3 months. Thus, management is of the view that there is no obligation to pay the agreed lease rentals in case of termination.

**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 6 CAPITAL WORK-IN-PROGRESS**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Balance at the beginning of the year	16,094.87	3,234.93
Additions during the year	11,119.98	14,496.63
Capitalisation during the year	(6,191.45)	(1,636.69)
Balance at the end of the year	<b>21,023.40</b>	16,094.87

**Note:**

1. Refer Note 43 (b) for contractual commitments with respect to property, plant and equipments.

**CWIP ageing schedule as at 31 March, 2022**

(₹ in Lakhs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	5,546.63	12,667.37	2,795.06	14.34	<b>21,023.40</b>
Projects temporarily suspended	-	-	-	-	-

**CWIP ageing schedule as at 31 March, 2021**

(₹ in Lakhs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	13,210.43	2,867.46	0.33	16.65	<b>16,094.87</b>
Projects temporarily suspended	-	-	-	-	-

**CWIP - Completion Schedule of capital working in progress as at 31 March, 2022**

(₹ in Lakhs)

CWIP	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Projects in Progress</b>					
Completion is overdue:					
Kerala Mining Liner Project	20,146.84	-	-	-	<b>20,146.84</b>
Completion is not overdue:					
Other Projects	876.56	-	-	-	<b>876.56</b>
	21,023.40	-	-	-	<b>21,023.40</b>

**CWIP - Completion Schedule of capital working in progress as at 31 March, 2021**

(₹ in Lakhs)

CWIP	To be completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>Projects in Progress</b>					
Completion is overdue:					
Kerala Mining Liner Project	1.30	14,811.77	-	-	<b>14,813.07</b>
Completion is not overdue:					
Other Projects	725.32	556.48	-	-	<b>1,281.80</b>
	726.62	15,368.25	-	-	<b>16,094.87</b>



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 7 OTHER INTANGIBLE ASSETS**

(₹ in Lakhs)

Particulars	Other intangibles			Goodwill (refer Note (a))
	Software	Patents and Copyrights	Total	
<b>Gross block:</b>				
As at 1 April, 2020	902.96	72.87	975.83	460.69
Additions during the year	33.83	5.69	39.52	-
Disposals/adjustments during the year	(1.45)	-	(1.45)	-
As at 31 March, 2021	935.34	78.56	1,013.90	460.69
Additions during the year	67.82	9.64	77.46	-
Disposals/adjustments during the year	-	-	-	-
<b>As at 31 March, 2022</b>	<b>1,003.16</b>	<b>88.20</b>	<b>1,091.36</b>	<b>460.69</b>
<b>Amortisation:</b>				
As at 1 April, 2020	613.30	17.78	631.08	-
Charge for the year	80.60	3.97	84.57	-
Disposals/adjustments during the year	(1.41)	-	(1.41)	-
As at 31 March, 2021	692.49	21.75	714.24	-
Charge for the year	90.11	4.41	94.52	-
Disposals/adjustments during the year	-	-	-	-
<b>As at 31 March, 2022</b>	<b>782.60</b>	<b>26.16</b>	<b>808.76</b>	<b>-</b>
<b>Net Block</b>				
As at 31 March, 2021	242.85	56.81	299.66	460.69
<b>As at 31 March, 2022</b>	<b>220.56</b>	<b>62.04</b>	<b>282.60</b>	<b>460.69</b>

**Note (a):**

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

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

### NOTE - 8 INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Non-current investments</b>		
<b>A. Investment in equity instruments</b>		
<b>Subsidiaries (measured at cost):</b>		
<b>(i) Fully paid equity shares (quoted)</b>		
477,661 (previous year: 477,661) equity shares of Welcast Steels Limited of ₹10/- each fully paid up	1,341.05	1,341.05
<b>(ii) Fully paid equity shares (Unquoted)</b>		
(a) 32,500 (previous year: 32,500) equity shares of Vega Industries (Middle East) F.Z.C., U.A.E. of face value US\$ 10/- each	149.39	149.39
(b) 2,000 (previous year: 2,000) equity shares of PT. Vega Industries Indonesia of face value IDR 13,116/- each	1.30	1.30
(c) 10,000 (previous year: 10,000) equity shares of AIA CSR Foundation of face value ₹10/- each	1.00	1.00
<b>Others companies (unquoted) (measured at FVTPL) #</b>		
(a) 25 (previous year: 25) equity shares of Koramangala Properties Limited of face value ₹ 100/- each, fully paid up	0.03	0.03
(b) 484,700 (previous year: 857,919) equity shares of Arkay Energy (Rameswaram) Limited of face value ₹ 10/- each, fully paid up	48.47	85.79
<b>B. Investment in Government Securities (unquoted) (measured at cost)</b>		
National Savings Certificates (Unquoted)	-	0.06
<b>C. Investments in bonds (quoted) (measured at amortised cost) *</b>		
	-	25,635.37
	<b>1,541.24</b>	27,213.99
Aggregate amount of quoted investments	1,341.05	26,976.42
Aggregate market value of quoted investments	1,838.99	27,688.31
Aggregate amount of unquoted investments	200.19	237.57

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

\* In the current year, the Company has reclassified certain bonds as FVOCI as against amortised cost/FVTPL till the previous year on account of change in their underlying business model.

### NOTE - 9 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Non-current trade receivables (unsecured)</b>		
Considered good *	541.34	250.30
Significant increase in credit risk	-	-
Credit impaired	-	-
	<b>541.34</b>	250.30

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



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 9 TRADE RECEIVABLES (CONTD.)**

**Non-current Trade Receivables ageing schedule as at 31 March, 2022**

(₹ in Lakhs)

Particulars	Outstanding for following period from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered good	-	1.82	147.15	77.29	126.90	155.70	32.48	541.34
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
	-	<b>1.82</b>	<b>147.15</b>	<b>77.29</b>	<b>126.90</b>	<b>155.70</b>	<b>32.48</b>	<b>541.34</b>

**Non-current Trade Receivables ageing schedule as at 31 March, 2021**

(₹ in Lakhs)

Particulars	Outstanding for following period from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered good	-	-	0.22	26.30	137.64	30.87	55.27	250.30
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
	-	-	<b>0.22</b>	<b>26.30</b>	<b>137.64</b>	<b>30.87</b>	<b>55.27</b>	<b>250.30</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

### NOTE - 10 LOANS

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Non-current loans</b>		
Loans to staff		
Secured, considered good	61.63	16.50
Unsecured, considered good	99.94	80.38
	<b>161.57</b>	96.88

### NOTE - 11 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Balances with bank in fixed deposit accounts (Maturity of more than 12 months from date of reporting)	31,000.00	50.00
Interest accrued on fixed deposits	490.28	-
Security deposits (unsecured, considered good)	470.75	480.12
	<b>31,961.03</b>	530.12

### NOTE - 12 OTHER TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Advance income tax/tax deducted at source [net of provision for tax ₹ 1,28,911.31 Lakhs (previous year ₹ 1,42,943.17 Lakhs)]	2,779.24	2,560.46
	<b>2,779.24</b>	2,560.46

### NOTE - 13 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Capital advances	3,437.70	2,188.41
Others		
Balance with government authorities	53.13	56.41
Advance paid under protest	326.49	326.49
	<b>3,817.32</b>	2,571.31

**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**
**NOTE - 14 INVENTORIES \***

(valued at lower of cost or net realisable value)

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Raw materials	13,667.93	7,653.62
Raw materials in transit	3,853.16	444.15
Work-in-progress	17,822.53	14,674.00
Finished goods	18,362.72	10,536.01
Stores and spares	9,091.95	8,585.02
Stores and spares in transit	3.33	57.08
	<b>62,801.62</b>	<b>41,949.88</b>

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

**NOTE - 15 INVESTMENTS**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Current investments</b>		
<b>Measured at FVTPL</b>		
Investments in mutual funds (quoted)	13,275.62	23,805.82
Investments in bonds (quoted)	29,170.02	13,622.74
<b>Measured at Amortised cost</b>		
Investment in Treasury Bills (quoted)	-	984.92
Investment in bonds (quoted)	5,105.84	13,612.60
<b>Measured at FVTOCI*</b>		
Investment in bonds (quoted)	53,657.27	-
	<b>1,01,208.75</b>	<b>52,026.08</b>
Aggregate amount of quoted investments	1,01,208.75	52,026.08
Aggregate market value of quoted investments	1,01,275.19	52,346.63

\* In the current year, the Company has reclassified certain bonds as FVOCI as against amortised cost/FVTPL till the previous year on account of change in their underlying business model.

**NOTE - 16 TRADE RECEIVABLES**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Current trade receivables (unsecured)</b>		
Considered good * #	1,29,513.30	1,06,117.47
Significant increase in credit risk	136.05	193.36
Credit impaired	-	-
	<b>1,29,649.35</b>	<b>1,06,310.83</b>
Less: Provision for doubtful receivables	(136.05)	(193.36)
	<b>1,29,513.30</b>	<b>1,06,117.47</b>
* Trade receivables are hypothecated to secure working capital facilities from Banks (refer Note 25)		
# Includes trade receivable from related parties [refer Note 47 (D)].	1,14,108.53	92,808.80



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

### NOTE - 16 TRADE RECEIVABLES (CONTD.)

#### Current Trade Receivables ageing schedule as at 31 March, 2022

(₹ in Lakhs)

Particulars	Outstanding for following period from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered good	-	56,547.12	67,411.91	5,279.93	147.91	126.43	-	1,29,513.30
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	1.49	1.73	3.89	20.68	18.59	89.67	136.05
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
	-	<b>56,548.61</b>	<b>67,413.64</b>	<b>5,283.82</b>	<b>168.59</b>	<b>145.02</b>	<b>89.67</b>	<b>1,29,649.35</b>

#### Current Trade Receivables ageing schedule as at 31 March, 2021

(₹ in Lakhs)

Particulars	Outstanding for following period from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered good	-	38,868.60	58,767.27	7,470.65	951.32	59.63	-	1,06,117.47
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	3.00	5.04	3.68	126.97	19.16	35.51	193.36
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
	-	<b>38,871.60</b>	<b>58,772.31</b>	<b>7,474.33</b>	<b>1,078.29</b>	<b>78.79</b>	<b>35.51</b>	<b>1,06,310.83</b>



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 17 CASH AND BANK BALANCES**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Cash and cash equivalents		
Balances with banks	12,685.79	21,702.26
Balances with bank in fixed deposits, (Original maturity of 0 - 3 months)	5,000.00	-
Cash on hand	5.19	6.41
	<b>17,690.98</b>	21,708.67
Other bank balances		
Balances with bank in fixed deposits, (Original maturity within 3 to 12 months)	24,048.00	92,568.73
Balances with bank in fixed deposits against margin money, (Original maturity within 3 to 12 months)	508.27	501.00
Earmarked balances with bank (unpaid dividend) *	10.72	11.12
	<b>24,566.99</b>	93,080.85
	<b>42,257.97</b>	1,14,789.52

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

**NOTE - 18 LOANS**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Current loans</b>		
Loans to staff		
Secured, considered good	10.62	19.24
Unsecured, considered good	85.42	75.80
	<b>96.04</b>	95.04

**NOTE - 19 OTHER FINANCIAL ASSETS**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Export incentives receivable	1,309.39	3,082.60
Interest accrued on fixed deposits and debentures	808.45	1,266.34
Security deposits (unsecured, considered good)	92.03	56.85
Contractually Reimbursable Expenses	2,284.94	577.23
	<b>4,494.81</b>	4,983.02

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

### NOTE - 20 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Advances other than capital advances		
Advances to related parties [refer Note 47 (D)]	4.03	3.40
Other advances		
Advances to suppliers	2,943.47	2,342.15
Advances to staff	14.59	18.97
Others		
Balance with government authorities	4,412.20	2,280.46
Prepaid expenses	253.17	170.14
Prepaid leave encashment	94.00	74.95
	<b>7,721.46</b>	4,890.07

### NOTE - 21 SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Authorised share capital</b>		
230,000,000 (previous year: 230,000,000) equity shares of face value ₹ 2/- each.	4,600.00	4,600.00
	<b>4,600.00</b>	4,600.00
<b>Issued, subscribed and fully paid up share capital</b>		
94,320,370 equity shares (previous year: 94,320,370) of face value ₹ 2/- each, fully paid up	1,886.41	1,886.41
	<b>1,886.41</b>	1,886.41

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

	31 March, 2022		31 March, 2021	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
Shares outstanding at the beginning of the year	9,43,20,370	1,886.41	9,43,20,370	1,886.41
Add: Changes during the year	-	-	-	-
Shares outstanding at the end of the year	9,43,20,370	1,886.41	9,43,20,370	1,886.41

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

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

#### (c) The details of shareholders holding more than 5% shares

Name of the shareholders	As at 31 March, 2022		As at 31 March, 2021	
	No. of shares	% of holding	No. of shares	% of holding
Bhadresh K. Shah	5,51,28,901	58.45%	5,51,28,901	58.45%
Nalanda India Equity Fund Limited	91,27,809	9.68%	91,27,809	9.68%



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 21 SHARE CAPITAL (CONTD.)**

**(d) Shareholding of Promoters**

Shares held by promoters as at 31 March, 2022			% Change during the year
Name of the Promoter	No. of Shares	% of total shares	
Bhadresh Kantilal Shah	5,51,28,901	58.45%	-
Khushali Bhadreshbhai Shah	10,010	0.01%	-
Bhumika Shyamal Shodhan	10,005	0.01%	-
Gita Bhadresh Shah	5	0.00%	-
	<b>5,51,48,921</b>	<b>58.47%</b>	-

Shares held by promoters as at 31 March, 2021			% Change during the year
Name of the Promoter	No. of Shares	% of total shares	
Bhadresh Kantilal Shah	5,51,28,901	58.45%	-
Khushali Bhadreshbhai Shah	10,010	0.01%	-
Bhumika Shyamal Shodhan	10,005	0.01%	-
Gita Bhadresh Shah	5	0.00%	-
	<b>5,51,48,921</b>	<b>58.47%</b>	-

**NOTE - 22 OTHER EQUITY**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Reserves and surplus</b>		
(a) Securities premium		
Balance at the beginning and at the end of the year	26,579.52	26,579.52
(b) Capital redemption reserve		
Balance at the beginning and at the end of the year	1,925.74	1,925.74
(c) General reserve		
Balance at the beginning and at the end of the year	16,189.27	16,189.27
(d) Retained earnings		
Balance at the beginning of the year	3,62,297.68	3,13,656.46
Add: Profit for the year	58,450.53	48,490.18
Less: Remeasurement of defined benefit plan transferred from OCI	66.51	151.04
Less: Dividend on equity shares #	(8,488.83)	-
<b>Balance at the end of the year</b>	<b>4,12,325.89</b>	3,62,297.68
<b>Total reserves and surplus (A)</b>	<b>4,57,020.42</b>	4,06,992.21

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

### NOTE - 22 OTHER EQUITY (CONTD.)

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Other comprehensive income (OCI)</b>		
<b>Items that will not be reclassified to statement of profit and loss</b>		
(a) Remeasurement of defined benefit plan		
Balance at the beginning of the year	-	-
Recognised in statement of profit and loss	88.88	201.84
Tax impact on above	(22.37)	(50.80)
Less: Transferred to retained earnings	(66.51)	(151.04)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>
<b>Items that will be reclassified to statement of profit and loss</b>		
(b) Cash flow hedge reserve:		
Balance at the beginning of the year	563.55	987.76
Recognised in statement of profit and loss		
Mark to market of hedging designated instruments and effective as hedges of future cash flow	(421.93)	1,179.63
Restatements of trade receivables to the extent of hedging	345.21	(1,746.51)
	<b>(76.72)</b>	<b>(566.88)</b>
Effect of tax on above		
Tax on Mark to market of hedging designated instruments and effective as hedges of future cash flow [refer Note 40(C)]	106.19	(296.89)
Tax on Restatements of trade receivables to the extent of hedging	(86.88)	439.56
Net tax in OCI	19.31	142.67
<b>Balance at the end of the year</b>	<b>506.14</b>	<b>563.55</b>
(c) Fair value through other comprehensive income		
Balance at the beginning of the year	-	-
Recognised in statement of profit and loss	100.97	-
Tax impact on above	(25.41)	-
<b>Balance at the end of the year</b>	<b>75.56</b>	<b>-</b>
<b>Total other comprehensive income (B)</b>	<b>581.70</b>	<b>563.55</b>
<b>Total other equity (A+B)</b>	<b>4,57,602.12</b>	<b>4,07,555.76</b>

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

(₹ in Lakhs)

# Dividend on equity shares paid during the year	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Final dividend for the financial year 2020-21 [₹ 9.00 (previous year: nil) per equity share of ₹ 2.00 each]	8,488.83	-

**Note:** Board of Directors of the Company have proposed final dividend of ₹ 9.00 per equity share for the financial year 2021-22. Proposed dividend on equity shares are subject to approval at the Annual General Meeting and hence not recognized as a liability as at 31 March, 2022. No interim dividend was declared and paid during the financial year 2021-22.



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 23 LEASE LIABILITIES**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Non current lease liabilities	308.12	575.02
	<b>308.12</b>	575.02

**NOTE - 24 PROVISIONS**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Non-current provisions</b>		
Provision for warranties	534.30	769.51
	<b>534.30</b>	769.51
<b>Movement in provision for warranties</b>		
Balance at the beginning of the year	914.37	781.48
Utilisation during the year	(49.26)	(37.63)
Provision For the year #	151.46	200.79
Written back during the year	(280.07)	(30.27)
<b>Balance at the end of the year</b>	<b>736.50</b>	<b>914.37</b>
Non-current	534.30	769.51
Current (refer Note 30)	202.20	144.86
	<b>736.50</b>	914.37

# The Company provides standard warranty to all its customers for any manufacturing defects in the products sold by the Company. Generally, the time year of warranty is linked to the hours which has been assured by the Company towards performance of the product under normal mill operation. Based on evaluation made by Company's technical team and the Company's historic experience of claims, the Company provides for warranty at the rate of 0.05% of sales for the year and is carried in the books for a year upto 4 years.

**NOTE - 25 BORROWINGS**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Current borrowings</b>		
Loans repayable on demand		
Secured loans from bank	-	7,000.00
Unsecured loans from bank	-	11,100.00
	-	<b>18,100.00</b>

**Borrowing based on security of current assets**

- The Company has obtained various borrowings from banks on basis of security of current assets wherein the quarterly returns/statements of current assets as filed with banks are in agreement with the books of accounts.
- Secured Export Packing Credit ('EPC') facilities are availed from Citi Bank N.A. carrying interest rate ranging from 0.80% to 3.80% during the year (Previous Year 1.00% to 3.50%)
- Unsecured Export Packing Credit ('EPC') facilities are availed from JP Morgan carrying interest rate ranging from 0.77% to 4.03% during the year (Previous Year 1.00% to 3.50%)

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

### NOTE - 26 LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Current lease liabilities	317.31	257.78
	<b>317.31</b>	257.78

### NOTE - 27 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Total outstanding dues of micro enterprises and small enterprises #	3,846.20	3,600.54
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Due to related parties [refer Note 47 (d)]	381.37	987.50
Due to others	10,828.66	10,108.94
	<b>11,210.03</b>	11,096.44
	<b>15,056.23</b>	14,696.98

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

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

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Principal amount due to micro and small enterprise (including capital creditors-refer Note 28)	4,050.78	3,860.59
Interest due on above	5.09	11.39
Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the principal amount of the payment made to the supplier beyond the appointed day during the year.	11.22	5.26
Interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	6.13
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

**Note:** The Company had sought confirmation from its vendors on their status under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") as per provisions contained in amended notification which came into effect from 1 August, 2020. Dues to micro and small enterprises have been determined to the extent confirmations received by the Company from its vendors.



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 27 TRADE PAYABLES (CONTD.)**

Trade Payables ageing schedule as at 31 March, 2022

(₹ in Lakhs)

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not Due	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	2,688.92	1,155.33	1.95	-	-	3,846.20
(ii) Others	-	8,433.70	2,601.02	46.46	18.99	109.86	11,210.03
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-

Trade Payables ageing schedule as at 31 March, 2021

(₹ in Lakhs)

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not Due	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	2750.07	843.52	0.82	5.02	1.11	3,600.54
(ii) Others	-	7910.98	3101.85	45.89	28.84	8.88	11,096.44
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-

**NOTE - 28 OTHER FINANCIAL LIABILITIES**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Salary, wages and bonus payable	1,294.37	1,235.70
Unpaid dividends *	10.72	11.12
Interest accrued on borrowings	-	4.84
Capital creditors #	996.88	850.80
Other payables	46.76	84.08
	<b>2,348.73</b>	<b>2,186.54</b>

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

# The balance includes outstanding dues of micro enterprises and small enterprises of ₹ 209.67 Lakhs as at 31 March, 2022 (₹ 271.44 Lakhs as 31 March, 2021).

# Refer Note 27 for Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006.

**NOTE - 29 OTHER CURRENT LIABILITIES**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Customer advances	814.65	900.15
Others		
Security deposits	13.39	5.83
Statutory dues and other payables	387.25	344.15
	<b>1,215.29</b>	<b>1,250.13</b>



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

### NOTE - 30 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Current provisions</b>		
Provision for employee benefits (refer Note 42)		
Gratuity	133.46	51.99
Provision for warranties (refer Note 24)	202.20	144.86
	<b>335.66</b>	196.85

### NOTE - 31 CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Provision for income tax [net of advance tax and tax deducted at source of ₹ 15,992.18 Lakhs (previous year ₹ 18,129.71 Lakhs)]	958.02	109.80
	<b>958.02</b>	109.80

### NOTE - 32 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Sale of products		
Export sales	2,35,241.37	1,90,226.76
Domestic sales	67,707.68	50,804.91
	<b>3,02,949.05</b>	<b>2,41,031.67</b>
Other operating revenue		
Exports incentives	4,338.39	5,601.20
Other sales	869.59	666.51
	<b>5,207.98</b>	6,267.71
	<b>3,08,157.03</b>	2,47,299.38

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

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
<b>Reconciliation of revenue from operations with the contracted price:</b>		
Contracted price	3,03,429.84	2,41,360.49
Adjustments :		
- Discounts	(41.86)	(57.34)
- Sales return	(438.93)	(271.48)
Sale of products	3,02,949.05	2,41,031.67
Other operating revenue	5,207.98	6,267.71
Revenue from operations	<b>3,08,157.03</b>	<b>2,47,299.38</b>



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 32 REVENUE FROM OPERATIONS (CONTD.)**

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
<b>Revenue disaggregation by geography:</b>		
India	72,915.66	57,072.62
Outside India:		
U.A.E.	2,34,208.63	1,88,077.22
Others	1,032.74	2,149.54
	<b>3,08,157.03</b>	<b>2,47,299.38</b>

**Contract balances**

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

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Trade receivables</b>	1,30,054.64	1,06,367.77
<b>Contract assets</b>	-	-
<b>Contract liabilities</b>		
Advance from customers	814.65	900.15

**NOTE - 33 OTHER INCOME**

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Interest income from financial assets	7,570.94	4,777.15
Dividend Income	8,429.91	-
Other non-operating income		
Profit on sale of mutual fund units	152.23	3,677.24
Gain on foreign exchange fluctuation (net)	8,929.35	4,723.31
Gain on fair value of current investments	1,588.96	1,228.20
Provision for doubtful trade receivables written back (net)	57.31	-
Provision for warranties written back (net)	128.61	-
Miscellaneous Income	111.50	74.81
	<b>26,968.81</b>	<b>14,480.71</b>

**NOTE - 34 COST OF MATERIALS CONSUMED**

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Opening stock at the beginning of the year	8,097.77	11,564.78
Add: Purchases during the year	1,82,284.99	1,04,611.02
Less: Closing stock at the end of the year	17,521.09	8,097.77
	<b>1,72,861.67</b>	<b>1,08,078.03</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

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

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Opening stock		
Work-in-progress	14,674.00	15,940.02
Finished goods	10,536.01	8,026.88
	<b>25,210.01</b>	23,966.90
Closing stock		
Work-in-progress	17,822.53	14,674.00
Finished goods	18,362.72	10,536.01
	<b>36,185.25</b>	25,210.01
	<b>(10,975.24)</b>	(1,243.11)

### NOTE - 36 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Salaries, wages and bonus	9,436.67	8,925.78
Contribution to provident and other funds	581.37	587.05
Expenses related to post employment defined benefit plans [refer Note 42 (iv)]	222.33	253.82
Staff welfare expenses	62.42	39.26
	<b>10,302.79</b>	9,805.91

### NOTE - 37 FINANCE COSTS

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Interest on:		
Bank borrowings	239.88	284.27
Income Tax	32.69	-
Lease liabilities	76.82	113.10
Others	13.85	1.15
	<b>363.24</b>	398.52

### NOTE - 38 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Depreciation of property, plant and equipment (refer Note 4)	8,590.47	8,619.07
Depreciation of Right of Use assets (refer Note 5)	298.91	393.42
Amortisation of intangible assets (refer Note 7)	94.52	84.57
	<b>8,983.90</b>	9,097.06



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 39 OTHER EXPENSES**

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Consumption of stores	24,938.46	21,124.36
Power and Fuel	31,679.30	26,941.01
Contract labour charges	6,805.25	6,685.11
Repairs and maintenance		
- Buildings	281.08	214.17
- Plant and machineries	1,013.11	825.79
- Others	733.95	824.84
Lease rent (refer Note 5)	12.81	2.44
Insurance	561.57	526.92
Rates and taxes	160.90	138.10
Security expenses	511.19	526.77
Printing, stationery and communication expenses	118.20	124.19
Travelling and conveyance expense	761.49	621.51
Advertisement and sales promotion	11.06	15.69
Freight outward expenses	5,416.42	4,731.12
Royalty expenses	388.74	289.16
Commission expenses	366.26	348.84
Warranty expenses	-	170.52
Directors' sitting fees	7.50	5.40
Payments to auditors		
- Statutory audit fees	19.50	17.50
- Quarterly Limited reviews	24.60	22.50
- Certification and other services	1.10	1.39
- Reimbursement of expenses	2.47	1.08
Legal and professional consultancy fees	1,153.28	1,599.63
Bank commission charges	128.73	99.46
Donation	0.28	1.61
Corporate social responsibility expenses (refer Note 52)	1,245.33	1,144.69
Loss on sale/disposal of Property, plant and equipment and right of use assets (net)	10.90	216.37
Provision for doubtful trade receivables (net)	-	3.26
Other miscellaneous expenses	333.36	310.99
	<b>76,686.84</b>	67,534.42

**NOTES**  
**TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 40 TAX EXPENSES**

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
<b>(a) Tax expense</b>		
<b>Current Tax</b>		
Provision for current tax	16,808.26	18,628.27
Excess provision for current tax of earlier years written back	(150.40)	-
Net deferred tax [refer Note 40(c)]	136.33	(2,317.16)
<b>Tax expense for the year</b>	<b>16,794.19</b>	16,311.11
<b>(b) Deferred tax</b>		
<b>Deferred tax liabilities</b>		
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	5,111.61	5,053.01
Fair valuation of current investments	721.95	618.81
Hedge reserve balance	-	76.95
	<b>5,833.56</b>	5,748.77
<b>Deferred tax assets</b>		
Hedge reserve balance	29.24	-
	<b>29.24</b>	-
<b>Deferred tax liabilities (net) [refer Note 40(c)]</b>	<b>5,804.32</b>	5,748.77

**(c) Movement in deferred tax**

(₹ in Lakhs)

Particulars	Opening balance as at 1 April	Statement of profit and loss	Other comprehensive income	Closing balance as at 31 March
<b>2021-22</b>				
<b>Deferred tax liabilities</b>				
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	5,053.01	58.60	-	5,111.61
Fair valuation of current investments	618.81	77.73	25.41	721.95
Hedge reserve balance	76.95	-	(76.95)	-
	<b>5,748.77</b>	<b>136.33</b>	<b>(51.54)</b>	<b>5,833.56</b>
<b>Deferred tax assets</b>				
Hedge reserve balance	-	-	29.24	29.24
	-	-	<b>29.24</b>	<b>29.24</b>
<b>Deferred tax liabilities (net)</b>	<b>5,748.77</b>	<b>136.33</b>	<b>(80.78)</b>	<b>5,804.32</b>



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 40 TAX EXPENSES (CONTD.)**

(₹ in Lakhs)

Particulars	Opening balance as at 1 April	Statement of profit and loss	Other comprehensive income	Closing balance as at 31 March
<b>2020-21</b>				
<b>Deferred tax liabilities</b>				
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	5,103.14	(50.13)	-	5,053.01
Fair valuation of current investments	2,885.84	(2,267.03)	-	618.81
Hedge reserve balance	-	-	76.95	76.95
	<b>7,988.98</b>	<b>(2,317.16)</b>	<b>76.95</b>	<b>5,748.77</b>
<b>Deferred tax assets</b>				
Hedge reserve balance	219.94	-	(219.94)	-
	<b>219.94</b>	<b>-</b>	<b>(219.94)</b>	<b>-</b>
<b>Deferred tax liabilities (net)</b>	<b>7,769.04</b>	<b>(2,317.16)</b>	<b>296.89</b>	<b>5,748.77</b>

**(d) Effective tax reconciliation**

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

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Profit before tax for the year	75,244.72	64,801.29
Tax at statutory income tax rate of 25.168% in India	18,937.59	16,309.19
Adjustments:		
Tax on Foreign Dividend not charged to Profit & Loss	(2,121.64)	-
Income from long term investment taxed at lower rate	(196.36)	(288.04)
Non-deductible expenses for tax purposes	325.00	289.94
Tax of earlier years written back	(150.40)	-
Others	-	0.02
<b>Tax expense reported in the statement of profit and loss</b>	<b>16,794.19</b>	<b>16,311.11</b>

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 41 EARNINGS PER SHARE

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Net profit attributable to the equity shareholders (₹ in Lakhs)	58,450.53	48,490.18
Weighted average number of equity shares outstanding during the year (nos.)	9,43,20,370	9,43,20,370
Nominal value of equity share (₹)	2.00	2.00
Basic and diluted earnings per share (₹)	61.97	51.41

### NOTE - 42 EMPLOYEE BENEFITS

#### The Company has the following post-employment benefit plans

##### A. Defined contribution plan

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

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Employer's contribution to provident fund	504.97	509.84

(₹ in Lakhs)

##### B. Defined benefit plans

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

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

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

##### (i) Risks associated to the defined benefit plans:

- Actuarial risk: Risks due to adverse salary growth/Variability in mortality and withdrawal rates.
- Investment risk: Risks due to significant changes in discount rate during the inter-valuation year.
- Liquidity risk: Risks on account of Employees resign/retire from the company and as result strain on the cash flow arises.
- Market risk: Risks related to changes and fluctuation of the financial markets and assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
- Legislative risk: Risks of increase in the plan liabilities or reduction in plan assets due to change in legislation.



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 42 EMPLOYEE BENEFITS (CONTD.)**

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

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Defined benefit obligation at the beginning of the year	3,105.39	3,031.65
Recognised in statement of profit and loss:		
Current service cost	226.22	229.98
Interest cost	179.14	186.72
Actuarial (gain)/loss recognised in other comprehensive income:		
Due to change in financial assumptions	(182.68)	57.41
Due to change in demographic assumptions	-	-
Due to experience adjustments	105.42	(240.10)
Benefits paid	(220.69)	(160.27)
Defined benefit obligation at the end of the year	<b>3,212.80</b>	3,105.39

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

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Fair value of plan assets at the beginning of the year	3,053.40	2,552.72
Interest income	183.02	162.89
Return on plan assets excluding amounts included in interest income	11.62	19.14
Contributions by the employer	51.99	478.92
Benefits paid	(220.69)	(160.27)
Fair value of plan assets at the end of the year	3,079.34	3,053.40
<b>Actual return on plan assets</b>	<b>194.64</b>	<b>182.03</b>

**(iv) Expense recognised during the year:**

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Current service cost	226.22	229.98
Net interest cost	(3.88)	23.84
Net value of remeasurement on the obligation and plan assets	-	-
<b>Net cost recognised in statement of profit and loss</b>	<b>222.34</b>	253.82
Components of actuarial gains/(losses):		
Due to change in financial assumptions	(182.68)	57.41
Due to experience adjustments	105.42	(240.11)
Due to change in demographic assumptions	-	-
Return on plan assets excluding amounts included in interest income	(11.62)	(19.14)
<b>Net cost recognised in other comprehensive income</b>	<b>(88.88)</b>	(201.84)



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 42 EMPLOYEE BENEFITS (CONTD.)**

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

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	As at 31 March, 2022	As at 31 March, 2021
Present value of obligation	3,212.80	3,105.39
Fair value of plan assets	3,079.34	3,053.40
Net defined benefit liability at end of the year	133.46	51.99

**(vi) Composition of plan assets:**

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	As at 31 March, 2022	As at 31 March, 2021
<b>Debt instruments</b>		
<b>Investment funds</b>		
Insurance policies	100%	100%
	<b>100%</b>	<b>100%</b>

**(vii) Key actuarial assumptions:**

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	As at 31 March, 2022	As at 31 March, 2021
<b>Financial assumptions</b>		
Discount rate	6.95%	6.35%
Expected rate of return on plan assets	6.95%	6.35%
Salary growth rate	8.50%	8.50%
<b>Demographic assumptions</b>		
Withdrawal rate	5% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages
Mortality table	Indian assured lives mortality (2012-14)	Indian assured lives mortality (2012-14)

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

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



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 42 EMPLOYEE BENEFITS (CONTD.)**

**(viii) Sensitivity analysis:**

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

**Impact on defined benefit obligations - Gratuity:**

Particulars	Increase in assumption		Decrease in assumption	
	As at 31 March, 2022	As at 31 March, 2021	As at 31 March, 2022	As at 31 March, 2021
<b>Discount rate</b>				
Change in assumption by 0.50%	-4.34%	-4.51%	4.70%	4.90%
<b>Salary growth rate</b>				
Change in assumption by 0.50%	4.59%	4.75%	-4.28%	-4.42%
<b>Withdrawal rate</b>				
Change in assumption by 0.10%	-0.22%	-0.33%	0.23%	0.33%

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

**(ix) Maturity profile of the defined benefit obligation:**

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	As at 31 March, 2022	As at 31 March, 2021
<b>Age wise distribution of defined benefit obligation</b>		
Age in years		
Less than 25	4.03	4.00
25 to 35	279.03	324.43
35 to 45	911.46	834.05
45 to 55	1,088.32	1,086.65
above 55	929.96	846.34
Accrued gratuity for left employees	-	9.92
	<b>3,212.80</b>	3,105.39
<b>Past service wise distribution of defined benefit obligation</b>		
Service year in years		
0 to 4	74.59	61.45
4 to 10	236.46	287.26
10 to 15	914.63	987.29
15 and above	1,987.12	1,759.47
Accrued gratuity for left employees	-	9.92
	<b>3,212.80</b>	3,105.39

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 42 EMPLOYEE BENEFITS (CONTD.)

#### C. Other long-term employee benefits

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

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

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

#### Key actuarial assumptions:

Particulars	Leave encashment (funded)	
	As at 31 March, 2022	As at 31 March, 2021
<b>Financial assumptions</b>		
Discount rate	6.95%	6.35%
Expected rate of return on plan assets	6.95%	6.35%
Salary growth rate	8.50%	8.50%
<b>Demographic assumptions</b>		
Withdrawal rate	5% at younger ages reducing to 1% at older ages	5% at younger ages reducing to 1% at older ages
Mortality table	Indian assured lives mortality (2012-14)	Indian assured lives mortality (2012-14)

Leave encashment expenses recognised during the year in the standalone statement of profit and loss amounts to ₹ 158.69 Lakhs (previous year ₹ 84.98 Lakhs)

#### D. Company's estimate of contributions expected to be paid during Financial Year 2022-23

(i) Defined contribution plan:	
(a) Employer's contribution to provident fund	12% of salary
(ii) Defined benefit plan:	
(a) Gratuity	133.46
(iii) Other long-term employee benefits	
(a) Leave encashment	-



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 43 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>(a) Contingent liabilities</b>		
<b>Claims against the Company not acknowledged as debts:</b>		
Central Excise, Service tax and GST	190.11	87.18
Income tax		
In High Court (Decision is received in favour of company in ITAT and Income Tax Department has appealed decision of ITAT in High Court).	11,473.81	6,784.68
In Commissioner of Income-tax (CIT)	11,910.70	-
<b>Total Income tax</b>	<b>23,384.51</b>	6,784.68
Sales tax/VAT	57.23	89.62
Guarantees:		
Outstanding bank guarantees	15,014.05	15,998.39
Outstanding corporate guarantees given to customers	174.21	223.62
Letter of Credit	2,008.18	3,369.72
Others matters including claims related to ESIC, Electricity and Ex-employees	598.46	604.98
	<b>41,426.75</b>	27,158.19
<b>(b) Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	3,270.61	8,703.94
	<b>3,270.61</b>	8,703.94

**Notes:**

- (i) Most of the issues of litigation pertaining to Central Excise/Service tax/Income tax (including transfer pricing matters) are based on interpretation of the respective law & rules thereunder. Management has been opined by its counsel that many of the issues raised by revenue will not be sustainable in law as they are covered by judgements of respective judicial authorities which supports its contention. Further, in several matters, the management has successfully defended their case at lower forums of adjudication. Accordingly, the management do not envisage any material impact on the standalone financials statements of the Company.
- (ii) Sales tax/VAT related litigation/demand primarily pertains to non submission of required declaration forms in time due to non-receipt of the same from customers and/or some interpretation related issues. However in most of the cases, required documents are being filed and minor impact if any, shall be given in the year of final outcome of respective matter in appeal.
- (iii) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the year the Code becomes effective.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 44 ARBITRATION MATTER

On termination of Joint Venture and Shareholders' Agreement, a Settlement Deed dated 16 February, 2000 was executed between Mr. Bhadresh K. Shah, and Magotteaux International S.A. Belgium ("Magotteaux"). The Group and Magotteaux have amicably entered into an out of court settlement whereby both the parties have agreed to a full and final binding settlement of all claims made in, arising out of, or in connection, with the Arbitration Proceeding and Challenge proceedings, including claims as to cost, with no liberty to reinstate any such claims in in any form and signed a settlement agreement on 7 October, 2020.

Consequent to this settlement, Magotteaux has withdrawn its appeal filed before Hon'ble Commercial Court of England (QBD) and ended the arbitration proceedings. Hon'ble Commercial Court of England (QBD) has passed an order dated 15 October, 2020 to this effect.

### NOTE - 45 CANADA ANTI- DUMPING DUTY

After a full Anti Dumping Duty and Countervailing Duties review, Canada Border Services Agency has notified a schedule for duties for imports of high chrome grinding media ( manufactured by AIA in India) into Canada. The way the protocol will apply is - no anti dumping duty is leviable if the FOB Value of the invoice is above prescribed prices for certain defined grades and it will be 15.70% for grades other than ones defined in the order. A separate Countervailing Duties of ₹ 3,874 per MT will be levied on all imports of Grinding Media.

### NOTE - 46 COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these standalone financial statements including the recoverability of carrying amounts of financial and non- financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company has, at the date of approval of these standalone financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered. Having reviewed the underlying information, management believes the impact of the pandemic may not be significant. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.

### NOTE - 47 RELATED PARTY DISCLOSURES

#### A. List of related parties

(i) Subsidiaries:

Sr. no.	Name of entity	Country of incorporation	% of holding as at 31 March, 2022	% of holding as at 31 March, 2021
<b>Direct subsidiaries</b>				
1	Welcast Steels Limited	India	74.85%	74.85%
2	Vega Industries (Middle East) F.Z.C.	U.A.E.	100.00%	100.00%
3	AIA CSR Foundation	India	100.00%	100.00%
<b>Indirect subsidiaries</b>				
4	Vega Industries Limited *	U.K.	100.00%	100.00%
5	Vega Industries Limited **	U.S.A.	100.00%	100.00%
6	Vega Steel Industries (RSA) Proprietary Limited #	South Africa	74.63%	74.63%
7	Wuxi Vega Trade Co. Limited *	China	100.00%	100.00%
8	PT. Vega Industries Indonesia ***	Indonesia	100.00%	100.00%
9	Vega Industries Chile SpA *	Chile	100.00%	100.00%
10	AIA Ghana Limited *	Ghana	100.00%	100.00%
11	Vega Industries Australia Pty Limited.*	Australia	100.00%	100.00%

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

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

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

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



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 47 RELATED PARTY DISCLOSURES (CONTD.)**

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

Sr. no.	Name	Designation
1	Mr. Rajendra S. Shah	Chairman
2	Mr. Bhadresh K. Shah #	Managing Director
3	Mr. Yashwant M. Patel	Whole-time Director
4	Mr. S. N. Jetheliya	Company Secretary
5	Mr. Viren K.Thakkar	Chief Financial Officer

# Controlling party. Refer Note 21 for shareholding pattern.

(iii) Independent directors:

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

(iv) Others:

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

\* Non-Executive director of the Company.



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 47 RELATED PARTY DISCLOSURES (CONTD.)**

**B. Details of related party transactions for the year ended**

(₹ in Lakhs)

Sr. no.	Nature of transaction	Subsidiaries		Key Managerial Personnel		Independent Directors		Enterprise over which key managerial personnel or close member of their family exercise control		Relatives of key managerial personnel		Post employment benefit plan of the Company
		31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021	
1	Sale of products (inclusive of taxes)	2,34,283.69	1,88,136.73	-	-	-	-	-	-	-	-	-
2	Recovery of freight charges	27,057.76	7,173.08	-	-	-	-	-	-	-	-	-
3	Miscellaneous receipt of income	37.01	60.36	-	-	-	-	-	-	-	-	-
4	Insurance Premium on ECGC	282.78	253.96	-	-	-	-	-	-	-	-	-
5	Purchase of goods (inclusive of taxes)	2,370.49	3,947.07	-	-	-	-	3,744.86	2,925.96	-	-	-
6	Commission expense on sales	73.66	58.97	-	-	-	-	-	-	-	-	-
7	CSR expenses	656.00	600.00	-	-	-	-	-	-	-	-	-
8	Commission expense on purchases	-	-	-	-	-	-	107.08	121.53	-	-	-
9	Legal and professional consultancy fees	-	-	-	-	-	-	10.74	12.87	-	-	-
10	SAP ERP functional and technical support	-	-	-	-	-	-	90.64	86.44	-	-	-
11	Salary, bonus and perquisites	-	-	149.42	144.07	-	-	-	-	1.54	1.54	-
12	Contribution to gratuity fund	-	-	-	-	-	-	-	-	-	-	51.99
13	Rent, rates and taxes	-	-	-	-	-	-	-	-	3.84	3.84	-
14	Travelling expenses	-	-	-	-	-	-	83.14	54.63	-	-	-
15	Professional tax	-	0.03	-	-	-	-	-	-	-	-	-
16	Dividend received	8,429.91	-	-	-	-	-	-	-	-	-	-
17	Directors' remuneration and perquisites	-	-	126.21	96.16	-	-	-	-	-	-	-
18	Sitting fees paid	-	-	-	-	5.95	4.20	-	-	1.55	1.20	-
19	Commission to Directors	-	-	-	-	22.00	22.50	-	-	18.00	-	-
		<b>2,73,191.30</b>	<b>2,00,230.20</b>	<b>275.63</b>	<b>240.23</b>	<b>27.95</b>	<b>26.70</b>	<b>4,036.46</b>	<b>3,201.43</b>	<b>24.93</b>	<b>6.58</b>	<b>51.99</b>
	Outstanding balance receivable at year end	<b>1,16,393.47</b>	<b>93,386.03</b>	-	-	-	-	<b>4.03</b>	<b>3.40</b>	-	-	-
	Outstanding balance payable at year end	<b>164.83</b>	<b>703.84</b>	<b>13.09</b>	<b>10.72</b>	<b>19.80</b>	<b>20.81</b>	<b>196.36</b>	<b>262.46</b>	<b>0.38</b>	<b>0.39</b>	<b>133.46</b>
												<b>51.99</b>



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 47 RELATED PARTY DISCLOSURES (CONTD.)**

**C. Disclosures in respect of transactions with related parties for the year ended**

(₹ in Lakhs)

Sr. no.	Nature of transaction	Name of related party	31 March, 2022	31 March, 2021
1	Sale of products (inclusive of taxes)	Vega Industries (Middle East) F.Z.C.	2,34,208.63	1,88,077.22
		Welcast Steels Limited	75.06	59.51
2	Recovery of freight charges	Vega Industries (Middle East) F.Z.C.	27,057.76	7,173.08
3	Miscellaneous receipt of Income	Vega Industries (Middle East) F.Z.C.	24.98	18.29
		Vega Industries Limited, U.K.	4.73	18.29
		Vega Industries Limited, U.S.A.	5.69	5.49
		Wuxi Vega Trade Co. Limited	1.61	18.29
4	Dividend received	Vega Industries (Middle East) F.Z.C.	8,429.91	-
5	Insurance Premium on ECGC	Vega Industries (Middle East) F.Z.C.	282.78	253.96
6	Purchase of goods (inclusive of taxes)	Welcast Steels Limited	2,370.49	3,947.07
		Harsha Engineers International Limited (formerly known as Harsha Engineering Limited)	3,744.86	2,925.96
7	Commission expense on sales	Vega Industries (Middle East) F.Z.C.	73.66	58.97
8	CSR expenses	AIA CSR Foundation	656.00	600.00
9	Commission expense on purchases	AB Tradelink Private Limited	107.08	121.53
10	Legal and professional consultancy fees	RNCA & Associates	10.74	12.87
11	SAP ERP functional and technical support	Discus IT Private Limited	90.64	86.44
12	Salary, bonus and perquisites	Mrs. Gitaben B. Shah	1.54	1.54
		Mr. S. N. Jetheliya	66.98	65.26
		Mr. Viren K.Thakkar	82.44	78.81
13	Contribution to gratuity fund	AIA Employee's Gratuity Trust Fund	51.99	478.92
14	Rent, rates and taxes	Mrs. Giraben K. Shah	3.84	3.84
15	Travelling expenses	Vee Connect Travel Private Limited	83.14	53.02
		AB Tradelink Private Limited	-	1.61
16	Professional tax	Welcast Steels Limited	-	0.03
17	Directors' remuneration and perquisites	Mr. Bhadresh K. Shah	95.89	81.44
		Mr. Yashwant M. Patel	30.32	14.72
18	Sitting fees paid	Mr. Rajendra S. Shah	1.20	1.00
		Mr. Sanjay S. Majmudar	1.60	1.00
		Mr. Dileep C. Choksi	0.65	0.60
		Mr. Rajan Harivallabhdas	1.60	1.00
		Mrs. Janaki Udayanbhai Shah	0.90	0.60
		Mrs. Khushali Samip Solanki	0.65	0.60
		Mrs. Bhumika Shyamal Shodhan	0.90	0.60
19	Commission to Directors	Mr. Sanjay S.Majmudar	22.00	22.50
		Mrs. Khushali Samip Solanki	18.00	-



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 47 RELATED PARTY DISCLOSURES (CONTD.)**

**D. The details of amounts due to or due from related parties as at**

(₹ in Lakhs)

Sr. no.	Particulars	Name of related party	31 March, 2022	31 March, 2021
<b>1</b>	<b>Trade receivables</b>			
	(a) Subsidiaries	Vega Industries (Middle East) F.Z.C.	1,14,096.50	92,766.15
		Wuxi Vega Trade Co., Limited	1.61	18.29
		Vega Industries Limited, U.K.	4.73	18.29
		Vega Industries Limited, U.S.A.	5.69	5.49
		Welcast Steels Limited	-	0.58
			<b>1,14,108.53</b>	92,808.80
<b>2</b>	<b>Contractually Reimbursable Expenses</b>			
	(a) Subsidiaries	Vega Industries (Middle East) F.Z.C.	2,284.94	577.23
			<b>2,284.94</b>	577.23
<b>3</b>	<b>Trade payables</b>			
	(a) Subsidiaries	Welcast Steels Limited	164.83	703.84
			<b>164.83</b>	703.84
	(b) Enterprise over which key managerial personnel or close member of their family exercise control	AB Tradelink Private Limited	4.44	10.71
		RNCA & Associates	1.53	0.63
		Harsha Engineers International Limited (formerly known as Harsha Engineering Limited)	190.39	251.12
			<b>196.36</b>	262.46
	(c) Independent directors	Mr. Sanjay S. Majmudar	19.80	20.81
	(d) Relatives of key managerial personnel	Mrs. Giraben K. Shah	0.29	0.30
		Mrs. Gitaben B. Shah	0.09	0.09
			<b>0.38</b>	<b>0.39</b>
			<b>381.37</b>	987.50
<b>4</b>	<b>Provision for employee benefits (Current)</b>			
	Post employment benefit plan of the Company	AIA Employee's Gratuity Trust Fund, India	133.46	51.99
			<b>133.46</b>	51.99
<b>5</b>	<b>Advances</b>			
	(a) Enterprise over which key managerial personnel or close member of their family exercise control	Discus IT Private Limited	-	0.74
		Vee Connect Travels Private Limited	4.03	2.66
			<b>4.03</b>	3.40
<b>6</b>	<b>Bank guarantees</b>			
	(a) Subsidiaries	Vega Industries Limited, U.K.	-	731.66
		Vega Industries (Middle East) F.Z.C.	1,518.00	731.66
		Wuxi Vega Trade Co. Limited	-	731.66
		Vega Industries Limited, U.S.A.	227.70	219.50
			<b>1,745.70</b>	2,414.48
<b>7</b>	<b>Other current liabilities</b>			
	(a) Key managerial personnel	Mr. Bhadresh K. Shah	5.00	4.00
		Mr. Yashwant M. Patel	1.26	1.16
		Mr. S. N. Jetheliya	3.29	3.01
		Mr. Viren K. Thakkar	3.54	2.55
			<b>13.09</b>	10.72

**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 47 RELATED PARTY DISCLOSURES (CONTD.)**

**E. Breakup of compensation paid to key managerial personnel for the year ended**

(₹ in Lakhs)

Sr. no.	Particulars	Name of key managerial personnel	31 March, 2022	31 March, 2021
1	<b>Short-term employee benefits</b>	Mr. Bhadresh K. Shah	95.89	81.44
		Mr. Yashwant M. Patel	30.32	14.72
		Mr. Viren K.Thakkar	82.44	78.81
		Mr. S. N. Jetheliya	66.98	65.26
			<b>275.63</b>	240.23
2	<b>Post-employment benefits</b>	Mr. Viren K.Thakkar	1.67	1.58
		Mr. S. N. Jetheliya	1.79	1.66
			<b>3.46</b>	3.24
			<b>279.09</b>	243.47

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

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

**NOTE - 48 OPERATING SEGMENTS**

**(a) Information about reportable segment**

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

**(b) Information about geographical segment**

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

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
(1) Revenues from external customers including operating revenue:		
India	72,915.66	57,072.62
U.A.E. [revenue from Vega Industries (Middle East) F.Z.C.]	2,34,208.63	1,88,077.22
Others	1,032.74	2,149.54
(2) Non-current assets (excluding financial assets and tax assets):		
India	1,01,404.12	97,517.54
Others	-	-

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 48 OPERATING SEGMENTS (CONTD.)

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
(a) Breakup of revenues :		
Revenue from operations	3,02,949.05	2,41,031.67
Other operating revenue	5,207.98	6,267.71
(b) Non-current assets		
Non-current assets (excluding financial instruments and tax assets).	1,01,404.12	97,517.54
All non-current assets of the Company are located in India		

There are no transactions with a single external customer which amounts to 10% or more of the Company's revenue. The sales to Vega Industries (Middle East) F.Z.C. (a wholly owned subsidiary) is disclosed above.

### NOTE - 49

The Company's international transactions with associated enterprises are at arm's length, as per the independent accountant's report for the year ended 31 March, 2021. The management believes that the Company's international transactions with associated enterprises post 31 March, 2021 continue to be at arm's length and that transfer pricing legislations will not have any impact on the standalone financial statements, particularly on the amount of tax expenses for the financial year 2021-22 and the amount of provision for taxation as at 31 March, 2022.

### NOTE - 50 FINANCIAL RISK MANAGEMENT

The Company's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk, market risk and commodity risk. The Company's senior management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Management Committee which is responsible for developing and monitoring the Company's risk management policies. The key risks and mitigating actions are also placed before the Audit Committee of the Company. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Risk Management Committee of the Company is supported by the Finance team and experts who provide assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The activities are designed to protect the Company's financial results and position from financial risks, maintain market risks within the acceptable parameters while optimizing returns and protect the Company's financial investments while maximizing returns.

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

Nature of risk	Exposure arising from	Measurement	Management
<b>Credit risk</b>	Cash and Cash equivalents, trade receivables, financial assets measured at amortized cost	Ageing analysis Credit rating	Credit limit set and ageing analysis protect Company from potential losses due to excess credit to the customers. Further the Company has also obtained ECGC insurance cover for export sales.
<b>Liquidity risk</b>	Borrowing and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.
<b>Market risk - interest rate</b>	Borrowings at variable rates	Sensitivity analysis	Interest rate swaps
<b>Market risk - foreign exchange</b>	Future commercial transactions recognized financial assets and liabilities not denominated in INR	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts.
<b>Commodity risk</b>	Purchase of raw material	Fluctuation in imported metal scrap and ferro chrome prices and currency rates	Procurement and inventory strategy



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)

#### Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle the obligation as agreed. To manage this, the Company periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable. Customer wise limits are set accordingly.

The Company considers the probability of default of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting year. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

- (i) Actual or expected significant adverse changes in business.
- (ii) Actual or expected significant changes in the operating results of the counterparty.
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.
- (iv) Significant increase in credit risk on other financial instruments of the same counterparty.

The Company categorizes financial assets based on the assumptions, inputs and factors specific to the class of financial asset into High-quality assets, negligible credit risk; Quality assets, low credit risk; Standard assets, moderate credit risk; Substandard assets, relatively high credit risk; Low quality assets, very high credit risk; Doubtful assets, credit impaired.

Financial assets are written off only when there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company considers a loan or receivable for write off review when it pasts greater than one year from due date. Where loans or receivables have been written off, the Company continues engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the standalone statement of profit and loss.

#### Provision for expected credit losses

Description of category	Category	Basis for recognition of expected credit loss provision		
		Investments	Loans and deposits	Trade receivables
Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	High-quality assets, negligible credit risk	12 month expected credit losses	12 month expected credit losses	Life time expected credit losses (simplified approach)
Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.	Quality assets, low credit risk	12 month expected credit losses	12 month expected credit losses	
Assets where the probability of default is moderate, counter-party where the capacity to meet the obligations is not strong.	Standard assets, moderate credit risk	12 month expected credit losses	12 month expected credit losses	
Assets where there has been a significant increase in credit risk since initial recognition where payments are more than 360 days past due	Substandard assets, relatively high credit risk	Life time expected credit losses	Life time expected credit losses	
Assets where there is a high probability of default. It includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 360 days past due.	Low quality assets, very high credit risk	Life time expected credit losses	Life time expected credit losses	
Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company.	Doubtful assets, credit impaired	Asset is written off		

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)

#### Expected credit loss for loans and deposits

(₹ in Lakhs)

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
<b>As at 31 March, 2022</b>					
<b>Loss allowance measured at 12 month expected credit losses:</b>					
Financial assets for which credit risk has not increased significantly since initial recognition	Loans	257.61	-	-	257.61
	Deposits	562.78	-	-	562.78
<b>Loss allowance measured at life time expected credit losses:</b>					
Financial assets for which credit risk has increased significantly and not credit impaired or credit impaired	NA	-	-	-	-
<b>As at 31 March, 2021</b>					
<b>Loss allowance measured at 12 month expected credit losses:</b>					
Financial assets for which credit risk has not increased significantly since initial recognition	Loans	191.92	-	-	191.92
	Deposits	536.97	-	-	536.97
<b>Loss allowance measured at life time expected credit losses:</b>					
Financial assets for which credit risk has increased significantly and not credit impaired or credit impaired	NA	-	-	-	-

#### Expected credit loss for trade receivables under simplified approach

#### Ageing of trade receivables as at year end

(₹ in Lakhs)

From due date of invoice	As at 31 March, 2022	As at 31 March, 2021
Not due	56,548.94	38,868.60
0 - 3 months	43,169.70	37,481.91
3 - 6 months	24,389.36	21,285.58
6 - 12 months	5,357.22	7,496.95
Beyond 12 months	589.42	1,234.73
Gross carrying amount	<b>1,30,054.64</b>	1,06,367.77
Expected credit loss	(136.05)	(193.36)
Net carrying amount	<b>1,29,918.59</b>	1,06,174.41

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows. Maturity groupings for Liquidity risk relating to lease liabilities (without discounting) is as under:



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
0-1 Year	362.60	352.05
2-5 Years	344.59	707.19
Above 5 Years	-	-
	<b>707.19</b>	<b>1,059.24</b>

**Financing arrangements**

The Company had access to following undrawn borrowing facilities as at year end:

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Fund and non-fund based facilities	77,277.77	44,331.89

The table below analyses derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining year from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Lakhs)

Particulars	0-1 years	1-5 years	Total
<b>As at 31 March, 2022</b>			
<b>Non-derivative financial liabilities</b>			
Long term borrowings (including current maturity of long term debt)	-	-	-
Short term borrowings	-	-	-
Trade payables	15,056.23	-	15,056.23
Other financial liabilities	2,348.73	-	2,348.73
	<b>17,404.96</b>	<b>-</b>	<b>17,404.96</b>
<b>Derivative financial liabilities</b>			
Forward exchange contracts used for hedging inflows	115.98	-	115.98
<b>As at 31 March, 2021</b>			
<b>Non-derivative financial liabilities</b>			
Long term borrowings (including current maturity of long term debt)	-	-	-
Short term borrowings	18,100.00	-	18,100.00
Trade payables	14,696.98	-	14,696.98
Other financial liabilities	2,186.54	-	2,186.54
	<b>34,983.52</b>	<b>-</b>	<b>34,983.52</b>
Derivative financial liabilities			
<b>Forward exchange contracts used for hedging inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Note:** Guarantees issued by the Company aggregating to ₹ 1,745.70 Lakhs (previous year: ₹ 2,414.48 Lakhs) on behalf of subsidiaries are with respect to borrowing limits obtained by the respective entity. These amounts will be payable on default by the concerned entity. As of the reporting date, none of the subsidiary have any outstanding borrowing and hence the Company does not have any present obligation to third parties in relation to such guarantees.

**Market risk - interest rate**

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)

#### Exposure to interest rate risk

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Borrowings bearing fixed rate of interest	-	18,100.00
Borrowings bearing variable rate of interest	-	-

#### Interest rate sensitivity

A change of 50 bps in interest rates would have following impact on profit before tax:

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Movement - effects on profit before tax</b>		
50 bp increase-decrease in profits	-	-
50 bp decrease-increase in profits	-	-

#### Market risk - Foreign currency risk

The Company operates internationally and large portion of the business is transacted in several currencies. Consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Exports of the Company are significantly higher in comparison to its imports. As a policy the Company does not cover the foreign exchange requirements for its imports and the same is managed from the export earnings in foreign currency. Foreign currency exchange rate exposure for exports is managed by prudent hedging policy.

#### Foreign currency exposure

Particulars	USD	EURO	ZAR	CAD	AUD	RUB	GBP
<b>As at 31 March, 2022:</b>							
Trade receivables (net of hedge) (a)	8,25,80,712	1,02,45,994	2,20,15,686	3,96,480	3,75,52,763	-	-
Bank balances in EEFC accounts (b)	99,21,715	24,54,700	50	2,26,730	25,55,050	-	-
Exposure to foreign currency risk (assets) (a+b)	9,25,02,427	1,27,00,694	2,20,15,736	6,23,210	4,01,07,813	-	-
Trade payables (c)	8,48,879	5,02,018	-	-	-	-	13,863
Exposure to foreign currency risk (liabilities) (d = c)	8,48,879	5,02,018	-	-	-	-	13,863
<b>As at 31 March, 2021:</b>							
Trade receivables (net of hedge) (a)	2,33,79,555	88,71,924	9,33,96,505	11,40,392	79,11,431	1,14,110	-
Bank balances in EEFC accounts (b)	2,40,33,275	10,98,279	69,55,194	42	13,35,644	-	-
Exposure to foreign currency risk (assets) (a+b)	4,74,12,830	99,70,203	10,03,51,699	11,40,434	92,47,075	1,14,110	-
Trade payables (c)	-	5,47,621	-	-	-	-	5,068
Exposure to foreign currency risk (liabilities) (d = c)	-	5,47,621	-	-	-	-	5,068



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)**

**Foreign currency risk sensitivity**

(₹ in Lakhs)

Particulars	Movement (%)		Effect on profit before tax		Effect on cost of assets	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
<b>USD sensitivity</b>						
INR/USD- increase by	1.00%	1.00%	695.66	346.90	-	-
INR/USD- decrease by	1.00%	1.00%	(695.66)	(346.90)	-	-
<b>EURO sensitivity</b>						
INR/EURO- increase by	1.00%	1.00%	102.73	80.96	-	-
INR/EURO- decrease by	1.00%	1.00%	(102.73)	(80.96)	-	-
<b>ZAR sensitivity</b>						
INR/ZAR- increase by	1.00%	1.00%	11.43	49.75	-	-
INR/ZAR- decrease by	1.00%	1.00%	(11.43)	(49.75)	-	-
<b>CAD sensitivity</b>						
INR/CAD- increase by	1.00%	1.00%	3.79	6.64	-	-
INR/CAD- decrease by	1.00%	1.00%	(3.79)	(6.64)	-	-
<b>AUD sensitivity</b>						
INR/AUD- increase by	1.00%	1.00%	228.24	51.51	-	-
INR/AUD- decrease by	1.00%	1.00%	(228.24)	(51.51)	-	-
<b>RUB sensitivity</b>						
INR/RUB- increase by	1.00%	1.00%	-	0.01	-	-
INR/RUB- decrease by	1.00%	1.00%	-	(0.01)	-	-
<b>GBP sensitivity</b>						
INR/GBP- increase by	1.00%	1.00%	0.14	0.05	-	-
INR/GBP- decrease by	1.00%	1.00%	(0.14)	(0.05)	-	-

**The following significant exchange rates have been applied during the year**

Rupees	Average rate		Year-end spot rate	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
USD	74.18	74.32	75.90	73.17
EUR	86.40	86.60	84.22	85.92
ZAR	4.97	4.52	5.19	4.96
CAD	59.22	55.86	60.80	58.20
GBP	101.72	96.13	99.83	100.96
AUD	54.75	52.65	56.91	55.70
AED	20.20	20.24	20.67	19.92
CNY	11.58	10.93	11.97	11.17
RUB	0.97	0.99	0.92	0.97
CLP	0.10	0.10	0.10	0.10
IDR	0.01	0.01	0.01	0.01
GHS	12.30	12.83	10.14	12.65



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)

#### Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forwards to mitigate the risk of changes in exchange rate on foreign currency exposures relating to the underlying transactions and firm commitments. The counterparty for these contracts are banks. These derivative financial instruments are generally with a maturity upto 1 year. The Company does not enter into any derivative instruments for trading or speculative purposes.

#### Cash flow hedge

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

Currency - sold/bought	Exposure to buy/sell	No. of contracts	Net position		Fair value gain/(loss) in cash flow hedge reserve
			Foreign currency	₹ in Lakhs	₹ in Lakhs
<b>31 March, 2022</b>					
USD/INR	Sell	241	2,08,00,000	15,787.30	48.38
AUD/INR		178	1,15,00,000	6,544.24	(164.55)
					<b>(116.17)</b>
		Less : Deferred tax			(29.24)
		Balance in cash flow hedge reserve			<b>(86.93)</b>
<b>31 March, 2021</b>					
USD/INR	Sell	251	7,60,00,000	55,606.24	333.89
ZAR/INR		7	1,20,00,000	595.20	19.07
AUD/INR		20	50,00,000	2,785.00	(47.20)
					<b>305.76</b>
		Less : Deferred tax			76.95
		Balance in cash flow hedge reserve			<b>228.81</b>

The movement of cash flow hedges in other comprehensive income is as follows:

Particulars	(₹ in Lakhs)	
	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Balance at the beginning of the year (net of tax)	228.81	(653.94)
Change in the fair value of effective portion of cash flow hedges in Other comprehensive income (net of tax)	(315.74)	882.75
<b>Balance at the end of the year (net of tax)</b>	<b>(86.93)</b>	228.81

#### Commodity Risk

Principal raw material for Company's products are metal scrap and ferro chrome. Company sources its raw material requirement from domestic and international markets. Domestic market price generally remains in line with international market prices. Volatility in metal prices, currency fluctuation of rupee vis-à-vis other prominent currencies coupled with demand-supply scenario in the world market affect the effective price of scrap and ferrous metal. Company effectively manages availability of material as well as price volatility through:

- (i) widening its sourcing base;
- (ii) appropriate contracts with vendors and customers and commitments;
- (iii) well planned procurement and inventory strategy.

Risk committee of the Company has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)**

**Consumption details of Metal scrap and Ferro chrome**

Particulars	(Quantity in MT)	
	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Metal scrap	2,14,221	2,02,896
Ferro chrome	65,271	55,652

**Commodity price sensitivity**

Increase/(decrease) in prices of metal scrap/ferro chrome by ₹ 1.00 per kg would have following impact on profit before tax:

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
₹ 1.00 increase in commodity price	(2,794.93)	(2,585.48)
₹ 1.00 decrease in commodity price	2,794.93	2,585.48

**(B) Capital Management**

A. The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern so that they can continue to provide return for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital

The Company monitors capital on the basis of the following debt equity ratio:

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Debt	-	18,100.00
Total equity	4,59,488.53	4,09,442.17
Debt to total equity (times)	-	0.04

Company believes in conservative leverage policy. Company's capital expenditure plan over the medium term shall be largely funded through internal accruals.

B. The Company follows the policy of Dividend for every financial year as may be decided by the Board considering financial performance of the Company and other internal and external factors enumerated in the Company's dividend policy such as reinvestment of capital in business. Company's Dividend policy is to distribute 10-25% of its consolidated net profit as dividend.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 51 FAIR VALUE MEASUREMENTS

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable input).

#### A. Financial assets

(₹ in Lakhs)

Particulars	Note	Instruments carried at			Total carrying value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
<b>As at 31 March, 2022</b>						
Non-current investments #	8	48.50	-	-	48.50	48.50
Current investments	15	42,445.64	53,657.27	5,105.84	1,01,208.75	42,445.64
Trade receivables	9,16	-	-	1,30,054.64	1,30,054.64	-
Loans	10,18	-	-	257.61	257.61	-
Cash and cash equivalents	17	-	-	17,690.98	17,690.98	-
Bank balances other than above	11,17	-	-	55,566.99	55,566.99	-
Other financial assets	19	-	-	5,455.84	5,455.84	-
		<b>42,494.14</b>	<b>53,657.27</b>	<b>2,14,131.90</b>	<b>3,10,283.31</b>	<b>42,494.14</b>
<b>As at 31 March, 2021</b>						
Non-current investments #	8	85.82	-	25,635.37	25,721.19	85.82
Current investments	15	37,428.56	-	14,597.52	52,026.08	37,428.56
Trade receivables	9,16	-	-	1,06,367.77	1,06,367.77	-
Loans	10,18	-	-	191.92	191.92	-
Cash and cash equivalents	17	-	-	21,708.67	21,708.67	-
Bank balances other than above	11,17	-	-	93,130.85	93,130.85	-
Derivatives		313.18	-	-	313.18	313.18
Other financial assets	19	-	-	5,463.14	5,463.14	-
		<b>37,827.56</b>	<b>-</b>	<b>2,67,095.24</b>	<b>3,04,922.80</b>	<b>37,827.56</b>

# Investments in subsidiaries classified as equity investments and investment in government securities have been accounted at historical cost. Since these are scope of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the above table. Investments in unquoted equity shares of entities other than subsidiaries have been designated as FVTPL and such investment upon sale is only going to fetch the principle amount invested and hence the management considers cost and fair value to be the same.



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 51 FAIR VALUE MEASUREMENTS (CONTD.)**

**B. Financial liabilities**

(₹ in Lakhs)

Particulars	Note	Instruments carried at			Total carrying value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
<b>As at 31 March, 2022</b>						
Borrowings	25	-	-	-	-	-
Trade payables	27	-	-	15,056.23	15,056.23	-
Derivatives		115.98	-	-	115.98	115.98
Other financial liabilities	28	-	-	2,348.73	2,348.73	-
		<b>115.98</b>	<b>-</b>	<b>17,404.96</b>	<b>17,520.94</b>	<b>115.98</b>
<b>As at 31 March, 2021</b>						
Borrowings	25	-	-	18,100.00	18,100.00	-
Trade payables	27	-	-	14,696.98	14,696.98	-
Derivatives		-	-	-	-	-
Other financial liabilities	28	-	-	2,186.54	2,186.54	-
		<b>-</b>	<b>-</b>	<b>34,983.52</b>	<b>34,983.52</b>	<b>-</b>

The following table provides the fair value measurement hierarchy of the company's financial assets and financial liabilities:

(₹ in Lakhs)

Particulars	Note	Fair value	Level 1	Level 2	Level 3
<b>As at 31 March, 2022</b>					
<b>Financial assets</b>					
Current investments	15				
Investments in mutual funds (quoted)		13,275.62	13,275.62		
Investments in bonds (quoted)		82,827.29	82,827.29		
Derivatives		-		-	
<b>Financial liabilities</b>					
Derivatives		115.98	-	115.98	-
<b>As at 31 March, 2021</b>					
<b>Financial assets</b>					
Current investments	15				
Investments in mutual funds (quoted)		23,805.82	23,805.82		
Investments in bonds (quoted)		13,622.74	13,622.74		
Derivatives		313.18	-	313.18	
<b>Financial liabilities</b>					
Derivatives		-		-	

**Note:** During the year, there has not been any transfer of any financial assets or financial liabilities between level 1 and level 2.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 52 CORPORATE SOCIAL RESPONSIBILITY ('CSR') EXPENSES

Based on the guidance note on Accounting for Expenditure on Corporate Social Responsibility Activities (CSR) issued by the Institute of Chartered Accountants of India and Section 135 of the Companies Act, 2013, read with rules made thereunder, the Company has incurred the following expenditure on CSR activities

(₹ in Lakhs)			
Sr. no.	Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
1	Corporate Social Responsibility expenses for the year	1,245.33	1,144.69
2	Various Head of expenses included in above:		
	Eradicating hunger, poverty and malnutrition	31.00	31.25
	Promoting healthcare including preventing health care	362.41	317.14
	Promoting education	117.80	160.00
	Heritage, art and culture	29.00	31.00
	Promoting sports	-	4.80
	Protection of environment and Animal welfare	37.00	-
	Contribution to AIA CSR Foundation as per Schedule 7 of the Companies Act, 2013 (refer 3 below)	656.00	600.00
	<b>Gross amount required to be spent by the company during the year.</b>	<b>1,233.21</b>	1,144.19
	Amount spent during the year on:		
	(i) Construction/acquisition of any asset	-	-
	(ii) on purposes other than (i) above	1,233.21	1,144.19
3	Details of Related party transactions	656.00	600.00
4	Provision for CSR Expenses		
	Opening balance	0.50	-
	Add : Provision created during the year	12.12	0.50
	Less : Provision utilised during the year	0.50	-
	<b>Closing balance</b>	<b>12.12</b>	0.50
5	The amount of shortfall at the end of the year out of the amount required to be spent by the Company during the year	12.12	0.50
6	The total of previous years' shortfall amounts	-	
7	The reason for above shortfalls by way of a note	<b>Given in Directors' Report</b>	
8	The nature of CSR activities undertaken by the Company	<b>As per Schedule VII of the Companies Act, 2013</b>	



**NOTES  
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 53 RATIOS**

Particulars	31 March, 2022	31 March, 2021	Variance	Remarks
<b>Liquidity Ratio</b>				
(a) Current Ratio (times)	17.11	8.84	93.60%	Increased on account of Increase in Inventory, Trade Receivable and Cash and Bank Balances.
<b>Solvency Ratio</b>				
(a) Debt-Equity Ratio (times)	-	0.04	-100.00%	Reduction is on account of repayment of Short term Borrowings by ₹ 18,100 Lakhs
(b) Debt Service Coverage Ratio (times)	94.80	70.04	35.35%	
<b>Profitability ratio</b>				
(a) Net Profit Ratio (%)	19.29%	20.12%	-4.10%	
(b) Return on Equity Ratio (%)	12.72%	12.58%	1.09%	
(c) Return on Capital employed (%)	16.28%	15.07%	7.97%	
(d) Return on Investment (%)	5.72%	6.72%	-14.88%	
<b>Utilization Ratio</b>				
(a) Trade Receivables turnover ratio (times)	2.33	2.27	2.80%	
(b) Inventory turnover ratio (times)	5.78	5.64	2.53%	
(c) Trade payables turnover ratio (times)	17.15	11.67	46.98%	Better Payment Management led to improvement
(d) Net capital turnover ratio (times)	0.92	0.84	10.59%	

**Details of numerator and denominator for computing the above ratios**

Ratio	Numerator	Denominator
Current Ratio	Current Assets	Current Liability
Debt-equity ratio	Total Debt	Total Equity
Debt service coverage ratio	Earnings before Interest and Tax and Loss on sale of Fixed Assets	Interest & Lease Payments + Principal Repayments
Net profit ratio	Profit after Tax	Total Sales
Return on equity ratio	Profit after Tax	Average Equity
Return on capital employed	Earnings before Interest and Tax	Capital Employed = Tangible Network + Total Debt + Deferred Tax Liability
Return on investment	Income generated from invested funds	Average invested funds in treasury investments
Trade receivables turnover ratio	Total Sales	Trade Receivables
Inventory turnover ratio	Total Sales	Total Inventory
Trade payables turnover ratio	Raw Material and Stores Purchase and Other Expenses (Excluding CSR, lease rent and Loss on sale of Fixed Assets)	Trade Payables
Net capital turnover ratio	Net Sales	Working Capital

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 54 RELATIONSHIP WITH STRUCK OFF COMPANIES

(₹ in Lakhs)

Sr. no.	Name of struct of companies	Nature of transaction	Gross Balance Outstanding	Relationship with struck off company
1	Century Cement Limited	Sales	-	None
2	Maharashtra Cement Industries Limited	Sales	-	None
3	Grippon Profiles & Engg Private Limited (Advance was given in March 2014 and legal case is filed against vendor)	Purchase	4.43	None
4	Shree Haribol Metal & Alloys Private Limited	Purchase	-	None

### NOTE - 55

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

### NOTE - 56

Previous year's figures have been regrouped/reclassified wherever necessary to confirm to current year presentation.

As per our report of even date attached

**For and on behalf of the Board of Directors  
AIA Engineering Limited**

CIN: L29259GJ1991PLC015182

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

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

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

**RUPEN SHAH**  
Partner  
Membership No: 116240

**VIREN K. THAKKAR**  
Chief Financial Officer

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

Place : Ahmedabad  
Date : 25 May, 2022

Place : Ahmedabad  
Date : 25 May, 2022

Place : Ahmedabad  
Date : 25 May, 2022



# INDEPENDENT AUDITORS' REPORT

## To the Members of AIA Engineering Limited

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the Consolidated Financial Statements of AIA Engineering Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31 March, 2022, and the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended, and Notes to the Consolidated Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid Consolidated Financial Statements give the information required by the Companies

#### Key Audit Matters

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

#### Revenue Recognition

Refer Note 3(j) and Note 33 to the Consolidated Financial Statements

Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2022, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

The key audit matter	How the matter was addressed in our audit
<p>Revenue of the Group mainly comprises of sale of products (i.e. high chrome mill internals) to its customers.</p> <p>Revenue from sale of goods is recognized when control is transferred to the customer and there is no other unfulfilled obligation. This requires detailed analysis of each customer contract regarding timing of revenue recognition.</p> <p>Inappropriate assessment could lead to a risk of revenue being recognized on sale of goods before the control in the goods is transferred to the customer.</p> <p>Accordingly, timing of recognition of revenue is a key audit matter.</p>	<p>In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence:</p> <ul style="list-style-type: none"> <li>Assessing the Group's accounting policies for revenue recognition by comparing with the applicable accounting standards;</li> <li>Testing the design, implementation and operating effectiveness of key internal controls over timing of recognition of revenue from sale of goods;</li> <li>Testing of revenue recognized during the year by selecting samples, through statistical sampling, and verifying the underlying customer contracts and proof of dispatch/delivery in accordance with the contractual terms agreed with the customers;</li> </ul>



## INDEPENDENT AUDITORS' REPORT (Contd.)

The key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> <li>• Testing of revenue recognized near the year-end, through specific testing of high value samples and statistical sampling, to verify only revenue pertaining to current year is recognized based on delivery documents along with terms and conditions set out in customer contracts;</li> <li>• Evaluating the adequacy of the consolidated financial statement disclosures</li> </ul>

### Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's annual report, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

### MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL

#### Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance

of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are



## INDEPENDENT AUDITORS' REPORT (Contd.)

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

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

events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial statements/financial information of such entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial information of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### Other Matters

- (a) We did not audit the financial statements of 10 subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of INR 245,144.48 lakhs as at 31 March, 2022, total revenues (before consolidation adjustments) of INR 426,579.65 lakhs and net cash outflows (before consolidation

## INDEPENDENT AUDITORS' REPORT (Contd.)

adjustments) amounting to INR 16,796.57 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the reports of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

- (b) The financial information of 1 subsidiary, whose financial information reflects total assets (before consolidation adjustments) of INR 4,833.77 lakhs as at 31 March, 2022, total revenues (before consolidation adjustments) of INR 5,070.51 lakhs and net cash outflows (before consolidation adjustments) amounting to INR 163.39 lakhs for the year ended on that date, as considered in the Consolidated Financial Statements, have not been audited either by us or by other auditors. This unaudited financial information has been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial information. In our opinion and according to

the information and explanations given to us by the Management, this financial information is not material to the Group.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
  - d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under Section 133 of the Act.

**INDEPENDENT AUDITORS' REPORT (Contd.)**

- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the "Other Matters" paragraph:
- a) The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March, 2022 on the consolidated financial position of the Group - Refer Note 44(a) to the Consolidated Financial Statements.
- b) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March, 2022.
- c) There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March, 2022.
- d) (i) The management has represented that, to the best of its knowledge and belief, as disclosed in Note 54 to the Consolidated Financial Statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies incorporated in India to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary companies incorporated in India or
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented, that, to the best of its knowledge and belief, as disclosed in Note 54 to the Consolidated Financial Statements, no funds have been received by the Holding Company or its subsidiary companies incorporated in India from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies incorporated in India shall:
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or
  - provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries.
- (iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (d) (i) and (d) (ii) contain any material mis-statement.

**INDEPENDENT AUDITORS' REPORT (Contd.)**

- e) The dividend declared or paid during the year by the Holding Company is in compliance with Section 123 of the Act. The subsidiary companies incorporated in India have neither declared nor paid any dividend during the year.
- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act: In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197

of the Act. The remuneration paid to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**

*Chartered Accountants*

(Firm's Registration No. 101248W/W-100022)

**Rupen Shah**

*Partner*

Place: Ahmedabad

Membership No. 116240

Date: 25 May, 2022

ICAI UDIN: 22116240AJNYMB1879

**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT**

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

With reference to the "Annexure A" referred to in the Independent Auditor's Report to the members of the Company on the Consolidated Financial Statements for the year ended 31 March, 2022, we report the following:

- (i) In our opinion and according to the information and explanations given to us, there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order, 2020 reports of the companies incorporated in India and included in the consolidated financial statements.

For **B S R & Co. LLP**

*Chartered Accountants*

(Firm's Registration No. 101248W/W-100022)

**Rupen Shah**

*Partner*

Place: Ahmedabad

Date: 25 May, 2022

Membership No. 116240

ICAI UDIN: 22116240AJNYMB1879



# ANNEXURE “B” TO THE INDEPENDENT AUDITORS’ REPORT

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

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

### **Opinion**

In conjunction with our audit of the Consolidated Financial Statements of the Holding Company as of and for the year ended 31 March, 2022, we have audited the internal financial controls with reference to Consolidated Financial Statements of AIA Engineering Limited (hereinafter referred to as “the Holding Company”) and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to Consolidated Financial Statements and such internal financial controls were operating effectively as at 31 March, 2022, based on the internal financial controls with reference to Consolidated Financial Statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the “Guidance Note”).

### **Management’s Responsibility for Internal Financial Controls**

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

### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to Consolidated Financial Statements based on our audit. We conducted our audit in

accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Consolidated Financial Statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Consolidated Financial Statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to Consolidated Financial Statements.

### **Meaning of Internal Financial controls with Reference to Consolidated Financial Statements**

A company’s internal financial controls with reference to Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial controls with reference to Consolidated Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts

**ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT (Contd.)**

and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial controls with Reference to Consolidated Financial****Statements**

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

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

**Other Matters**

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to Consolidated Financial Statements insofar as it relates to 2 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **B S R & Co. LLP**

*Chartered Accountants*

(Firm's Registration No. 101248W/W-100022)

**Rupen Shah**

*Partner*

Place: Ahmedabad

Membership No. 116240

Date: 25 May, 2022

ICAI UDIN: 22116240AJNYMB1879



# CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH, 2022

(₹ in Lakhs)

Particulars	Note	As at 31 March, 2022	As at 31 March, 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	4	73,087.28	75,249.24
(b) Right of use assets	5	3,639.37	3,602.90
(c) Capital work-in-progress	6	21,023.40	16,094.87
(d) Goodwill	7	460.69	460.69
(e) Goodwill on consolidation	7	1,528.79	1,528.79
(f) Other intangible assets	7	283.83	301.39
(g) Financial assets			
(i) Investments	8	48.50	25,721.25
(ii) Trade receivables	9	541.34	250.30
(iii) Loans	10	162.21	97.18
(iv) Other financial assets	11	32,175.00	992.85
(h) Deferred tax asset	41 (b)	25.99	21.36
(i) Other tax assets (net)	12	3,064.52	2,821.28
(j) Other non-current assets	13	3,846.00	2,759.71
<b>Total non-current assets</b>		<b>1,39,886.92</b>	<b>1,29,901.81</b>
<b>Current assets</b>			
(a) Inventories	14	1,22,600.94	75,477.62
(b) Financial assets			
(i) Investments	15	1,05,492.23	55,136.36
(ii) Trade receivables	16	80,014.56	63,847.10
(iii) Cash and cash equivalents	17	25,670.86	46,217.43
(iv) Bank balances other than (iii) above	17	24,938.64	93,327.43
(v) Loans	18	194.90	199.46
(vi) Derivatives		-	313.18
(vii) Other financial assets	19	2,388.01	4,536.58
(c) Other current assets	20	11,370.06	6,863.98
<b>Total current assets</b>		<b>3,72,670.20</b>	<b>3,45,919.14</b>
<b>Total assets</b>		<b>5,12,557.12</b>	<b>4,75,820.95</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	21	1,886.41	1,886.41
(b) Other equity	22	4,73,609.60	4,22,545.04
Equity attributable to owners of The Company		4,75,496.01	4,24,431.45
(c) Non-controlling interest		847.52	881.77
<b>Total equity</b>		<b>4,76,343.53</b>	<b>4,25,313.22</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	23	127.00	-
(ii) Lease liabilities	24	342.43	577.17
(b) Provisions	25	1,450.96	1,636.86
(c) Deferred tax liabilities (net)	41(b)	3,895.53	4,701.62
<b>Total non-current liabilities</b>		<b>5,815.92</b>	<b>6,915.65</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	26	157.00	18,447.30
(ii) Lease Liabilities	27	356.70	269.40
(iii) Trade payables	28		
Total outstanding dues of micro and small enterprises		3,854.13	3,601.33
Total outstanding dues of creditors other than micro and small enterprises		15,820.37	12,979.51
(iv) Other financial liabilities	29	2,430.73	2,273.05
(v) Derivatives		115.98	-
(b) Other current liabilities	30	5,863.60	5,193.67
(c) Provisions	31	647.24	649.73
(d) Current tax liabilities (net)	32	1,151.92	178.09
<b>Total current liabilities</b>		<b>30,397.67</b>	<b>43,592.08</b>
<b>Total equity and liabilities</b>		<b>5,12,557.12</b>	<b>4,75,820.95</b>

The accompanying notes are integral part of these consolidated financial statements 2-55

As per our report of even date attached

For and on behalf of the Board of Directors  
AIA Engineering Limited

CIN: L29259GJ1991PLC015182

For **B S R & CO. LLP**  
Chartered Accountants  
Firm's Registration No : 101248W/W -100022**BHADRESH K. SHAH**  
Managing Director  
(DIN : 00058177)**YASHWANT M. PATEL**  
Whole-Time Director  
(DIN : 02103312)**RUPEN SHAH**  
Partner  
Membership No: 116240**VIREN K. THAKKAR**  
Chief Financial Officer**S. N. JETHELIYA**  
Company Secretary  
(ACS: 5343)Place : Ahmedabad  
Date : 25 May, 2022Place : Ahmedabad  
Date : 25 May, 2022Place : Ahmedabad  
Date : 25 May, 2022



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH, 2022

(₹ in Lakhs)

Particulars	Note	For the Year ended 31 March, 2022	For the Year ended 31 March, 2021
<b>INCOME</b>			
Revenue from operations	33	3,56,654.73	2,88,149.24
Other income	34	15,629.01	17,219.59
<b>Total income</b>		<b>3,72,283.74</b>	<b>3,05,368.83</b>
<b>EXPENSES</b>			
Cost of materials consumed	35	1,84,236.94	1,13,505.12
Changes in inventories of finished goods and work-in-progress	36	(37,127.57)	755.46
Employee benefits expense	37	13,936.66	13,350.47
Finance costs	38	385.04	429.31
Depreciation and amortisation expense	39	9,211.63	9,350.09
Other expenses	40	1,23,514.19	95,013.59
<b>Total expenses</b>		<b>2,94,156.89</b>	<b>2,32,404.04</b>
<b>Profit before tax</b>		<b>78,126.85</b>	<b>72,964.79</b>
<b>Tax expense</b>	41 (a)		
Current tax		17,036.41	18,683.22
Excess provision for current tax of earlier years written back		(150.40)	-
Deferred tax		(720.96)	(2,289.07)
<b>Total tax expenses</b>		<b>16,165.05</b>	<b>16,394.15</b>
<b>Profit for the year</b>		<b>61,961.80</b>	<b>56,570.64</b>
<b>Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to consolidated statement of profit and loss	43 (iv)	114.22	223.38
(ii) Income tax relating to items that will not be reclassified to consolidated statement of profit and loss		(22.37)	(56.22)
B (i) Items that will be reclassified to consolidated statement of profit and loss	22	(2,502.60)	(2,607.95)
(ii) Income tax relating to items that will be reclassified to consolidated statement of profit and loss	22	(6.10)	142.67
<b>Other comprehensive income for the year (net of taxes)</b>		<b>(2,416.85)</b>	<b>(2,298.12)</b>
<b>Total comprehensive income for the year (comprising profit and other comprehensive income for the year)</b>		<b>59,544.95</b>	<b>54,272.52</b>
<b>Profit for the year attributable to :</b>			
- Owners of the Holding Company		61,968.09	56,612.19
- Non-controlling interests		(6.29)	(41.55)
<b>Other comprehensive income for the year attributable to :</b>			
- Owners of the Holding Company		(2,423.57)	(2,302.17)
- Non-controlling interests		6.72	4.05
<b>Total comprehensive income for the year attributable to :</b>			
- Owners of the Holding Company		59,544.52	54,310.02
- Non-controlling interests		0.43	(37.50)
<b>Earnings per equity share of par value of ₹ 2 each:</b>			
Basic and diluted	42	65.70	60.02

The accompanying notes are integral part of these consolidated financial statements 2-55

As per our report of even date attached

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

**RUPEN SHAH**  
Partner  
Membership No: 116240

Place : Ahmedabad  
Date : 25 May, 2022

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

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

**VIREN K. THAKKAR**  
Chief Financial Officer

Place : Ahmedabad  
Date : 25 May, 2022

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

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

Place : Ahmedabad  
Date : 25 May, 2022



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH, 2022

## A. Equity share capital

Particulars	₹ in Lakhs	
	As at 31 March, 2022	As at 31 March, 2021
Balance at the beginning of the reporting year	1,886.41	1,886.41
Add: changes in equity share capital during the year	-	-
Balance at the end of the reporting year	1,886.41	1,886.41

## B. Other equity

Particulars	₹ in Lakhs										Total	
	Reserves and Surplus					Other Comprehensive Income				Attributable to Non-controlling interests		
	Securities premium	Capital redemption reserve	General reserve	Statutory reserve	Retained earnings	Cash flow hedge reserve	Exchange differences on translation of foreign operations	Fair Value Through Other OCI	Remeasurement of defined benefit plan	Total attributable to owners of The Company		
Balance as at 1 April, 2020	26,852.64	1,925.74	16,467.61	9.22	3,24,503.90	987.76	(2,504.64)	-	-	3,68,242.23	925.23	3,69,167.46
Profit for the year	-	-	-	-	56,612.18	-	-	-	-	56,612.18	(41.55)	56,570.63
Remeasurement of defined benefit plan	-	-	-	-	-	-	-	163.11	163.11	163.11	4.05	167.16
Exchange differences on translation of foreign operations	(6.93)	-	-	(0.27)	-	-	(2,041.07)	-	-	(2,048.27)	(5.96)	(2,054.23)
Net movement in cash flow hedge reserve (net of tax)	-	-	-	-	-	(424.21)	-	-	-	(424.21)	-	(424.21)
OCI balance transferred to retained earnings	-	-	-	-	163.11	-	-	-	(163.11)	-	-	-
<b>Balance as at 31 March, 2021</b>	<b>26,845.71</b>	<b>1,925.74</b>	<b>16,467.61</b>	<b>8.95</b>	<b>3,81,279.19</b>	<b>563.55</b>	<b>(4,545.71)</b>	<b>-</b>	<b>-</b>	<b>4,22,545.04</b>	<b>881.77</b>	<b>4,23,426.81</b>
Profit for the year	-	-	-	-	61,968.09	-	-	-	-	61,968.09	(6.29)	61,961.80
Dividends paid on equity shares (including TDS)	-	-	-	-	(8,488.83)	-	-	-	-	(8,488.83)	-	(8,488.83)
Remeasurement of defined benefit plan	-	-	-	-	-	-	-	85.13	85.13	85.13	6.72	91.85
Exchange differences on translation of foreign operations	8.61	-	-	0.26	-	-	(2,526.85)	-	-	(2,517.98)	(34.68)	(2,552.66)
Net movement in cash flow hedge reserve (net of tax)	-	-	-	-	-	(57.41)	-	-	-	(57.41)	-	(57.41)
Fair Value of Investment through OCI (net of tax)	-	-	-	-	-	-	75.56	-	-	75.56	-	75.56
OCI balance transferred to retained earnings	-	-	-	-	85.13	-	-	-	(85.13)	-	-	-
<b>Balance as at 31 March, 2022</b>	<b>26,854.32</b>	<b>1,925.74</b>	<b>16,467.61</b>	<b>9.21</b>	<b>4,34,843.58</b>	<b>506.14</b>	<b>(7,072.56)</b>	<b>75.56</b>	<b>-</b>	<b>4,73,609.60</b>	<b>847.52</b>	<b>4,74,457.12</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)****B. Other equity (Contd.)****Nature and purpose of reserves:**

- (a) Securities premium : The amount received in excess of face value of the equity shares are recognised in Securities premium reserve.
- (b) Capital redemption reserve: The Group has recognised Capital Redemption Reserve on redemption of Cumulative Redeemable Preference Shares.
- (c) Statutory reserve: This reserve represents appropriation of certain percentage of profit as per the local statutory requirement of an overseas subsidiary.
- (d) General reserve: The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes.
- (e) Retained earnings: Retained earnings are the profits that the Group has earned till date, less any transfer to general reserve, dividends or other distributions to shareholders.
- (f) Cash flow hedge reserve: This represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of effective portion of cash flow hedges will be reclassified to consolidated statement of profit and loss only when the hedged items affect the profit and loss or upon discontinuation of hedge relationship.
- (g) Exchange differences on translation of foreign operations: This reserve represents exchange differences arising on account of conversion of foreign operations to Company's functional currency.

**The accompanying notes are integral part of these consolidated financial statements 2-55**

As per our report of even date attached

**For B S R & CO. LLP**

Chartered Accountants  
Firms Registration No : 101248W/W-100022

**RUPEN SHAH**

Partner  
Membership No: 116240

Place : Ahmedabad

Date : 25 May, 2022

**For and on behalf of the Board of Directors****AIA Engineering Limited**

CIN: L29259GJ1991PLC015182

**BHADRESH K. SHAH**

Managing Director  
(DIN : 00058177)

**VIREN K. THAKKAR**

Chief Financial Officer

Place : Ahmedabad

Date : 25 May, 2022

**YASHWANT M. PATEL**

Whole-Time Director  
(DIN : 02103312)

**S. N. JETHELIYA**

Company Secretary  
(ACS: 5343)

Place : Ahmedabad

Date : 25 May, 2022



# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH, 2022

(₹ in Lakhs)

Particulars	For the Year ended 31 March, 2022	For the Year ended 31 March, 2021
<b>A. Cash flow from operating activities:</b>		
<b>Profit before tax</b>	<b>78,126.85</b>	<b>72,964.79</b>
<b>Add/(less): Adjustments</b>		
Interest income	(7,863.48)	(5,004.28)
Profit on sale of current investments	(152.23)	(3,677.24)
Fair value of current investments	(1,324.32)	(1,291.19)
Unrealised gain on foreign exchange fluctuation (net)	(3,175.87)	1,184.23
(Profit)/loss on sale of assets (net)	15.01	216.37
Sundry balances (written back)/written off (net)	(51.86)	(32.06)
Bad debts	9.47	-
Depreciation and amortisation	9,211.63	9,350.09
Finance costs	385.04	429.31
Provision for product warranties	(252.86)	234.82
Provision for doubtful trade receivables	(57.31)	3.26
Foreign currency fluctuation on translation of foreign operations	(2,444.95)	(2,043.09)
	<b>72,425.12</b>	<b>72,335.01</b>
<b>Changes in working capital:</b>		
(Increase) in trade receivables	(13,037.21)	(2,225.59)
(Increase)/Decrease in loans	(60.47)	51.68
Decrease in other non-current assets	3.28	-
Decrease/(Increase) in inventories	(47,123.32)	2,334.60
Decrease in other financial assets	1,453.99	552.05
Decrease/(Increase) in other current assets	(4,506.08)	3,353.94
Increase/(Decrease) in provisions	149.60	(1,313.92)
Increase in trade payables	3,155.13	2,953.15
Increase/(Decrease) in other financial liabilities	57.07	(82.87)
Increase/(Decrease) in other current liabilities	(187.77)	329.81
<b>Cash generated from operations</b>	<b>12,329.34</b>	<b>78,287.86</b>
Income taxes paid (net of refunds)	(16,251.28)	(18,441.67)
<b>Net cash (used in)/generated from operating activities (A)</b>	<b>(3,921.94)</b>	<b>59,846.19</b>
<b>B. Cash flow from investing activities:</b>		
Acquisition of property, plant and equipment, capital work-in-progress and other intangibles	(12,547.42)	(12,417.20)
Proceeds from sale of property, plant and equipment	15.28	110.15
(Purchase of)/proceeds from sale of current investments	(22,553.37)	66,981.34
Interest income	7,616.64	2,894.75
(Investment in)/Redemption of fixed deposits with bank (net)	37,454.23	(92,696.76)
<b>Net cash (used in)/generated from investing activities (B)</b>	<b>9,985.36</b>	<b>(35,127.72)</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from/(Repayment) of current borrowings (net)	(18,290.30)	9,050.72
Proceeds from/(Repayment) of Non-current borrowings	127.00	(1,500.00)
Dividends paid (Net of TDS applicable on payment of Dividend)	(7,631.13)	-
Finance costs paid	(308.84)	(306.75)
Repayment of Lease Liabilities	(651.95)	(590.15)
<b>Net cash (used in)/generated from financing activities (C)</b>	<b>(26,755.22)</b>	<b>6,653.82</b>
<b>D. Net (decrease)/increase in cash and cash equivalents (A+B+C)</b>	<b>(20,691.80)</b>	<b>31,372.29</b>
<b>E. Add : Cash and cash equivalents at the beginning of the year</b>	<b>46,217.43</b>	<b>14,849.19</b>
<b>F. Less: Foreign exchange (loss) on restatement of cash and cash equivalents</b>	<b>145.23</b>	<b>(4.05)</b>
<b>G. Cash and cash equivalents at the end of the year (refer Note 1 below)</b>	<b>25,670.86</b>	<b>46,217.43</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### Notes :

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

Particulars	As at 31 March, 2022	As at 31 March, 2021
Cash and cash equivalents include:		
Balances with banks	20,390.59	46,208.07
Cash on hand	7.20	9.36
Balances with bank in fixed deposit accounts (original maturity of 0 - 3 months)	5,273.07	-
	<b>25,670.86</b>	<b>46,217.43</b>

2. Movement in financial liabilities and financial assets arising from financing activities as at 31 March, 2022: (₹ in Lakhs)

Particulars	Non-current borrowings (Note 23)	Current borrowings (Note 26)	Lease liabilities (Note 24 and 27)	Dividends paid (Note 22)	Finance Cost (Note 38)
Balance as at 1 April, 2020	1,500.00	9,694.67	1,476.48	-	12.96
Proceeds from borrowings	-	52,168.04	-	-	-
Repayment of borrowings	(1,500.00)	(43,117.32)	-	-	-
Interest paid	-	-	-	-	(437.43)
Amount paid during the year	-	-	520.29	-	-
<b>Net movement during the year</b>	<b>(1,500.00)</b>	<b>9,050.72</b>	<b>(520.29)</b>	<b>-</b>	<b>(437.43)</b>
Interest accrued during the year	-	-	115.57	-	-
Remeasurement of lease liability (Addition)	-	-	(225.77)	-	-
Foreign exchange difference	-	-	0.58	-	-
Charge to consolidated statement of profit and loss	-	-	-	-	429.31
<b>Balance as at 31 March, 2021</b>	<b>-</b>	<b>18,447.30</b>	<b>846.57</b>	<b>-</b>	<b>4.84</b>
Proceeds from borrowings	-	51,634.00	-	-	-
Repayment of borrowings	-	(69,797.30)	-	-	-
Dividends paid (Net of TDS applicable on payment of Dividend)	-	-	-	(7,631.13)	-
Interest paid	-	-	-	-	(357.19)
Amount paid during the year	-	-	(451.11)	-	-
<b>Net movement during the year</b>	<b>-</b>	<b>(18,163.30)</b>	<b>(451.11)</b>	<b>(7,631.13)</b>	<b>(357.19)</b>
Interest accrued during the year	-	-	81.04	-	-
Remeasurement of lease liability (Addition)	-	-	216.96	-	-
Foreign exchange difference	-	-	(15.43)	-	-
Charge to consolidated statement of profit and loss	-	-	-	-	385.04
<b>Balance as at 31 March, 2022</b>	<b>-</b>	<b>284.00</b>	<b>678.03</b>	<b>-</b>	<b>32.69</b>

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

**The accompanying notes are integral part of these consolidated financial statements 2 - 55**

As per our report of even date attached

**For and on behalf of the Board of Directors**  
**AIA Engineering Limited**

CIN: L29259GJ1991PLC015182

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

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

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

**RUPEN SHAH**  
Partner  
Membership No: 116240

**VIREN K. THAKKAR**  
Chief Financial Officer

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

Place : Ahmedabad  
Date : 25 May, 2022

Place : Ahmedabad  
Date : 25 May, 2022

Place : Ahmedabad  
Date : 25 May, 2022



# NOTES

## TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022

### NOTE - 1 BACKGROUND

AIA Engineering Limited (the 'Company') is a public limited company incorporated and domiciled in India. Its equity shares are listed on the Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE') in India. The registered office of The Company is located at 115, G.V.M.M. Estate, Odhav road, Odhav, Ahmedabad – 382410, Gujarat, India. These consolidated financial statements comprise financial statements of The Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March, 2022. The Group is primarily involved in the manufacturing of High Chrome Mill Internals.

### NOTE - 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These consolidated financial statements of the Group are prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013 ('the Act'), read together with the Companies (Indian Accounting Standards) Rules, 2015 and other provisions of the Act.

The consolidated Ind AS financial statements of the Group comprises, the consolidated balance sheet as at 31 March, 2022, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information (herein referred to as "consolidated financial statements").

The consolidated financial statements are approved for issue by the Board of Directors in their meeting held on 25 May, 2022.

Details of the Group's accounting policies are included in Note 3 of the consolidated financial statements.

#### 2.2 Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value

Items	Measurement basis
Employee defined benefit asset/liability	Plan assets measured at fair value less present value of defined benefit obligations

#### 2.3 Use of estimates and judgments

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses based on historical experiences and other factors, including expectation of future events that may have an impact on the Group and that are reasonable under the circumstances. As more fully explained in Note 46, the ongoing pandemic relating to COVID-19 may have an impact on the use of assumption and judgements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March, 2022 is included in the following notes:

- **Note 4, 5 and 7** – estimate of useful life used for the purposes of depreciation and amortisation on property plant and equipment and intangible assets, impairment of goodwill;
- **Note 41 (b) and (c)** recognition of deferred tax;
- **Note 43** measurement of defined benefit obligations: key actuarial assumptions;
- **Notes 25, 31 and 44** – recognition and measurement of provisions and contingencies such as warranty claims: key assumptions about the likelihood and magnitude of an outflow of resources;

#### 2.4 Measurement of fair values

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

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

**NOTES****TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

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

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

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

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

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

All assets and liabilities have been classified as current or non-current as set out in the Schedule III (Division II) to the Companies Act, 2013.

**2.5 Basis of consolidation**

The consolidated financial statements comprise the financial statements of The Company and its subsidiaries. Control is achieved when The Company has:

- Power over the investee.
- Is exposed or has rights to variable returns from its involvement with the investee, and.
- Has the ability to use its power over the investee to affect its returns.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when The Company obtains control over the subsidiary and ceases when The Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date The Company gains control until the date The Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of The Company, i.e., year ended on 31, March. When the end of the reporting period of The Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of The Company to enable The Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of The Company with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of The Company's investment in each subsidiary and The Company's portion of equity of each subsidiary.
- (c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

and fixed assets, are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

- (d) Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of The Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**The list of entities included in these consolidated financial statements along with its shareholding is summarised hereunder:**

Name of entity	Country of Incorporation	Ownership interest held by the Group		Proportion of ownership interests and voting rights held by non-controlling interests	
		31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
<b>Direct subsidiaries</b>					
Welcast Steels Limited	India	74.85%	74.85%	25.15%	25.15%
AIA CSR Foundation	India	100%	100%	-	-
Vega Industries (Middle East) F.Z.C	U.A.E.	100%	100%	-	-
<b>Indirect subsidiaries</b>					
Vega Industries Limited <sup>(1)</sup>	U.K.	100%	100%	-	-
Vega Industries Limited <sup>(2)</sup>	U.S.A.	100%	100%	-	-
Vega Steel Industries (RSA) Proprietary Limited <sup>(3)</sup>	South Africa	74.63%	74.63%	25.37%	25.37%
Wuxi Vega Trade Co., Limited <sup>(1)</sup>	China	100%	100%	-	-
PT. Vega Industries Indonesia <sup>(4)</sup>	Indonesia	100%	100%	-	-
AIA Industries Chile SPA <sup>(1)</sup>	Chile	100%	100%	-	-
AIA Ghana Limited <sup>(1)</sup>	Ghana	100%	100%	-	-
Vega Industries Australia Pty Limited <sup>(1)</sup>	Australia	100%	100%	-	-

<sup>(1)</sup> Wholly owned subsidiaries of Vega Industries (Middle East) F.Z.C., U.A.E.

<sup>(2)</sup> Wholly owned subsidiary of Vega Industries Limited, U.K.

<sup>(3)</sup> Subsidiary of Vega Industries (Middle East) F.Z.C., U.A.E.

<sup>(4)</sup> 99% of shares are held by Vega Industries (Middle East) F.Z.C., U.A.E. and balance 1% is held by AIA Engineering Limited.

### 2.6 Functional and presentation currency

The functional currency and the presentation currency of The Company/Group is Indian rupees. All the amounts are stated in the nearest rupee in Lakhs with two decimals.

### NOTE - 3 SIGNIFICANT ACCOUNTING POLICIES

#### a) Foreign currency transactions

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

statement of profit and loss. However, foreign currency differences pertaining to qualifying cash flow hedges are recognised in other comprehensive Income to the extent the hedges are effective.

### b) Financial instruments

#### **Recognition and initial measurement**

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

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

#### **Financial assets - classification and subsequent measurement**

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

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

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

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

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

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

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

payments of principal and interest on the principal amount outstanding.

Equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVTOCI – equity investment). This election is made on an investment by investment basis. At present there are no such investments.

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

#### **Financial assets: Business model assessment**

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

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

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

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

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

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

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

### *Subsequent measurement and gains and losses for financial assets held by the Group*

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

### **Financial liabilities: Classification, subsequent measurement and gains and losses**

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

### **Derecognition**

#### **Financial assets**

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

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

### **Financial liabilities**

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

### **Offsetting**

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

### **c) Derivative financial instruments and hedge accounting**

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

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

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

### **Recognition and measurement of cash flow hedge:**

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

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

### **Derecognition:**

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

### **d) Property, plant and equipment**

#### **Recognition and measurement**

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

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

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

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

**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**Subsequent measurement**

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

**Depreciation**

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

Estimated useful life adopted by the Group:

Block of assets	Useful lives (years)
Buildings	30 – 60
Plant and equipments	5 – 15
Furniture and fixtures	4 – 10
Vehicles	4 – 10
Office equipments	4 – 5
Others – laboratory equipments	10
Others – computer hardware	3 – 6

Depreciation method followed by respective companies is as under:

Name of entity	Method of depreciation
AIA Engineering Limited, India	Depreciation on fixed assets is charged on Straight line method over the useful life of assets as prescribed by Schedule II of Companies Act, 2013.
Welcast Steels Limited, India	Depreciation on fixed assets is charged on written down value method over the useful life of assets as prescribed by Schedule II of Companies Act, 2013, except for plant and equipments for which useful life determined as per technical estimate.
Vega Industries (Middle East) F.Z.C, U.A.E.	Straight-line method over estimated useful lives of the assets.
Vega Industries Limited, U.S.A.	Straight-line method over estimated useful lives of the assets.
Vega Industries Limited, U.K.	Written Down Value Method over estimated useful lives of the assets.

Name of entity	Method of depreciation
Wuxi Vega Trade Co. Limited., China	Straight-line method over estimated useful lives of the assets.
Vega Steel Industries (RSA) Proprietary Limited, South Africa	Straight-line method over estimated useful lives of the assets.
PT. Vega Industries Indonesia	Straight-line method over estimated useful lives of the assets.
Vega Industries Chile SPA - Chile	Straight-line method over estimated useful lives of the assets.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

Leasehold land is amortised over the lease period

Following low value assets have been depreciated fully during the year of purchase

Plant and equipment and laboratory equipment with value up to ₹. 25,000 and other assets with value up to ₹ 5,000.

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

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

Cost of assets not ready for intended use, as on the balance sheet date, is shown as capital work in progress. Advances given towards acquisition of fixed assets outstanding at each Balance Sheet date are disclosed as other non-current assets.

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

**Derecognition**

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The consequential gain or loss is measured

## NOTES

## TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

as the difference between the net disposal proceeds and the carrying amount of the item and is recognised in the consolidated statement of profit and loss.

**e) Goodwill and Other intangible assets**

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

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

**Subsequent measurement**

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

**Amortisation**

Goodwill is not amortised and is tested for impairment annually.

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

The estimated useful lives of intangibles are as per below:

- Software - 6 years
- Patents - 20 years

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

**f) Inventories**

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

- **Raw materials and stores and spares:** cost includes cost of purchase and other costs incurred in bringing the inventories to their present location

and condition. Cost is determined on Weighted Average Cost basis.

- **Finished goods and work in progress:** cost includes cost of direct materials and labour and a proportion of manufacturing overheads absorbed based on the normal operating capacity but excludes borrowing costs.

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

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

**g) Impairment****Impairment of financial assets**

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

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

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

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

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

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

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

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

### **Measurement of expected credit losses**

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

### *Presentation of allowance for expected credit losses in the balance sheet*

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

### **Write off**

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

### **Impairment of non-financial assets**

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

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

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

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

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

## **h) Employee benefits**

### **Defined benefit plans**

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

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

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

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

### **Short term employee benefits**

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

### **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in consolidated statement of profit and loss in the

periods during which the related services are rendered by employees.

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

### **Other long-term employee benefits**

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

### **Termination benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring in accordance with Ind AS 37 and involves payment of termination benefits.

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

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

### **Warranties**

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

### **Onerous contracts**

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

### **Contingent liability**

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

### **Contingent assets**

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

## **j) Revenue**

### **Sale of goods**

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

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

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

### *Other operating revenue – export incentives*

Export incentives are recognised as income when right to receive credit as per the terms of the scheme is

established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

## **k) Other income**

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

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

## **l) Leases**

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

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

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

The ROU are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives received. They are subsequently measured at cost less accumulated



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The estimated useful life of ROU assets are determined on the same basis as those of property, plant and equipment.

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

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

Lease liability and ROU asset have been separately presented in the consolidated balance sheet and lease payments have been classified as cash flows from financing activities.

### m) Income taxes

#### **Current tax**

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

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

#### **Deferred tax**

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

Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/reduced to the extent that it is probable/no longer probable respectively that the related tax benefit will be realised.

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

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

#### **Tax on income of foreign subsidiaries**

Foreign companies recognise tax liabilities and assets in accordance with the local laws.

### n) Borrowing cost

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

### o) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group. For the disclosure on reportable segments see Note 49.

**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)****p) Cash and cash equivalents**

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

**q) Earnings per share**

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

**r) Events after reporting date**

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

**s) GST input credit**

Goods and service tax (GST) input credit is accounted on an accrual basis on purchase of eligible inputs, capital goods and services. The balance of GST input credit is reviewed at the end of each year and amount estimated to be un-utilisable is charged to the statement of profit and loss for the year.

**t) Recent pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 23 March, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from 01 April, 2022, as below:

**i. Ind AS 103 – Reference to Conceptual Framework**

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes

do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its financial statements.

**ii. Ind AS 16 – Proceeds before intended use**

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while The Company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any significant impact in its recognition of its property, plant and equipment in its financial statements.

**iii. Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract**

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and The Company does not expect the amendment to have any significant impact in its financial statements.

**iv. Ind AS 109 – Annual Improvements to Ind AS (2021)**

The amendment clarifies which fees an entity includes when it applies the '10%' test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its financial statements.

**v. Ind AS 106 – Annual Improvements to Ind AS (2021)**

The amendment removes the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its financial statements.



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 4 PROPERTY, PLANT AND EQUIPMENT**

(₹ in Lakhs)

Particulars	Freehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Others *	Total
<b>Gross block:</b>								
Balance as at 01 April, 2020	3,739.43	36,295.16	77,416.63	1,586.32	383.53	608.44	1,441.37	1,21,470.88
Exchange differences on translation of foreign operations	-	-	-	2.60	(3.80)	(1.60)	0.49	(2.31)
Additions during the year	-	390.81	1,316.55	51.01	17.76	77.28	113.17	1,966.58
Disposal/adjustments during the year	-	(8.42)	(1,935.25)	(411.74)	(94.21)	(48.43)	(62.61)	(2,560.66)
Balance as at 31 March, 2021	3,739.43	36,677.55	76,797.93	1,228.19	303.28	635.69	1,492.42	1,20,874.49
Exchange differences on translation of foreign operations	-	-	-	1.70	4.72	5.77	4.23	16.42
Additions during the year	-	858.33	5,407.41	44.08	28.68	46.22	210.28	6,595.00
Disposal/adjustments during the year	-	(10.09)	(104.77)	(13.55)	(21.11)	(1.54)	(29.67)	(180.73)
<b>Balance as at 31 March, 2022</b>	<b>3,739.43</b>	<b>37,525.79</b>	<b>82,100.57</b>	<b>1,260.42</b>	<b>315.57</b>	<b>686.14</b>	<b>1,677.26</b>	<b>1,27,305.18</b>
<b>Accumulated depreciation/amortisation:</b>								
Balance as at 01 April, 2020	-	6,291.82	30,387.85	905.73	197.20	449.88	854.55	39,087.03
Exchange differences on translation of foreign operations	-	-	-	(2.05)	(3.19)	(4.27)	(2.64)	(12.15)
Charge for the year	-	1,361.71	7,019.99	118.20	36.62	60.52	187.51	8,784.55
Disposal/adjustments during the year	-	(2.27)	(1,760.22)	(321.83)	(50.58)	(43.90)	(55.38)	(2,234.18)
Balance as at 31 March, 2021	-	7,651.26	35,647.62	700.05	180.05	462.23	984.04	45,625.25
Exchange differences on translation of foreign operations	-	-	-	1.67	4.20	5.20	3.34	14.41
Charge for the year	-	1,331.60	7,016.50	104.96	29.81	49.54	196.27	8,728.68
Disposal/adjustments during the year	-	(4.91)	(86.73)	(11.29)	(17.94)	(1.44)	(28.13)	(150.44)
<b>Balance as at 31 March, 2022</b>	<b>-</b>	<b>8,977.95</b>	<b>42,577.39</b>	<b>795.39</b>	<b>196.12</b>	<b>515.53</b>	<b>1,155.52</b>	<b>54,217.90</b>
<b>Net block</b>								
As at 31 March, 2021	3,739.43	29,026.29	41,150.31	528.14	123.23	173.46	508.38	75,249.24
<b>As at 31 March, 2022</b>	<b>3,739.43</b>	<b>28,547.84</b>	<b>39,523.18</b>	<b>465.03</b>	<b>119.45</b>	<b>170.61</b>	<b>521.74</b>	<b>73,087.28</b>

\* Others include laboratory equipments and computer hardware.

**Notes:**

1. Out of total assets, identified assets comprising factory land, buildings and plant and machineries having net block worth ₹ 712.18 Lakhs for one of the subsidiaries are mortgaged/hypothecated to Canara Bank for availing various working capital facilities.
2. Refer Note 44 (b) for contractual commitments with respect to property, plant and equipment.



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 5 RIGHT OF USE ASSETS**

(₹ in Lakhs)

Particulars	Leasehold Land	Buildings	Total
<b>Gross block:</b>			
As at 1 April, 2020	2,998.62	1,840.38	4,839.00
Exchange differences on translation of foreign operations	-	2.44	2.44
Additions during the year	27.92	139.31	167.23
Disposals/adjustments during the year	-	(604.60)	(604.60)
As at 31 March, 2021	3,026.54	1,377.53	4,404.07
Exchange differences on translation of foreign operations	-	(2.64)	(2.64)
Additions during the year	208.73	219.43	428.16
Disposals/adjustments during the year	-	(9.25)	(9.25)
<b>As at 31 March, 2022</b>	<b>3,235.27</b>	<b>1,585.07</b>	<b>4,820.34</b>
<b>Accumulated depreciation:</b>			
As at 1 April, 2020	126.84	475.27	602.11
Depreciation for the year	16.86	461.80	478.66
Disposals/adjustments during the year	-	(279.60)	(279.60)
As at 31 March, 2021	143.70	657.47	801.17
Depreciation for the year	16.86	370.14	387.00
Disposals/adjustments during the year	-	(7.20)	(7.20)
<b>As at 31 March, 2022</b>	<b>160.56</b>	<b>1,020.41</b>	<b>1,180.97</b>
<b>Net block:</b>			
As at 31 March, 2021	2,882.84	720.06	3,602.90
<b>As at 31 March, 2022</b>	<b>3,074.71</b>	<b>564.66</b>	<b>3,639.37</b>

1. Lease contracts entered by the Group for land and buildings taken on lease to conduct business activity in ordinary course of business with tenure of leases upto 99 years.
2. Lease rent of ₹ 48.74 Lakhs (previous year: ₹ 55.85 Lakhs) is recognised in consolidated statement of profit and loss towards short-term lease and lease of low value assets. (refer Note 40)
3. Extension and termination options are included in some lease contracts. These are used to maximise operational flexibility in terms of managing assets and operations.
4. Lease Obligation, interest expense on lease maturity profile of lease obligation and payment of lease obligation are disclosed respectively in lease liabilities (refer Note 24 & 27), Finance Costs (refer Note 38), Liquidity risk (refer Note 50) and Consolidated statement of cash flows.
5. The operating lease arrangements are cancellable subject to the stipulated notice period which generally does not exceed 3 months. Thus, management is of the view that there is no obligation to pay the agreed lease rentals in case of termination.

**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 6 CAPITAL WORK-IN-PROGRESS**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Balance at the beginning of the year	16,094.87	3,234.93
Additions during the year	11,119.98	14,496.63
Capitalisation during the year	(6,191.45)	(1,636.69)
Balance at the end of the year	<b>21,023.40</b>	16,094.87

**Note:**

1. Refer Note 44 (b) for contractual commitments with respect to property, plant and equipment.

**CWIP aging schedule as at 31 March, 2022**

(₹ in Lakhs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	5,546.63	12,667.37	2,795.06	14.34	<b>21,023.40</b>
Projects temporarily suspended	-	-	-	-	-

**CWIP aging schedule as at 31 March, 2021**

(₹ in Lakhs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	13,210.43	2,867.46	0.33	16.65	<b>16,094.87</b>
Projects temporarily suspended	-	-	-	-	-

**CWIP - Completion Schedule of capital working in progress as at 31 March, 2022**

(₹ in Lakhs)

CWIP	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
<b>Projects in Progress</b>				
Completion is overdue:				
Kerala Mining Liner Project	20,146.84	-	-	-
Completion is not overdue:				
Other Projects	876.56	-	-	-
	<b>21,023.40</b>	-	-	-

**CWIP - Completion Schedule of capital working in progress as at 31 March, 2021**

(₹ in Lakhs)

CWIP	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
<b>Projects in Progress</b>				
Completion is overdue:				
Kerala Mining Liner Project	1.30	14,811.77	-	-
Completion is not overdue:				
Other Projects	725.32	556.48	-	-
	<b>726.62</b>	<b>15,368.25</b>	-	-



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 7 GOODWILL AND OTHER INTANGIBLE ASSETS**

(₹ in Lakhs)

Particulars	Other intangibles			Goodwill (refer note a)	Goodwill on consolidation
	Software	Patents and Copyrights	Total		
<b>Gross block:</b>					
Balance as at 01 April, 2020	915.02	72.87	987.89	460.69	1,535.88
Exchange differences on translation of foreign operations	-	-	-	-	(7.09)
Additions during the year	34.29	5.69	39.98	-	-
Disposal/adjustments during the year	(1.45)	-	(1.45)	-	-
Balance as at 31 March, 2021	947.86	78.56	1,026.42	460.69	1,528.79
Exchange differences on translation of foreign operations	-	-	-	-	-
Additions during the year	68.75	9.64	78.39	-	-
Disposal/adjustments during the year	-	-	-	-	-
<b>Balance as at 31 March, 2022</b>	<b>1,016.61</b>	<b>88.20</b>	<b>1,104.81</b>	<b>460.69</b>	<b>1,528.79</b>
<b>Amortisation:</b>					
Balance as at 01 April, 2020	621.77	17.78	639.55	-	-
Charge for the year	82.92	3.97	86.89	-	-
Disposal/adjustments during the year	(1.41)	-	(1.41)	-	-
Balance as at 31 March, 2021	703.28	21.75	725.03	-	-
Charge for the year	91.54	4.41	95.95	-	-
Disposal/adjustments during the year	-	-	-	-	-
<b>Balance as at 31 March, 2022</b>	<b>794.82</b>	<b>26.16</b>	<b>820.98</b>	<b>-</b>	<b>-</b>
<b>Net block:</b>					
As at 31 March, 2021	244.58	56.81	301.39	460.69	1,528.79
<b>As at 31 March, 2022</b>	<b>221.79</b>	<b>62.04</b>	<b>283.83</b>	<b>460.69</b>	<b>1,528.79</b>

**Note (a):**

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

### NOTE - 8 INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Non-current investments (unquoted)</b>		
<b>A. Investment in equity instruments</b>		
<b>Others companies (measured at FVTPL) #</b>		
(a) 25 (Previous year: 25) equity shares of Koramangala Properties Limited of face value ₹ 100/- each, fully paid up	0.03	0.03
(b) 484,700 (Previous year: 857,919) equity shares of Arkay Energy (Rameswarm) Limited of face value ₹ 10/- each, fully paid up	48.47	85.79
<b>B. Investment in Government Securities (measured at cost)</b>		
National Savings Certificate	-	0.06
<b>C. Investment in Bonds (quoted) (measured at amortised cost) *</b>	-	25,635.37
	<b>48.50</b>	25,721.25
Aggregate amount of quoted investments	-	25,635.37
Aggregate market value of quoted investments	-	25,969.93
Aggregate amount of unquoted investments	48.50	85.88

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

\* In the current year, the Holding company has reclassified certain bonds as FVOCI as against amortised cost/FVTPL till the previous year on account of change in their underlying business model.

### NOTE - 9 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Non-current trade receivables</b>		
Considered good *	541.34	250.30
Significant increase in credit risk	-	-
Credit impaired	-	-
	<b>541.34</b>	250.30

\* Trade receivables are hypothecated to secure working capital facilities from Banks (refer Note 26).



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 9 TRADE RECEIVABLES (CONTD.)**

**Trade Receivables ageing schedule as at 31 March, 2022**

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	-	1.82	147.15	77.29	126.90	155.70	32.48	541.34
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
	-	<b>1.82</b>	<b>147.15</b>	<b>77.29</b>	<b>126.90</b>	<b>155.70</b>	<b>32.48</b>	<b>541.34</b>

**Trade Receivables ageing schedule as at 31 March, 2021**

(₹ in Lakhs)

Particulars	Outstanding for following period from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	-	-	0.22	26.30	137.64	30.87	55.27	250.30
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables considered good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-	-
	-	-	<b>0.22</b>	<b>26.30</b>	<b>137.64</b>	<b>30.87</b>	<b>55.27</b>	<b>250.30</b>



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 10 LOANS**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Non-current loans</b>		
Loans to staff		
Secured, considered good	61.63	16.50
Unsecured, considered good	100.58	80.68
	<b>162.21</b>	97.18

**NOTE - 11 OTHER FINANCIAL ASSETS**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Balances with bank in fixed deposit accounts (Maturity of more than 12 months from date of reporting)	31,012.22	79.26
Security deposits (unsecured, considered good)	672.50	913.59
Interest accrued on fixed deposit	490.28	-
	<b>32,175.00</b>	992.85

**NOTE - 12 OTHER TAX ASSETS (NET)**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Advance income tax/tax deducted at source [net of provision for tax ₹ 1,28,911.31 Lakhs (previous year ₹ 1,42,943.17 Lakhs)]	3,064.52	2,821.28
	<b>3,064.52</b>	2,821.28

**NOTE - 13 OTHER NON-CURRENT ASSETS**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Capital advances	3,466.38	2,376.81
Others		
Balance with government authorities	53.13	56.41
Advance paid under protest	326.49	326.49
	<b>3,846.00</b>	2,759.71



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 14 INVENTORIES \***

(valued at lower of cost or net realisable value)

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Raw materials	14,168.02	7,768.84
Raw materials in transit	3,916.35	444.15
Work-in-progress	18,056.58	14,790.86
Finished goods	76,874.38	43,355.14
Stores and spares	9,582.28	9,061.55
Stores and spares in transit	3.33	57.08
	<b>1,22,600.94</b>	<b>75,477.62</b>

\* Inventories are hypothecated to secure working capital facilities from Banks (refer Note 26)..

**NOTE - 15 INVESTMENTS**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Current investments</b>		
<b>Measured at FVTPL</b>		
Investment in mutual funds (quoted)	13,275.62	23,805.82
Investments in bonds (quoted)	33,453.50	16,733.02
<b>Measured at amortised cost</b>		
Investments in Treasury Bills (quoted)	-	984.92
Investment in bonds (quoted)	5,105.84	13,612.60
<b>Measured at FVTOCI*</b>		
Investment in bonds (quoted)	53,657.27	-
	<b>1,05,492.23</b>	<b>55,136.36</b>
Aggregate amount of quoted investments	1,05,492.23	55,136.36
Aggregate market value of quoted investments	1,05,558.67	55,456.91
Aggregate amount of unquoted investments	-	-

\* In the current year, the Holding company has reclassified certain bonds as FVOCI as against amortised cost/FVTPL till the previous year on account of change in their underlying business model

**NOTE - 16 TRADE RECEIVABLES**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Current trade receivables (unsecured)</b>		
Considered good *	80,014.56	63,847.10
Significant increase in credit risk	145.08	296.56
	<b>80,159.64</b>	<b>64,143.66</b>
Less: Provision for doubtful receivables	(145.08)	(296.56)
	<b>80,014.56</b>	<b>63,847.10</b>

\* Trade receivables are hypothecated to secure working capital facilities from Banks (refer Note 26).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

### NOTE - 16 TRADE RECEIVABLES (CONTD.)

#### Trade Receivables ageing schedule as at 31 March, 2022

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered good	-	57,861.81	21,329.20	630.91	67.00	125.64	-	80,014.56
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	1.49	1.73	3.89	20.68	18.59	98.70	145.08
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
	-	<b>57,863.30</b>	<b>21,330.93</b>	<b>634.80</b>	<b>87.68</b>	<b>144.23</b>	<b>98.70</b>	<b>80,159.64</b>

#### Trade Receivables ageing schedule as at 31 March, 2021

(₹ in Lakhs)

Particulars	Outstanding for following period from due date of payment							Total
	Unbilled	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade Receivables - Considered good	-	44,969.53	18,463.79	156.40	198.68	37.46	21.23	63,847.09
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	-	3.00	5.04	3.69	230.16	19.16	35.51	296.56
(iii) Undisputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - Considered Good	-	-	-	-	-	-	-	-
(v) Disputed Trade Receivables - which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables - Credit Impaired	-	-	-	-	-	-	-	-
	-	<b>44,972.53</b>	<b>18,468.83</b>	<b>160.09</b>	<b>428.84</b>	<b>56.62</b>	<b>56.74</b>	<b>64,143.65</b>



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 17 CASH AND BANK BALANCES**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Cash and cash equivalents		
Balances with banks	20,390.59	46,208.07
Cash on hand	7.20	9.36
Balances with banks in fixed deposit (Original maturity of 0 - 3 months)	5,273.07	-
	<b>25,670.86</b>	46,217.43
Other bank balances		
Balances with bank in fixed deposit (Original maturity within 3 to 12 months)	24,417.84	92,812.30
Balances with bank in fixed deposit as a Margin Money Original maturity within 3 to 12 months)	508.27	501.00
Earmarked balances with banks (unpaid dividend) *	12.53	14.13
	<b>24,938.64</b>	93,327.43
	<b>50,609.50</b>	1,39,544.86

\* The group can utilise these balances towards payment of unpaid dividend only.

**NOTE - 18 LOANS**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Current loans</b>		
Loan to a minority shareholder (unsecured, considered good)	93.45	99.21
Loans to staff		
Secured, considered good	10.62	19.24
Unsecured, considered good	90.83	81.01
	<b>194.90</b>	199.46

**NOTE - 19 OTHER FINANCIAL ASSETS**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Export incentives receivable	1,309.39	3,082.60
Interest accrued on fixed deposit and debentures	892.14	1,337.53
Security deposits (unsecured, considered good)	186.48	116.45
	<b>2,388.01</b>	4,536.58

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

### NOTE - 20 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Advances other than capital advances		
Advance to a related party	4.03	3.40
Other Advances		
Advances to suppliers	4,063.58	2,635.02
Advances to staff	129.56	199.73
Others		
Balance with government authorities	6,691.93	3,683.55
Prepaid expenses	352.83	252.41
Prepaid leave encashment	94.00	74.95
Prepaid Gratuity	34.13	14.92
	<b>11,370.06</b>	6,863.98

### NOTE - 21 EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Authorised share capital</b>		
230,000,000 (previous year: 230,000,000) equity shares of face value ₹ 2/- each	4,600.00	4,600.00
	<b>4,600.00</b>	4,600.00
<b>Issued, subscribed &amp; fully paid up share capital</b>		
94,320,370 equity shares (previous year: 94,320,370) of face value ₹ 2/- each, fully paid up	1,886.41	1,886.41
	<b>1,886.41</b>	1,886.41

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

	31 March, 2022		31 March, 2021	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
Shares outstanding at the beginning of the year	9,43,20,370	1,886.41	9,43,20,370	1,886.41
Add: Changes during the year	-	-	-	-
Shares outstanding at the end of the year	9,43,20,370	1,886.41	9,43,20,370	1,886.41

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

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

#### (c) The details of shareholders holding more than 5% shares

Name of the shareholders	As at 31 March, 2022		As at 31 March, 2021	
	No. of shares	% of holding	No. of shares	% of holding
Bhadresh K. Shah	5,51,28,901	58.45%	5,51,28,901	58.45%
Nalanda India Equity Fund Limited	91,27,809	9.68%	91,27,809	9.68%



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 21 EQUITY SHARE CAPITAL (CONTD.)**

**(d) Shareholding of Promoters**

Shares held by promoters as at 31 March, 2022			% Change during the year
Name of the Promoter	No. of Shares	% of total shares	
Bhadresh Kantilal Shah	5,51,28,901	58.45%	-
Khushali Bhadreshbhai Shah	10,010	0.01%	-
Bhumika Shyamal Shodhan	10,005	0.01%	-
Gita Bhadresh Shah	5	0%	-
	<b>5,51,48,921</b>	<b>58.47%</b>	-

Shares held by promoters as at 31 March, 2021			% Change during the year
Name of the Promoter	No. of Shares	% of total shares	
Bhadresh Kantilal Shah	5,51,28,901	58.45%	-
Khushali Bhadreshbhai Shah	10,010	0.01%	-
Bhumika Shyamal Shodhan	10,005	0.01%	-
Gita Bhadresh Shah	5	0%	-
	<b>5,51,48,921</b>	<b>58.47%</b>	-

**NOTE - 22 OTHER EQUITY**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Reserves and surplus</b>		
(a) Securities premium		
Balance at the beginning of the year	26,845.71	26,852.64
Additions during the year	-	-
Adjustment on account of translating the financial statements of foreign operations	8.61	(6.93)
<b>Balance at the end of the year</b>	<b>26,854.32</b>	26,845.71
(b) Capital redemption reserve		
<b>Balance at the beginning and at end of the year</b>	<b>1,925.74</b>	1,925.74
(c) Statutory reserve		
Balance at the beginning of the year	8.95	9.22
Adjustment on account of translating the financial statements of foreign operations	0.26	(0.27)
Additions during the year	-	-
<b>Balance at the end of the year</b>	<b>9.21</b>	8.95
(d) General reserve		
<b>Balance at the beginning and at end of the year</b>	<b>16,467.61</b>	16,467.61
(e) Retained earnings		
Balance at the beginning of the year	3,81,279.19	3,24,503.90
Add: Profit for the year	61,968.09	56,612.18
Less: Remeasurement of defined benefit obligations transferred from OCI	85.13	163.11
Less: Transfer to statutory reserve	-	-
Less: Dividend on equity shares #	(8,488.83)	-
<b>Balance at the end of the year</b>	<b>4,34,843.58</b>	3,81,279.19
<b>Total reserves and surplus (A)</b>	<b>4,80,100.46</b>	4,26,527.20

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

### NOTE - 22 OTHER EQUITY (CONTD.)

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Other comprehensive income ('OCI')</b>		
<b>Items that will not be reclassified to statement of profit and loss</b>		
(a) Remeasurement of defined benefit plan		
Balance at the beginning of the year	-	-
Recognised in consolidated statement of profit and loss	114.22	223.38
Tax impact on above [refer Note 41 (c)]	(22.37)	(56.22)
Less: Transferred to minority interest	(6.72)	(4.05)
Less: Transfer to retained earnings	(85.13)	(163.11)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>
<b>Items that will be reclassified to statement of profit and loss</b>		
(b) Cash flow hedge reserve:		
Balance at the beginning of the year	563.55	987.76
Recognised in consolidated statement of profit and loss		
Mark to market of hedging designated instruments and effective as hedges of future cash flow	(421.93)	1,179.63
Restatements of trade receivables to the extent of hedging	345.21	(1,746.51)
	<b>(76.72)</b>	<b>(566.88)</b>
Effect of tax on above		
Tax on Mark to market of hedging designated instruments and effective as hedges of future cash flow [refer Note 41(c)]	106.19	(296.89)
Tax on Restatements of trade receivables to the extent of hedging	(86.88)	439.56
Net tax in OCI	19.31	142.67
<b>Balance at the end of the year</b>	<b>506.14</b>	<b>563.55</b>
(c) Gain and losses on account of translating the financial statements of foreign operations		
Balance at the beginning of the year	(4,545.71)	(2,504.64)
Recognised in consolidated statement of profit and loss	(2,526.85)	(2,041.07)
<b>Balance at the end of the year</b>	<b>(7,072.56)</b>	<b>(4,545.71)</b>
(d) Fair value through other comprehensive income		
Balance at the beginning of the year	-	-
Recognised in statement of profit and loss	100.97	-
Tax impact on above	(25.41)	-
<b>Balance at the end of the year</b>	<b>75.56</b>	<b>-</b>
<b>Total other comprehensive income (B)</b>	<b>(6,490.86)</b>	<b>(3,982.16)</b>
<b>Total other equity (A + B)</b>	<b>4,73,609.60</b>	<b>4,22,545.04</b>

**Note:** Refer consolidated statement of changes in equity for nature and purpose of reserves.

(₹ in Lakhs)

# Dividend on equity shares paid during the year	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Final dividend for the financial year 2020-21 [ ₹ 9.00 (previous year: nil) per equity share of ₹ 2.00 each]	8,488.83	-

**Note:** Board of Directors of the Holding Company have proposed final dividend of ₹ 9.00 per equity share for the financial year 2021-22. Proposed dividend on equity shares are subject to approval at the Annual General Meeting and hence not recognized as a liability as at 31 March, 2022. No interim dividend was declared and paid during the financial year 2021-22.



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 23 BORROWINGS**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Non-current borrowings (secured)</b>		
Borrowings from bank	127.00	-
	<b>127.00</b>	-

**Borrowing based on security of current assets:**

The Group has obtained various borrowings from banks on basis of security of current assets wherein the quarterly returns/statements of current assets as filed with banks are in agreement with the books of accounts.

Borrowing is from Canara Bank carrying interest rate of 7.50% per annum (Previous Year Nil) and secured by second charge with the existing credit facilities with the same bank against

- Hypothecation of both present and future stocks, book debts and plant and machinery stored/installed at one of subsidiary in India.
- Terms of repayment : 36 Equated monthly instalments starting from 12 December, 2023.

**NOTE - 24 LEASE LIABILITIES**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Non current lease liabilities	342.43	577.17
	<b>342.43</b>	577.17

**NOTE - 25 PROVISIONS**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Non-current provisions</b>		
Provision for warranties	1,261.43	1,514.46
Provision for employee benefits (refer Note 43)		
Gratuity	143.36	122.40
Leave encashment	46.17	-
	<b>1,450.96</b>	1,636.86
<b>Movement in provision for warranties</b>		
Balance at the beginning of the year	2,019.28	2,509.88
Utilisation during the year	(77.90)	(673.60)
Provision for the year #(net of provision written back)	415.14	616.82
Exchange differences on translation of foreign operations	(33.03)	(51.82)
Written back during the period	(595.99)	(382.00)
<b>Balance at the end of the year</b>	<b>1,727.50</b>	2,019.28
Non-current	1,261.43	1,514.46
Current (refer Note 31)	466.07	504.82
	<b>1,727.50</b>	2,019.28

# The group provides standard warranty to all its customers for any manufacturing defects in the products sold by the group. Generally, the time period of warranty is linked to the hours which have been assured by the group towards performance of the product under normal mill operation. Based on evaluation made by group's technical team and the historic experience of claims, the group provides for warranty at the rate of 0.05% to 0.10% of sales and is carried in the books for a period upto 4 years.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

### NOTE - 26 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Current borrowings</b>		
Loans repayable on demand		
Secured loans from banks	157.00	7,347.30
Unsecured from banks	-	11,100.00
	<b>157.00</b>	18,447.30

#### Borrowing based on security of current assets:

- Group has obtained various borrowings from banks on basis of security of current assets wherein the quarterly returns/statements of current assets as filed with banks are in agreement with the books of accounts.
- Secured Export Packing Credit ('EPC') facilities are availed from Citi Bank N.A. carrying interest rate ranging from 0.80% to 3.80% during the year (Previous Year 1.00% to 3.50%)
- Unsecured Export Packing Credit ('EPC') facilities are availed from JP Morgan carrying interest rate ranging from 0.77% to 4.03% during the year (Previous Year 1.00% to 3.50%)
- Bill discounting facility is availed from bank against letter of credit backed by supply bills at interest rate of 5.00% per annum. Terms of repayment is 150 days from the date of funding.(Previous Year : N.A.)
- EPC facility from Canara Bank carrying interest rate around from 8.30% during previous year is secured by hypothecation of identified plant and equipments, accessories, book debts and inventories of subsidiary company and further secured by mortgage of land and buildings acquired out of subsidiary company's own funds.

### NOTE - 27 LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Current lease liabilities	356.70	269.40
	<b>356.70</b>	269.40

### NOTE - 28 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Total outstanding dues of micro enterprises and small enterprises #	3,854.13	3,601.33
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Due to related parties [refer Note 48 (d)]	216.54	284.28
Due to others	15,603.83	12,695.23
	<b>15,820.37</b>	12,979.51
	<b>19,674.50</b>	16,580.84

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

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



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)**

**NOTE - 28 TRADE PAYABLES (CONTD.)**

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

Particulars	As at 31 March, 2022	As at 31 March, 2021
Principal amount due to micro and small enterprise	4,058.71	3,861.38
Interest due on above	5.09	11.39
Interest paid by the Group in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	11.22	5.26
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	6.13
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

**Note:** The Group had sought confirmation from its vendors on their status under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") as per provisions contained in amended notification which came into effect from 1st July, 2020. Dues to micro and small enterprises have been determined to the extent confirmations received by the Group from its vendors. This has been relied upon by the auditors.

**Trade Payables ageing schedule as at 31 March, 2022**

(₹ in Lakhs)

Particulars	Outstanding for following periods from due date of payment						Total
	Unbilled	Not Due	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	2,696.85	1,155.33	1.95	-	-	3,854.13
(ii) Others	-	9,563.78	5,031.18	705.72	241.13	278.56	15,820.37
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
	-	<b>12,260.63</b>	<b>6,186.51</b>	<b>707.67</b>	<b>241.13</b>	<b>278.56</b>	<b>19,674.50</b>

**Trade Payables ageing schedule as at 31 March, 2021**

(₹ in Lakhs)

Particulars	Outstanding for following period from due date of payment						Total
	Unbilled	Not Due	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	2750.86	843.52	0.82	5.02	1.11	3,601.33
(ii) Others	-	8,549.64	3,980.53	236.44	130.84	82.06	12,979.51
(iii) Disputed dues - MSME	-	-	-	-	-	-	-
(iv) Disputed dues -Others	-	-	-	-	-	-	-
	-	<b>11,300.50</b>	<b>4,824.05</b>	<b>237.26</b>	<b>135.86</b>	<b>83.17</b>	<b>16,580.84</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2022 (Contd.)

### NOTE - 29 OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Salary, wages and bonus payable	1,374.56	1,317.49
Unpaid dividends *	12.53	14.13
Interest accrued on borrowings	-	4.84
Capital creditors#	996.88	850.80
Other payables	46.76	85.79
	<b>2,430.73</b>	2,273.05

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

# The balance includes outstanding dues of micro enterprises and small enterprises of ₹ 209.67 Lakhs as at 31 March, 2022 (₹ 271.44 Lakhs as 31 March, 2021)

# Refer Note 28 for Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006

### NOTE - 30 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Contract liabilities		
Customer advances	4,185.67	4,154.47
Others		
Fund held in corpus donation	146.27	138.38
Security deposits	13.39	5.83
Statutory dues and other payables	1,518.27	894.99
	<b>5,863.60</b>	5,193.67

### NOTE - 31 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Current provisions</b>		
Provision for warranties (refer Note 25)	466.07	504.82
Provision for employee benefits (refer Note 43)		
Gratuity	158.76	73.59
Leave encashment	22.41	71.32
	<b>647.24</b>	649.73

### NOTE - 32 CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Provision for income tax [net of advance tax and tax deducted at source of ₹ 15,992.18 Lakhs (previous year ₹ 18,129.71 Lakhs)]	1,151.92	178.09
	<b>1,151.92</b>	178.09



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 33 REVENUE FROM OPERATIONS**

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Sale of products		
Export sales	2,77,215.81	2,24,676.60
Domestic sales	74,230.94	57,201.27
	<b>3,51,446.75</b>	<b>2,81,877.87</b>
Other operating revenue		
Export incentives	4,338.39	5,601.20
Other sales	869.59	670.17
	<b>5,207.98</b>	<b>6,271.37</b>
	<b>3,56,654.73</b>	<b>2,88,149.24</b>

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

**Reconciliation of revenue from operations with the contracted price:**

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Contracted price	3,51,962.69	2,82,458.81
Adjustments :		
- Discounts	(156.74)	(283.18)
- Sales return	(359.20)	(297.76)
Sale of products	3,51,446.75	2,81,877.87
Other operating revenue	5,207.98	6,271.37
Revenue from operations	3,56,654.73	2,88,149.24
<b>Revenue disaggregation by geography:</b>		
India	79,438.92	63,472.64
Outside India	2,77,215.81	2,24,676.60
	<b>3,56,654.73</b>	<b>2,88,149.24</b>

**Contract balances**

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

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>Trade receivables</b>	80,555.90	64,097.40
<b>Contract assets</b>	-	-
<b>Contract liabilities</b>		
Advance from customers	4,185.67	4,154.47

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 34 OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Interest income from financial assets	7,863.48	5,004.28
Other non-operating income		
Profit on sale of mutual fund units	152.23	3,677.24
Gain on foreign exchange fluctuation (net)	5,893.18	7,149.97
Gain on fair value of current investments	1,324.32	1,291.19
Provision for doubtful trade receivables written back (net)	57.31	-
Provision for warranties written back (net)	252.86	-
Miscellaneous income	85.63	96.91
	<b>15,629.01</b>	17,219.59

### NOTE - 35 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Opening stock at the beginning of the year	8,212.99	12,065.82
Add: Purchases during the year	1,94,108.32	1,09,652.29
Less: Closing stock at the end of the year	(18,084.37)	(8,212.99)
	<b>1,84,236.94</b>	1,13,505.12

### NOTE - 36 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Opening stock:		
Work-in-progress	14,790.86	16,137.35
Finished goods	43,355.14	41,044.34
	<b>58,146.00</b>	57,181.69
Closing stock:		
Work-in-progress	18,056.58	14,790.86
Finished goods	76,874.38	43,355.14
	<b>94,930.96</b>	58,146.00
Exchange differences on translation of foreign operations	342.61	(1,719.77)
	<b>(37,127.57)</b>	755.46



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 37 EMPLOYEE BENEFITS EXPENSE**

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Salaries, wages and bonus	12,741.27	12,099.39
Contribution to provident and other funds	619.27	651.51
Expenses related to post employment defined benefit plans [refer Note 43 (iv)]	263.48	284.23
Staff welfare expenses	312.64	315.34
	<b>13,936.66</b>	13,350.47

**NOTE - 38 FINANCE COSTS**

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Interest on:		
Bank borrowings	257.41	312.21
Income-tax	32.69	-
Lease liabilities	81.04	115.57
Others	13.90	1.53
	<b>385.04</b>	429.31

**NOTE - 39 DEPRECIATION AND AMORTISATION**

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Depreciation of property, plant and equipment (refer Note 4)	8,728.68	8,784.54
Depreciation of Right of Use asset (refer Note 5)	387.00	478.66
Amortisation of intangible assets (refer Note 7)	95.95	86.89
	<b>9,211.63</b>	9,350.09

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 40 OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Consumption of stores	25,310.08	21,682.89
Power and fuel	32,852.18	28,669.96
Contract labour charges	6,996.40	6,994.48
Repairs and maintenance		
- Buildings	286.19	219.74
- Plant and machineries	1,035.60	866.51
- Others	782.67	859.41
Lease rent	48.74	55.85
Insurance	1,000.32	942.68
Rates and taxes	236.70	184.79
Security expenses	540.75	562.55
Printing, stationery and communication expenses	274.87	289.94
Travelling and conveyance	1,455.10	937.30
Advertisement and sales promotion	34.09	114.05
Bad debts written off	9.47	-
Freight outward expenses	42,174.33	22,946.08
Royalty expenses	388.74	289.16
Commission expenses	4,392.04	3,645.05
Warranty expenses	-	234.82
Directors' sitting fees	13.90	13.15
Payments to auditors		
- Statutory audit fees	106.57	100.92
- Quarterly Limited reviews	24.60	22.50
- Certification and other services	1.10	1.39
- Reimbursement of expenses	2.47	1.08
Legal and professional consultancy fees	3,309.99	3,178.84
Bank commission charges	465.04	389.21
Donation	0.28	1.61
Corporate social responsibility expenses	1,245.33	1,144.19
Loss on sale/disposal of Property, plant and equipment and right of use assets (net)	15.01	216.37
Provision for doubtful trade receivables (net)	-	3.26
Other miscellaneous expenses	511.63	445.81
	<b>1,23,514.19</b>	95,013.59



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 41 TAX EXPENSES**

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
<b>(a) Tax expense</b>		
<b>Current tax</b>		
Provision for current tax	17,036.41	18,683.22
Excess provision for current tax of earlier years written back	(150.40)	-
Net deferred tax [refer Note 41(c)]	(720.96)	(2,289.07)
<b>Tax expense for the year</b>	<b>16,165.05</b>	16,394.15
<b>(b) Deferred tax</b>		
<b>Deferred tax liabilities</b>		
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	5,116.82	5,058.55
Fair valuation of current investments	721.95	618.81
Hedge reserve balance	-	76.95
	<b>5,838.77</b>	5,754.31
<b>Deferred tax assets</b>		
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	8.73	7.16
Hedge reserve balance	29.24	-
Unrealised profit on intra group inventories	1,903.53	1,050.87
Others	27.73	16.02
	1,969.23	1,074.05
<b>Deferred tax liabilities (net) [refer Note 41(c)]</b>	<b>3,869.54</b>	4,680.26

**(c) Movement in deferred tax**

(₹ in Lakhs)

Particulars	Opening balance as at 1 April	Consolidated statement of profit and loss	Other comprehensive income	Closing balance as at 31 March
<b>2021-22</b>				
<b>Deferred tax liabilities</b>				
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	5,058.55	58.60	(0.33)	5,116.82
Fair valuation of current investments	618.81	77.73	25.41	721.95
Hedge reserve balance	76.95	-	(76.95)	-
Others	-	-	-	-
	<b>5,754.31</b>	<b>136.33</b>	<b>(51.87)</b>	<b>5,838.77</b>



**NOTES**  
**TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 41 TAX EXPENSES (CONTD.)**

(₹ in Lakhs)

Particulars	Opening balance as at 1 April	Consolidated statement of profit and loss	Other comprehensive income	Closing balance as at 31 March
<b>Deferred tax assets</b>				
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	7.16	1.57	-	8.73
Unrealised profit on intra group inventories	1,050.87	852.66	-	1,903.53
Hedge reserve balance	-	-	29.24	29.24
Others	16.02	3.06	8.65	27.73
	<b>1,074.05</b>	<b>857.29</b>	<b>37.89</b>	<b>1,969.23</b>
<b>Deferred tax liabilities (net)</b>	<b>4,680.26</b>	<b>(720.96)</b>	<b>(89.76)</b>	<b>3,869.54</b>

(₹ in Lakhs)

Particulars	Opening balance as at 1 April	Consolidated statement of profit and loss	Other comprehensive income	Closing balance as at 31 March
<b>2020-21</b>				
<b>Deferred tax liabilities</b>				
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	5,108.20	(49.65)	-	5,058.55
Fair valuation of current investments	2,885.84	(2,267.03)	-	618.81
Hedge reserve balance	-	-	76.95	76.95
	<b>7,994.04</b>	<b>(2,316.68)</b>	<b>76.95</b>	<b>5,754.31</b>
<b>Deferred tax assets</b>				
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	7.00	0.16	-	7.16
Unrealised profit on intra-group inventory	1,035.30	15.57	-	1,050.87
Foreign currency translation reserve	-	-	-	-
Hedge reserve balance	219.94	-	(219.94)	-
Others	61.61	(43.34)	(2.25)	16.02
	<b>1,323.85</b>	<b>(27.61)</b>	<b>(222.19)</b>	<b>1,074.05</b>
<b>Deferred tax liabilities (net)</b>	<b>6,670.19</b>	<b>(2,289.07)</b>	<b>299.14</b>	<b>4,680.26</b>



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 41 TAX EXPENSES (CONTD.)**

**(d) Effective tax reconciliation**

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

Particulars	(₹ in Lakhs)	
	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Profit before tax for the year	78,126.85	72,964.79
Tax at statutory income tax rate of 25.168% (previous year: 25.168%) in India	19,662.97	18,363.78
Adjustments:		
Income from long term investment taxed at lower rate	(196.36)	(288.04)
Non-deductible expenses for tax purposes	333.90	331.77
Difference in tax rate of subsidiary companies	(2,632.40)	(2,033.10)
Tax impact on intra-group stock reserve	(852.66)	(15.57)
Tax of earlier years written back	(150.40)	-
Others	-	35.31
<b>Tax expense reported in the consolidated statement of profit and loss</b>	<b>16,165.05</b>	<b>16,394.15</b>

The Group has ongoing dispute with Income tax authorities relating to tax treatment of certain items. These amounts have been disclosed as contingent liabilities (refer Note 44).

**NOTE - 42 EARNINGS PER SHARE**

Particulars	(₹ in Lakhs)	
	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Net profit attributable to the equity shareholders (₹ in Lakhs)	61,968.09	56,612.19
Weighted average number of equity shares outstanding during the period (nos.)	9,43,20,370	9,43,20,370
Nominal value of equity share (₹)	2.00	2.00
Basic and diluted earnings per share (₹)	65.70	60.02

**NOTE - 43 EMPLOYEE BENEFITS**

The group has the following post-employment benefit plans

**A. Defined contribution plan**

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

Particulars	(₹ in Lakhs)	
	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Employer's contribution to provident and other funds	581.98	591.50

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 43 EMPLOYEE BENEFITS (CONTD.)

#### B. Defined benefit plans

Gratuity: The employees' gratuity fund scheme of the Holding Company is funded with Life Insurance Corporation of India and managed by a Trust, for subsidiary company incorporated in India, it is funded with Life Insurance Corporation of India and for one wholly owned overseas subsidiary company it is unfunded. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

#### Gratuity

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

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

#### (i) Risks associated to the defined benefit plans:

- Actuarial risk: Risks due to adverse salary growth/Variability in mortality and withdrawal rates.
- Investment risk: Risks due to significant changes in discounting rate during the inter-valuation period.
- Liquidity risk: Risks on account of Employees resign/retire from the Group and as result strain on the cash flow arises.
- Market risk: Risks related to changes and fluctuation of the financial markets and assumption depends on the yields on government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.
- Legislative risk: Risks of increase in the plan liabilities or reduction in plan assets due to change in legislation.

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

(₹ in Lakhs)

Particulars	Gratuity (funded)		Gratuity (unfunded)#	
	For the year ended 31 March, 2022	For the year ended 31 March, 2021	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Defined benefit obligation at the beginning of the year	3,409.48	3,412.19	144.00	185.06
Recognised in consolidated statement of profit and loss:				
Current service cost	244.27	250.89	24.66	-
Interest cost	196.41	206.51	-	-
Actuarial (gain)/loss recognised in other comprehensive income:				
Due to change in financial assumptions	(189.83)	56.31	-	-
Due to change in demographic assumptions	-	-	-	-
Due to experience adjustments	89.79	(253.77)	-	-
Benefits paid from Plan asset	(220.69)	(262.65)	-	(41.06)
Benefits directly paid by group	(10.06)	-	-	-
Defined benefit obligation at the end of the year	<b>3,519.37</b>	3,409.48	<b>168.66</b>	144.00



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 43 EMPLOYEE BENEFITS (CONTD.)**

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

(₹ in Lakhs)

Particulars	Gratuity (funded)		Gratuity (unfunded)#	
	For the year ended 31 March, 2022	For the year ended 31 March, 2021	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Fair value of plan assets at the beginning of the year	3,372.41	2,774.09	-	-
Transfer in\out) plan assets	-	(123.35)	-	-
Interest income	201.86	173.17	-	-
Return on plan assets excluding amounts included in interest income	14.18	25.92	-	-
Contributions by the employer	52.29	785.23	-	-
Benefits paid	(220.69)	(262.65)	-	-
Fair value of plan assets at the end of the year	3,420.05	3,372.41	-	-
Actual return on plan assets	216.04	199.09	-	-

**(iv) Expense recognised during the year:**

(₹ in Lakhs)

Particulars	Gratuity (funded)		Gratuity (unfunded)#	
	For the year ended 31 March, 2022	For the year ended 31 March, 2021	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Current service cost	244.27	250.89	24.66	-
Net interest cost	(5.45)	33.34	-	-
Net value of remeasurements on the obligation and plan assets	-	-	-	-
<b>Net cost recognised in consolidated statement of profit and loss</b>	<b>238.82</b>	<b>284.23</b>	<b>24.66</b>	-
Components of actuarial gains/(losses):				
Due to change in financial assumptions	(189.83)	56.31	-	-
Due to change in demographic assumptions	-	-	-	-
Due to experience adjustments	89.79	(253.77)	-	-
Return on plan assets excluding amounts included in interest income	(14.18)	(25.92)	-	-
<b>Net cost recognised in other comprehensive income</b>	<b>(114.22)</b>	<b>(223.38)</b>	-	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 43 EMPLOYEE BENEFITS (CONTD.)

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

(₹ in Lakhs)

Particulars	Gratuity (funded)		Gratuity (unfunded)#	
	As at 31 March, 2022	As at 31 March, 2021	As at 31 March, 2022	As at 31 March, 2021
Present value of obligation	3,519.37	3,409.48	168.66	144.00
Fair value of plan assets	3,420.05	3,372.41	-	-
Net defined benefit liability at end of the year*	99.32	37.07	168.66	144.00

\*Net defined benefit liability as at 31 March, 2022 is net of Liability of ₹ 133.46 (previous year - ₹ 52 Lakhs) and advance paid of ₹ 34.13 (previous year - ₹ 14.93 Lakhs)

#### (vi) Composition of plan assets:

Particulars	Gratuity (funded)	
	As at 31 March, 2022	As at 31 March, 2021
<b>Cash and cash equivalents</b>		
Bank balances	0%	0% - 2%
<b>Investment funds</b>		
Insurance policies	100%	98% - 100%

#### (vii) Key actuarial assumptions:

Particulars	Gratuity (funded)	
	As at 31 March, 2022	As at 31 March, 2021
<b>Financial assumptions</b>		
Discount rate	6.85% - 6.95%	6.35% - 6.50%
Expected rate of return on plan assets	6.85% - 6.95%	6.35% - 6.50%
Salary growth rate	7.00% - 8.50%	7.00% - 8.50%
<b>Demographic assumptions</b>		
Withdrawal rate	5% - 10% at younger ages reducing to 1% at older ages	5% - 10% at younger ages reducing to 1% at older ages
Mortality table	Indian assured lives mortality (2012-14)	Indian assured lives mortality (2012-14)

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

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



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 43 EMPLOYEE BENEFITS (CONTD.)**

**(viii) Sensitivity analysis:**

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

**Impact on defined benefit obligations - Gratuity:**

Particulars	Increase in assumption		Decrease in assumption	
	As at 31 March, 2022	As at 31 March, 2021	As at 31 March, 2022	As at 31 March, 2021
<b>Discount rate</b>				
Change in assumption by 0.50%	(4.23%)	(4.41%)	4.58%	4.79%
<b>Salary growth rate</b>				
Change in assumption by 0.50%	4.48%	4.64%	(4.18%)	(4.33%)
<b>Withdrawal rate</b>				
Change in assumption by 0.10%	(0.20%)	(0.31%)	0.21%	0.31%

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

# Gratuity (unfunded) represents defined benefit plan in a wholly owned overseas subsidiary.

**(ix) Maturity profile of the defined benefit obligation:**

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	As at 31 March, 2022	As at 31 March, 2021
<b>Age wise distribution of defined benefit obligation</b>		
Age in years		
Less than 25	4.35	4.21
25 to 35	281.52	330.73
35 to 45	1,001.53	930.90
45 to 55	1,213.01	1,214.99
above 55	1,018.96	918.73
Accrued gratuity for left employees	-	9.92
	<b>3,519.37</b>	<b>3,409.48</b>
<b>Past service wise distribution of defined benefit obligation</b>		
Service period in years		
0 to 4	75.76	62.71
4 to 10	245.98	302.24
10 to 15	953.21	1,047.40
15 and above	2,244.42	1,987.21
Accrued gratuity for left employees	-	9.92
	<b>3,519.37</b>	<b>3,409.48</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 43 EMPLOYEE BENEFITS (CONTD.)

#### C. Other long-term employee benefits\*

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

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

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

#### Key actuarial assumptions:

Particulars	Leave encashment (funded)	
	As at 31 March, 2022	As at 31 March, 2021
<b>Financial assumptions</b>		
Discount rate	6.85% - 6.95%	6.45% - 6.55%
Expected rate of return on plan assets	6.85% - 6.95%	6.45% - 6.55%
Salary growth rate	7.00% - 8.50%	7.00% - 8.50%
<b>Demographic assumptions</b>		
Withdrawal rate	5% - 10% at younger ages reducing to 1% at older ages	5% - 10% at younger ages reducing to 1% at older ages
Mortality table	Indian assured lives mortality (2012-14)	Indian assured lives mortality (2012-14)

Leave encashment expenses recognised during the year in the consolidated statement of profit and loss amounts to ₹ 162.67 Lakhs (previous year ₹ 90.63 Lakhs).

#### D. Estimate of contributions expected to be paid during Financial Year 2022-23

(i) Defined contribution plan:	
(a) Employer's contribution to provident fund	12% of salary
(ii) Defined benefit plan:	
(a) Gratuity (funded)	133.46
(b) Gratuity (Unfunded)	25.30
	<b>158.76</b>
(iii) Other long-term employee benefits	
(a) Leave encashment	22.41



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 44 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
<b>(a) Contingent liabilities</b>		
<b>Claims against the group not acknowledged as debts:</b>		
Central excise, Service tax and GST	387.72	275.96
Custom duty related dispute (Decision is received in favor of Group in high court and Department has appealed decision of high court in Supreme Court).	1,012.33	-
Income tax		
In High Court (Decision is received in favor of Group in ITAT and Income Tax Department has appealed decision of ITAT in High Court).	11,473.81	6,784.68
In Commissioner of Income tax (CIT)	11,910.70	-
<b>Total Income tax</b>	<b>23,384.51</b>	6,784.68
Sales tax/VAT	57.23	89.62
Guarantees:		
Outstanding bank guarantees	16,328.29	16,848.94
Outstanding corporate guarantees given to customers	174.21	223.62
Letter of Credit	2,008.18	3,369.72
Others matters including claims related to ESIC, Electricity and Ex-employees	813.70	795.86
Charter of demands made by one of the labour union, pending for disposal at Industrial Tribunal (labour court), Bangalore.	no reliable estimate can be made	no reliable estimate can be made
	<b>43,153.84</b>	<b>35,173.08</b>
<b>(b) Capital commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	3,270.61	8,703.94
	<b>3,270.61</b>	8,703.94

**Notes:**

- (i) Most of the issues of litigation pertaining to Central Excise/Service tax/Income tax (including transfer pricing matters) are based on interpretation of the respective law & rules thereunder. Management has been opined by its counsel that many of the issues raised by revenue will not be sustainable in law as they are covered by judgements of respective judicial authorities which supports its contention. Further, in several matters, the management has successfully defended their case at lower forums of adjudication. Accordingly, the management do not envisage any material impact on the consolidated financial statements of the Group.
- (ii) Sales tax/VAT related litigation/demand primarily pertains to non submission of required declaration forms in time due to non-receipt of the same from customers and/or some interpretation related issues. However in most of the cases, required documents are being filed and minor impact if any, shall be given in the year of final outcome of respective matter in appeal.
- (iii) The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 45 ARBITRATION MATTER

On termination of Joint Venture and Shareholders' Agreement, a Settlement Deed dated 16 February, 2000 was executed between Mr. Bhadresh K. Shah, and Magotteaux International S.A. Belgium ("Magotteaux"). The Group and Magotteaux have amicably entered into an out of court settlement whereby both the parties have agreed to a full and final binding settlement of all claims made in, arising out of, or in connection, with the Arbitration Proceeding and Challenge proceedings, including claims as to cost, with no liberty to reinstate any such claims in in any form and signed a settlement agreement on 7 October, 2020.

Consequent to this settlement, Magotteaux has withdrawn its appeal filed before Hon'ble Commercial Court of England (QBD) and ended the arbitration proceedings. Hon'ble Commercial Court of England (QBD) has passed an order dated 15 October, 2020 to this effect.

### NOTE - 46 CANADA ANTI-DUMPING

After a full Anti Dumping Duty and Countervailing Duties review, Canada Border Services Agency has notified a schedule for duties for imports of high chrome grinding media ( manufactured by AIA in India) into Canada. The way the protocol will apply is - no anti dumping duty is leviable if the FOB Value of the invoice is above prescribed prices for certain defined grades and it will be 15.70% for grades other than ones defined in the order. A separate Countervailing Duties of ₹ 3,874 per MT will be levied on all imports of Grinding Media.

### NOTE - 47 COVID-19

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of these consolidated financial statements including the recoverability of carrying amounts of financial and non- financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, The Group has, at the date of approval of these consolidated financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered. Having reviewed the underlying information, management believes the impact of the pandemic may not be significant. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.

### NOTE - 48 RELATED PARTY DISCLOSURES

#### A. List of related parties

(i) Key managerial personnel ("KMP"):

Sr. no.	Name	Designation
<b>KMP of Holding company:</b>		
1	Mr. Rajendra S. Shah	Chairman
2	Mr. Bhadresh K. Shah	Managing Director
3	Mr. Yashwant M. Patel	Whole-time Director
4	Mr. S. N. Jetheliya *	Company Secretary
5	Mr. Viren K.Thakkar	Chief Financial Officer
<b>KMP of subsidiary companies:</b>		
1	Mr. Vinod Narain (Upto 12 February, 2022)	Chairman, Welcast Steels Limited
2	Mr. Mohona Rao VVR	Chief Executive Officer, Welcast Steels Limited
3	Mr. Yashraj	Chief Financial Officer, Welcast Steels Limited
4	Mr. Jerry Andersson (w.e.f. 24 Jan, 2022)	Chief Executive Officer and Director, Vega Industries (Middle East) F.Z.C.
5	Mr. Paryank R. Shah	} Director, Vega Industries (Middle East) F.Z.C.
6	Mr. R. A. Gilani	
7	Mr. Himanshu K. Patel	
8	Mr. Vivek S. Rathaur	

\* Also a key managerial personnel in Welcast Steels Limited



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 48 RELATED PARTY DISCLOSURES (CONTD.)**

(ii) Independent directors:

Sr. no.	Name	Company
1	Mr. Rajendra S. Shah	AIA Engineering Limited
2	Mr. Sanjay S. Majmudar	
3	Mr. Dileep C. Choksi	
4	Mr. Rajan Harivallabhdas	
5	Mrs. Janaki Udayanbhai Shah	
6	Mr. D. P. Dhanuka	Welcast Steels Limited
7	Mr. Pradip R. Shah	
8	Mr. Sanjay S. Majmudar	
9	Mr. Rajendra S. Shah	
10	Mr. Ashok A. Nichani	

(iii) Others:

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

\* Non-executive director of The Company.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 48 RELATED PARTY DISCLOSURES (CONTD.)**

**B. Details of related party transactions for the year ended**

(₹ in Lakhs)

Sr. no.	Nature of transaction	Key Managerial Personnel		Independent Directors		Enterprise over which key managerial personnel have significant influence/ entity controlled by key managerial personnel		Relatives of key managerial personnel		Post employment benefit plan of the Holding company	
		31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
1	Purchase of goods (inclusive of taxes)	-	-	-	-	3,744.86	2,925.96	-	-	-	-
2	Commission expense on purchases	-	-	-	-	107.08	121.53	-	-	-	-
3	Legal and professional consultancy fees	0.90	1.20	-	-	10.74	14.99	-	-	-	-
4	SAP ERP functional and technical support	-	-	-	-	90.64	90.99	-	-	-	-
5	Salary, bonus and perquisites	210.18	200.63	-	-	-	-	1.54	1.54	-	-
6	Contribution to gratuity fund	-	-	-	-	-	-	-	-	51.99	478.92
7	Rent	-	-	-	-	-	-	5.45	5.39	-	-
8	Commission to Director	-	-	22.00	22.50	-	-	18.00	-	-	-
9	Travelling expenses	-	-	-	-	83.31	54.63	-	-	-	-
10	Directors' remuneration and perquisites	554.91	401.27	-	-	-	-	-	-	-	-
11	Sitting fees paid	1.30	1.90	10.45	9.30	-	-	2.15	1.95	-	-
	Outstanding balance receivable at year end	<b>767.29</b>	605.00	<b>32.45</b>	31.80	<b>4,036.63</b>	3,208.10	<b>27.14</b>	8.88	<b>51.99</b>	478.92
	Outstanding balance payable at year end	-	-	-	-	<b>4.03</b>	3.40	-	-	-	-
		<b>15.80</b>	13.20	<b>19.80</b>	20.81	<b>196.36</b>	262.46	<b>0.38</b>	0.52	<b>133.46</b>	51.99



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 48 RELATED PARTY DISCLOSURES (CONTD.)**

**C. Disclosures in respect of transactions with related parties for the year ended**

(₹ in Lakhs)

Sr. no.	Nature of transaction	Name of related party	31 March, 2022	31 March, 2021
1	Purchase of goods (inclusive of taxes)	Harsha Engineers International Limited (Formerly known as Harsha Engineering Limited)	3,744.86	2,925.96
2	Commission expense on purchases	AB Tradelink Private Limited	107.08	121.53
3	Legal and professional consultancy fees	RNCA & Associates	10.74	12.87
		Mr. Vinod Narain	0.90	1.20
4	SAP ERP functional and technical support	Discus IT Private Limited	90.64	90.99
5	Salary, bonus and perquisites	Mrs. Gitaben B. Shah	1.54	1.54
		Mr. S. N. Jetheliya	66.98	65.26
		Mr. Viren K.Thakkar	82.44	78.81
		Mr. Mohona Rao VVRM	31.46	29.36
		Mr. Yashraj	29.30	27.20
6	Contribution to gratuity fund	AIA Employee's Gratuity Trust Fund	51.99	478.92
7	Rent	Mrs. Giraben K. Shah	3.84	3.84
		Mrs. Tayamma	1.61	1.55
8	Travelling expenses	Vee Connect Travel Private Limited	83.31	53.02
		AB Tradelink Private Limited	-	1.61
9	Directors' remuneration and perquisites	Mr. Bhadresh K. Shah	95.89	81.44
		Mr. Yashwant M. Patel	30.32	14.72
		Mr. Paryank R. Shah	157.96	77.72
		Mr. R. A. Gilani	101.31	100.76
		Mr. Himanshu K. Patel	92.22	92.82
		Mr. Jerry Andersson	39.40	-
		Mr. Vivek S. Rathaur	37.81	33.81
10	Sitting fees paid	Mr. Rajendra S. Shah	2.20	1.75
		Mr. Bhadresh K. Shah	1.00	1.15
		Mr. Sanjay S. Majmudar	2.60	1.90
		Mr. Dileep C. Choksi	0.65	0.60
		Mr. Rajan Harivallabhdas	1.60	1.00
		Mrs. Janaki Udayanbhai Shah	0.90	0.60
		Mrs. Khushali Samip Solanki	1.25	1.35
		Mrs. Bhumika Shyamal Shodhan	0.90	0.60
		Mr. D.P Dhanuka	0.50	1.15
		Mr. Pradip R.Shah	1.00	1.15
		Mr. Vinod Narain	0.30	0.75
		Mr. Ashok Nichani	1.00	1.15
11	Commission to Director	Mr.Sanjay S.Majmudar	22.00	22.50
		Mrs. Khushali Samip Solanki	18.00	-

**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 48 RELATED PARTY DISCLOSURES (CONTD.)**

**D. The details of amounts due to or due from related parties as at**

(₹ in Lakhs)

Sr. no.	Particulars	Name of related party	31 March, 2022	31 March, 2021
<b>1</b>	<b>Other current liabilities</b>			
	Key managerial personnel	Mr. Bhadresh K. Shah	5.00	4.00
		Mr. Yashwant M. Patel	1.26	1.16
		Mr. S. N. Jetheliya	3.29	3.01
		Mr. Viren K. Thakkar	3.54	2.55
		Mr. Vinod Narain	-	0.28
		Mr. Mohona Rao VVRM	1.71	1.44
		Mr. Yashraj	1.00	0.76
			<b>15.80</b>	<b>13.20</b>
<b>2</b>	<b>Trade payables</b>			
	Enterprise over which key managerial personnel or close member of their family exercise control	AB Tradelink Private Limited	4.44	10.71
		RNCA & Associates	1.53	0.63
		Harsha Engineers International Limited (Formerly known as Harsha Engineering Limited)	190.39	251.12
	Relative of Key managerial personnel	Mrs. Tayamma	-	0.13
		Mrs. Giraben K. Shah	0.29	0.30
		Mrs. Gitaben B. Shah	0.09	0.09
	Independent director	Mr. Sanjay S. Majmudar	19.80	20.81
			<b>216.54</b>	<b>283.79</b>
<b>3</b>	<b>Provision for employee benefits (Current)</b>			
	Post employment benefit plan of The Company	AIA Employee's Gratuity Trust Fund, India	133.46	51.99
			<b>133.46</b>	<b>51.99</b>
<b>4</b>	<b>Advances given</b>			
	Enterprise over which key managerial personnel or close member of their family exercise control	Discus IT Private Limited	-	0.74
		Vee Connect Travels Private Limited	4.03	2.66
			<b>4.03</b>	<b>3.40</b>



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 48 RELATED PARTY DISCLOSURES (CONTD.)**

**E. Breakup of compensation paid to key managerial personnel for the year ended**

(₹ in Lakhs)

Sr. no.	Particulars	Name of key managerial personnel	31 March, 2022	31 March, 2021
1	<b>Short-term employee benefits</b>	Mr. Bhadresh K. Shah	95.89	81.44
		Mr. Yashwant M. Patel	30.32	14.72
		Mr. Viren K.Thakkar	82.44	78.81
		Mr. S. N. Jetheliya	66.98	65.26
		Mr. Mohona Rao VVRM	31.46	29.36
		Mr. Yashraj	29.30	27.20
		Mr. Paryank R. Shah	157.96	77.72
		Mr. R. A .Gilani	101.31	100.76
		Mr. Himanshu K. Patel	92.22	92.82
		Mr. Vivek S. Rathaur	37.81	33.81
			<b>725.69</b>	601.90
		2	<b>Post-employment benefits</b>	Mr. Viren K.Thakkar
Mr. S. N. Jetheliya	1.79			1.66
	<b>3.46</b>			3.24
	<b>729.15</b>			605.14

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 49 OPERATING SEGMENTS

#### (a) Information about reportable segment

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

#### (b) Information about geographical segment

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

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
(1) Revenues from external customers including operating revenue		
India	79,438.92	63,472.64
Australia	47,957.19	33,393.00
United States of America	40,891.25	27,874.00
Others	1,88,367.37	1,63,409.60
(2) Non-current assets (excluding financial assets and tax assets)		
India	1,03,695.92	99,889.04
Outside India	173.44	108.55

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
(a) Breakup of revenues :		
Revenue from operations	3,51,446.75	2,81,877.87
Other operating revenue	5,207.98	6,271.37
(b) Non-current assets		
Non-current assets (excluding financial assets and tax assets)	1,03,869.36	99,997.59

There are sales with single country which amounts to more than 10% of the group's total revenue and same is disclosed above. There are no transactions with a single external customer which amounts to 10% or more of the group's total revenue.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 50 FINANCIAL RISK MANAGEMENT

The group's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk, market risk and commodity risk. The group's senior management has overall responsibility for the establishment and oversight of the group's risk management framework. The Company has constituted a Risk Management Committee which is responsible for developing and monitoring the group's risk management policies. The key risks and mitigating actions are also placed before the Audit Committee of The Company. The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The Risk Management Committee of The Company is supported by the Finance team and experts who provide assurance that the group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the group's policies and risk objectives. The activities are designed to protect the group's financial results and position from financial risks, maintain market risks within the acceptable parameters while optimising returns and protect the group's financial investments while maximising returns.

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

Nature of risk	Exposure arising from	Measurement	Management
<b>Credit risk</b>	Cash and Cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis, Credit rating	Credit limit set and aging analysis protect group from potential losses due to excess credit to the customers. Further the group has also obtained ECGC insurance cover for export sales.
<b>Liquidity risk</b>	Borrowing and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.
<b>Market risk - interest rate</b>	Borrowings at variable rates	Sensitivity analysis	Interest rate swaps
<b>Market risk - foreign exchange</b>	Future commercial transactions recognised financial assets and liabilities not denominated in INR	Cash flow forecasting, Sensitivity analysis	Forward foreign exchange contracts.
<b>Commodity risk</b>	Purchase of raw material	Fluctuation in imported metal scrap and ferro chrome prices and currency rates	Procurement and inventory strategy

#### Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle the obligation as agreed. To manage this, the group periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable. Customer wise limits are set accordingly.

The group considers the probability of default of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the group compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

- (i) Actual or expected significant adverse changes in business;
- (ii) Actual or expected significant changes in the operating results of the counterparty;
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- (iv) Significant increase in credit risk on other financial instruments of the same counterparty.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)

The group categorises financial assets based on the assumptions, inputs and factors specific to the class of financial asset into High-quality assets, negligible credit risk; Quality assets, low credit risk; Standard assets, moderate credit risk; Substandard assets, relatively high credit risk; Low quality assets, very high credit risk; Doubtful assets, credit impaired.

Financial assets are written off when there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the group. The group considers a loan or receivable for write off review when contractual payments pasts greater than one year from due date. Where loans or receivables have been written off, the group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the consolidated statement of profit and loss.

#### Provision for expected credit losses:

Description of category	Category	Basis for recognition of expected credit loss provision		
		Investments	Loans and deposits	Trade receivables
Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	High-quality assets, negligible credit risk	12 month expected credit losses	12 month expected credit losses	Life time expected credit losses (simplified approach)
Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.	Quality assets, low credit risk	12 month expected credit losses	12 month expected credit losses	
Assets where the probability of default is moderate, counter-party where the capacity to meet the obligations is not strong.	Standard assets, moderate credit risk	12 month expected credit losses	12 month expected credit losses	
Assets where there has been a significant increase in credit risk since initial recognition where payments are more than 360 days past due	Substandard assets, relatively high credit risk	Life time expected credit losses	Life time expected credit losses	
Assets where there is a high probability of default. It includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 360 days past due.	Low quality assets, very high credit risk	Life time expected credit losses	Life time expected credit losses	
Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the group.	Doubtful assets, credit impaired	Asset is written off		



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)**

**Expected credit loss for loans and deposits:**

(₹ in Lakhs)

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
<b>As at 31 March, 2022</b>					
<b>Loss allowance measured at 12 month expected credit losses:</b>					
Financial assets for which credit risk has not increased significantly since initial recognition	Loans	357.11	-	-	357.11
	Deposits	858.98	-	-	858.98
<b>Loss allowance measured at life time expected credit losses:</b>					
Financial assets for which credit risk has increased significantly and not credit impaired or credit impaired	NA	-	-	-	-
<b>As at 31 March, 2021</b>					
<b>Loss allowance measured at 12 month expected credit losses:</b>					
Financial assets for which credit risk has not increased significantly since initial recognition	Loans	296.64	-	-	296.64
	Deposits	1,030.04	-	-	1,030.04
<b>Loss allowance measured at life time expected credit losses:</b>					
Financial assets for which credit risk has increased significantly and not credit impaired or credit impaired	NA	-	-	-	-

**Expected credit loss for trade receivables under simplified approach**

**Ageing of trade receivables as at year end:**

(₹ in Lakhs)

Due from date of invoice	As at 31 March, 2022	As at 31 March, 2021
Not Due	57,865.12	44,972.53
0 - 3 months	20,268.40	17,865.35
3 - 6 months	1,209.68	627.70
6 - 12 months	712.09	162.40
Beyond 12 months	645.69	765.98
Gross carrying amount	<b>80,700.98</b>	64,393.96
Expected credit loss	(145.08)	(296.56)
Net carrying amount	<b>80,555.90</b>	64,097.40

**Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related such risks are overseen by senior management. Management monitors the group's net liquidity position through rolling forecasts on the basis of expected cash flows. Maturity for Liquidity risk relating to lease liabilities (without discounting) is as under:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
0-1 Year	405.55	442.82
2-5 Years	378.65	784.20
Above 5 Years	-	-
	<b>784.20</b>	1,227.02

#### Financing arrangements

The group had access to following undrawn borrowing facilities as at year end:

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Fund and non-fund based facilities	80,092.59	48,767.93

The table below analyses derivative and non-derivative financial liabilities of the group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Lakhs)

Particulars	0-1 years	1-5 years	Total
<b>As at 31 March, 2022</b>			
<b>Non-derivative financial liabilities</b>			
Long term borrowings (including current maturity of long term debt)	-	127.00	127.00
Short term borrowings	157.00	-	157.00
Trade payables	19,674.50	-	19,674.50
Other financial liabilities	2,430.73	-	2,430.73
	<b>22,262.23</b>	<b>127.00</b>	<b>22,389.23</b>
<b>Derivative financial liabilities</b>			
Forward exchange contracts used for hedging inflows	115.98	-	115.98
<b>As at 31 March, 2021</b>			
<b>Non-derivative financial liabilities</b>			
Long term borrowings (including current maturity of long term debt)	-	-	-
Short term borrowings	18,447.30	-	18,447.30
Trade payables	16,580.84	-	16,580.84
Other financial liabilities	2,273.05	-	2,273.05
	<b>37,301.19</b>	-	<b>37,301.19</b>
Derivative financial liabilities			
<b>Forward exchange contracts used for hedging inflows</b>	-	-	-

**Note:** Guarantees issued by the Group aggregating to ₹ 1,745.70 Lakhs (previous year: ₹ 2,414.48 Lakhs) on behalf of subsidiaries are with respect to borrowing limits obtained by the respective entity. These amounts will be payable on default by the concerned entity. As of the reporting date, none of the subsidiary have any outstanding borrowing and hence the group does not have any present obligation to third parties in relation to such guarantees.

#### Market risk - interest rate

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimise the group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)**

**Interest rate sensitivity**

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Borrowings bearing fixed rate of interest	284.00	18,447.30
Borrowings bearing variable rate of interest	-	-

**Exposure to interest rate risk**

A change of 50 bps in interest rates would have following impact on profit before tax:

(₹ in Lakhs)

Movement - effects on profit before tax	For the year ended 31 March, 2022	For the year ended 31 March, 2021
<b>Movement - effects on profit before tax</b>		
50 bp increase-decrease in profits	-	-
50 bp decrease-increase in profits	-	-

The Group has no significant long-term debt.

**Market risk - Foreign currency risk**

The group operates internationally and large portion of the business is transacted in several currencies. Consequently the group is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Exports of the group are significantly higher in comparison to its imports. As a policy the group does not cover the foreign exchange requirements for its imports and the same is managed from the export earnings in foreign currency. Foreign currency exchange rate exposure for exports is managed by prudent hedging policy.

**Foreign currency exposure**

Particulars	Assets				Liabilities		
	Trade receivables (net of hedge)	Bank balances in EEFC accounts	Investments	Total exposure to foreign currency risk	Trade payables	Foreign currency loans	Total exposure to foreign currency risk
<b>As at 31 March, 2022:</b>							
USD	6,27,30,569	1,45,19,766	56,43,550	8,28,93,885	41,33,922	-	41,33,922
EURO	56,39,655	36,26,273	-	92,65,928	6,30,577	-	6,30,577
ZAR	42,21,186	1,02,42,225	-	1,44,63,411	54,28,372	-	54,28,372
GBP	1,34,019	15,407	-	1,49,426	16,815	-	16,815
CAD	1,85,718	11,12,765	-	12,98,483	3,320	-	3,320
AUD	1,47,93,687	39,42,493	-	1,87,36,180	5,96,446	-	5,96,446
AED	26,452	3,26,376	-	3,52,828	-	-	-
CNY	22,79,657	5,36,541	-	28,16,198	-	-	-
RUB	-	20,124	-	20,124	-	-	-
CLP	70,04,00,234	10,18,89,869	-	80,22,90,103	24,76,06,545	-	24,76,06,545
IDR	34,33,90,25,747	8,64,29,60,218	-	42,98,19,85,965	3,09,12,44,493	-	3,09,12,44,493
GHC	-	39,70,281	-	39,70,281	-	-	-

**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)**

Particulars	Assets				Liabilities		
	Trade receivables (net of hedge)	Bank balances in EEFC accounts	Investments	Total exposure to foreign currency risk	Trade payables	Foreign currency loans	Total exposure to foreign currency risk
<b>As at 31 March, 2021:</b>							
USD	4,96,01,618	5,22,46,355	42,50,988	10,60,98,961	20,22,436	-	20,22,436
EURO	45,94,512	19,91,388	-	65,85,899	6,13,965	-	6,13,965
ZAR	3,94,87,901	1,77,88,557	-	5,72,76,458	5,77,249	-	5,77,249
GBP	-	34,398	-	34,398	1,26,181	-	1,26,181
CAD	2,94,885	6,43,795	-	9,38,680	30,204	-	30,204
AUD	86,46,623	22,36,737	-	1,08,83,359	4,42,848	-	4,42,848
AED	-	1,87,320	-	1,87,320	1,06,147	-	1,06,147
CNY	37,63,375	10,58,450	-	48,21,825	-	-	-
RUB	-	2,09,565	-	2,09,565	-	-	-
CLP	31,50,42,636	26,39,45,451	-	57,89,88,087	1,06,98,662	-	1,06,98,662
IDR	12,61,41,40,000	1,75,04,04,071	-	14,36,45,44,071	3,09,12,44,493	-	3,09,12,44,493
GHC	1,463	43,90,775	-	43,92,238	-	-	-

**Foreign currency risk sensitivity**

(₹ in Lakhs)

Particulars	Movement (%)		Effect on profit before tax		Effect on cost of assets	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
<b>USD sensitivity</b>						
INR/USD- increase by	1.00%	1.00%	597.79	761.49	-	-
INR/USD- decrease by	1.00%	1.00%	(597.79)	(761.49)	-	-
<b>EURO sensitivity</b>						
INR/Euro- increase by	1.00%	1.00%	72.72	51.31	-	-
INR/Euro- decrease by	1.00%	1.00%	(72.72)	(51.31)	-	-
<b>ZAR sensitivity</b>						
INR/ZAR- increase by	1.00%	1.00%	4.69	28.11	-	-
INR/ZAR- decrease by	1.00%	1.00%	(4.69)	(28.11)	-	-
<b>GBP sensitivity</b>						
INR/GBP- increase by	1.00%	1.00%	1.33	(0.93)	-	-
INR/GBP- decrease by	1.00%	1.00%	(1.33)	0.93	-	-
<b>CAD sensitivity</b>						
INR/CAD- increase by	1.00%	1.00%	7.87	5.28	-	-
INR/CAD- decrease by	1.00%	1.00%	(7.87)	(5.28)	-	-
<b>AUD sensitivity</b>						
INR/AUD- increase by	1.00%	1.00%	103.23	58.16	-	-
INR/AUD- decrease by	1.00%	1.00%	(103.23)	(58.16)	-	-



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)**

(₹ in Lakhs)

Particulars	Movement (%)		Effect on profit before tax		Effect on cost of assets	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
<b>AED sensitivity</b>						
INR/AED- increase by	1.00%	1.00%	0.73	0.16	-	-
INR/AED- decrease by	1.00%	1.00%	(0.73)	(0.16)	-	-
<b>CNY sensitivity</b>						
INR/CNY- increase by	1.00%	1.00%	3.37	5.38	-	-
INR/CNY- decrease by	1.00%	1.00%	(3.37)	(5.38)	-	-
<b>RUB sensitivity</b>						
INR/RUB- increase by	1.00%	1.00%	0.00	0.02	-	-
INR/RUB- decrease by	1.00%	1.00%	(0.00)	(0.02)	-	-
<b>CLP sensitivity</b>						
INR/CLP- increase by	1.00%	1.00%	5.55	5.77	-	-
INR/CLP- decrease by	1.00%	1.00%	(5.55)	(5.77)	-	-
<b>IDR sensitivity</b>						
INR/IDR- increase by	1.00%	1.00%	39.89	5.64	-	-
INR/IDR- decrease by	1.00%	1.00%	(39.89)	(5.64)	-	-
<b>GHS sensitivity</b>						
INR/GHS- increase by	1.00%	1.00%	4.03	5.56	-	-
INR/GHS- decrease by	1.00%	1.00%	(4.03)	(5.56)	-	-

The following significant exchange rates have been applied during the year:

Rupees	Average rate		Year-end spot rate	
	31 March, 2022	31 March, 2021	31 March, 2022	31 March, 2021
USD	74.18	74.32	75.90	73.17
EUR	86.40	86.60	84.22	85.92
ZAR	4.97	4.52	5.19	4.96
CAD	59.22	55.86	60.80	58.20
GBP	101.72	96.13	99.83	100.96
AUD	54.75	52.65	56.91	55.70
AED	20.20	20.24	20.67	19.92
CNY	11.58	10.93	11.97	11.17
RUB	0.97	0.99	0.92	0.97
CLP	0.10	0.10	0.10	0.10
IDR	0.01	0.01	0.01	0.01
GHC	12.30	12.83	10.14	12.65

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)

#### Derivative financial instruments

The Group holds derivative financial instruments such as foreign currency forwards to mitigate the risk of changes in exchange rate on foreign currency exposures relating to the underlying transactions and firm commitments. The counterparty for these contracts are banks. These derivative financial instruments are generally with a maturity upto 1 year. The Group does not enter into any derivative instruments for trading or speculative purposes.

#### Cash flow hedge

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

Currency - sold/bought	Exposure to buy/sell	No. of contracts	Net position		Fair value gain/(loss) in cash flow hedge reserve
			Foreign currency	₹ in Lakhs	₹ in Lakhs
<b>31 March, 2022</b>					
USD/INR	Sell	241	2,08,00,000	15,787.30	48.38
AUD/INR		178	1,15,00,000	6,544.24	(164.55)
					<b>(116.17)</b>
		Less : Deferred tax			(29.24)
		Balance in cash flow hedge reserve			<b>(86.93)</b>
<b>31 March, 2021</b>					
USD/INR	Sell	251	7,60,00,000	55,606.24	333.89
ZAR/INR		7	1,20,00,000	595.20	19.07
AUD/INR		20	50,00,000	2,785.00	(47.20)
					<b>305.76</b>
		Less : Deferred tax			76.95
		Balance in cash flow hedge reserve			<b>228.81</b>

The movement of cash flow hedges in other comprehensive income is as follows:

Particulars	(₹ in Lakhs)	
	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Balance at the beginning of the year (net of tax)	228.81	(653.94)
Change in the fair value of effective portion of cash flow hedges in Other comprehensive income (net of tax)	(315.74)	882.75
<b>Balance at the end of the year (net of tax)</b>	<b>(86.93)</b>	228.81

#### Commodity Risk

Principal raw materials for Group's products are metal scrap and ferro chrome. Group sources its raw material requirement from domestic and international markets. Domestic market price generally remains in line with international market prices. Volatility in metal prices, currency fluctuation of rupee vis-à-vis other prominent currencies coupled with demand-supply scenario in the world market affect the effective price of metal scrap and ferrous metal. The group effectively manages availability of material as well as price volatility through:

- (i) widening its sourcing base;
- (ii) appropriate contracts with vendors and customers and commitments;
- (iii) well planned procurement and inventory strategy.

Risk committee has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)**

**Consumption details of metal scrap and ferro chrome**

Particulars	(Quantity in MT)	
	For the year ended 31 March, 2022	For the year ended 31 March, 2021
Metal scrap	2,21,891	2,13,756
Ferro chrome	67,578	58,801

**Commodity price sensitivity**

Increase/(decrease) in prices of metal scrap/ferro chrome by ₹ 1.00 per kg would have following impact on profit before tax:

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2022	For the year ended 31 March, 2021
₹ 1.00 increase in commodity price	(2,894.69)	(2,725.57)
₹ 1.00 decrease in commodity price	2,894.69	2,725.57

**(B) Capital Management**

A. The group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern so that they can continue to provide return for shareholders and benefits for other stakeholders.
- maintain an optimal capital structure to reduce the cost of capital.

The group monitors capital on the basis of the following debt equity ratio:

(₹ in Lakhs)

Particulars	As at 31 March, 2022	As at 31 March, 2021
Debt	157.00	18,447.30
Total equity	4,75,496.01	4,24,431.45
Debt to total equity (times)	0.00	0.04

Group believes in conservative leverage policy. Group's capital expenditure plan over the medium term shall be largely funded through internal accruals and suppliers' credit.

B. The Company follows the policy of Dividend for every financial year as may be decided by the Board considering financial performance of The Company and other internal and external factors enumerated in The Company's dividend policy such as reinvestment of capital in business. Company's Dividend policy is to distribute 10-25% of its consolidated net profit as dividend.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 51 FAIR VALUE MEASUREMENTS

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable input).

#### A. Financial assets

(₹ in Lakhs)

Particulars	Note	Instruments carried at			Total carrying value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
<b>As at 31 March, 2022</b>						
Non-current investments #	8	48.50	-	-	48.50	48.50
Current investments	15	46,729.12	53,657.27	5,105.84	1,05,492.23	46,729.12
Trade receivables	9,16	-	-	80,555.90	80,555.90	-
Loans	10,18	-	-	357.11	357.11	-
Derivatives		-	-	-	-	-
Cash and cash equivalents	17	-	-	25,670.86	25,670.86	-
Bank balances other than above	11,17	-	-	55,950.86	55,950.86	-
Other financial assets	19	-	-	3,550.79	3,550.79	-
		<b>46,777.62</b>	<b>53,657.27</b>	<b>1,71,191.36</b>	<b>2,71,626.25</b>	<b>46,777.62</b>
<b>As at 31 March, 2021</b>						
Non-current investments #	8	85.88	-	25,635.37	25,721.25	85.88
Current investments	15	40,538.84	-	14,597.52	55,136.36	40,538.84
Trade receivables	9,16	-	-	64,097.40	64,097.40	-
Loans	10,18	-	-	296.64	296.64	-
Derivatives	-	313.18	-	-	313.18	313.18
Cash and cash equivalents	17	-	-	46,217.43	46,217.43	-
Bank balances other than above	11,17	-	-	93,406.69	93,406.69	-
Other financial assets	19	-	-	5,450.17	5,450.17	-
		<b>40,937.90</b>	<b>-</b>	<b>2,49,701.22</b>	<b>2,90,639.12</b>	<b>40,937.90</b>

# Investments in subsidiaries classified as equity investments and investment in government securities have been accounted at historical cost. Since these are scope out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the above table. Investments in unquoted equity shares of entities other than subsidiaries have been designated as FVTPL and such investment upon sale is only going to fetch the principle amount invested and hence The Company considers cost and fair value to be the same.



**NOTES  
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 51 FAIR VALUE MEASUREMENTS (CONTD.)**

**B. Financial liabilities**

(₹ in Lakhs)

Particulars	Note	Instruments carried at			Total carrying value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
<b>As at 31 March, 2022</b>						
Borrowings	23,26	-	-	284.00	284.00	-
Trade payables	28	-	-	19,674.50	19,674.50	-
Derivatives	-	115.98	-	-	115.98	115.98
Other financial liabilities	29	-	-	2,430.73	2,430.73	-
		<b>115.98</b>	<b>-</b>	<b>22,389.23</b>	<b>22,505.21</b>	<b>115.98</b>
<b>As at 31 March, 2021</b>						
Borrowings	23,26	-	-	18,447.30	18,447.30	-
Trade payables	28	-	-	16,580.84	16,580.84	-
Derivatives	-	-	-	-	-	-
Other financial liabilities	29	-	-	2,273.05	2,273.05	-
		<b>-</b>	<b>-</b>	<b>37,301.19</b>	<b>37,301.19</b>	<b>-</b>

The following table provides the fair value measurement hierarchy of the group's financial assets and financial liabilities:

(₹ in Lakhs)

Particulars	Note	Fair value	Level 1	Level 2	Level 3
<b>As at 31 March, 2022</b>					
<b>Financial assets</b>					
Current investments	15				
Investments in mutual funds (quoted)		13,275.62	13,275.62	-	-
Investments in bonds (quoted)		87,110.77	87,110.77	-	-
<b>Financial liabilities</b>					
Derivatives		115.98	-	115.98	-
<b>As at 31 March, 2021</b>					
<b>Financial assets</b>					
Current investments	15				
Investments in mutual funds (quoted)		23,805.82	23,805.82	-	-
Investments in bonds (quoted)		16,733.02	16,733.02	-	-
<b>Financial assets</b>					
Derivatives		313.18	-	313.18	-

**Note:** During the year, there has not been transfer of any financial assets or financial liabilities between level 1 and level 2.



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 51 DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE HOLDING COMPANY AND ITS SUBSIDIARIES AS PER SCHEDULE III OF COMPANIES ACT, 2013**

(₹ in Lakhs)

Name of the Company	Country of incorporation	Net assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		Net assets	As % of consolidated net assets	Profit/(loss)	As % of consolidated profit or loss	Other comprehensive income	As % of consolidated OCI	Total comprehensive income	As % of consolidated TCI
<b>31 March, 2022</b>									
<b>Holding Company</b>									
AIA Engineering Limited	India	4,59,488.53	96.63%	58,450.53	94.32%	84.66	(3.49%)	58,535.19	98.30%
<b>Indian subsidiaries (direct)</b>									
Welcast Steels Limited	India	3,252.23	0.68%	(49.14)	(0.08%)	25.69	(1.06%)	(23.45)	(0.04%)
AIA CSR Foundation	India	1.00	0.00%	-	-	-	-	-	-
<b>Foreign subsidiaries (direct)</b>									
Vega Industries (Middle East) F.Z.C.	U.A.E	21,171.73	4.45%	12,592.13	20.32%	-	-	12,592.13	21.15%
<b>Foreign subsidiaries (indirect)</b>									
Vega Industries Limited	U. K.	1,222.05	0.26%	32.15	0.05%	-	-	32.15	0.05%
Vega Industries Limited	U. S. A.	1,456.02	0.31%	359.25	0.58%	-	-	359.25	0.60%
Vega Steel Industries (RSA) Proprietary Limited	South Africa	144.66	0.03%	23.93	0.04%	-	-	23.93	0.04%
Wuxi Vega Trade Co. Limited	China	263.17	0.06%	(22.73)	(0.04%)	-	-	(22.73)	(0.04%)
PT. Vega Industries Indonesia	Indonesia	16.25	0.00%	42.27	0.07%	-	-	42.27	0.07%
Vega Industries Chile SpA	Chile	(49.15)	(0.01%)	171.78	0.28%	-	-	171.78	0.29%
AIA Ghana Limited	Ghana	(1,632.78)	(0.34%)	(2,620.12)	(4.23%)	-	-	(2,620.12)	(4.40%)
Vega Industries Australia PTY Limited	Australia	254.81	0.05%	235.91	0.38%	-	-	235.91	0.40%
<b>Add/(less):</b>									
Adjustment arising out of consolidation		(9,244.97)	(1.94%)	(7,254.16)	(11.71%)	-	-	(7,254.16)	(12.18%)
Exchange differences on translation of foreign operations		-	-	-	-	(2,527.20)	104.28%	(2,527.20)	(4.24%)
Non-controlling interests in:									
Welcast Steels Limited		(817.96)	(0.17%)	12.36	0.02%	(6.72)	0.28%	5.64	0.01%
Vega Steel Industries (RSA) Proprietary Limited		(29.56)	(0.01%)	(6.07)	(0.01%)	-	-	(6.07)	(0.01%)
		<b>4,75,496.01</b>	<b>100.00%</b>	<b>61,968.09</b>	<b>100.00%</b>	<b>(2,423.57)</b>	<b>100.00%</b>	<b>59,544.52</b>	<b>100.00%</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)**

**NOTE - 51 DISCLOSURE OF ADDITIONAL INFORMATION PERTAINING TO THE HOLDING COMPANY AND ITS SUBSIDIARIES AS PER SCHEDULE III OF COMPANIES ACT, 2013 (CONTD.)**  
(₹ in Lakhs)

Name of the Company	Country of incorporation	Net assets (total assets minus total liabilities)		Share in profit or loss		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		Net assets	As % of consolidated net assets	Profit/(loss)	As % of consolidated profit or loss	Other comprehensive income	As % of consolidated OCI	Total comprehensive income	As % of consolidated TCI
<b>31 March, 2021</b>									
<b>Holding Company</b>									
AIA Engineering Limited	India	4,09,442.17	96.47%	48,490.18	85.65%	(273.17)	11.87%	48,217.01	88.78%
<b>Indian subsidiaries (direct)</b>									
Welcast Steels Limited	India	3,276.04	0.77%	(182.03)	(0.32%)	16.12	(0.70%)	(165.91)	(0.31%)
AIA CSR Foundation	India	1.00	0.00%	-	-	-	-	-	-
<b>Foreign subsidiaries (direct)</b>									
Vega Industries (Middle East) F.Z.C.	U.A.E	16,253.79	3.83%	6,534.70	11.54%	-	-	6,534.70	12.03%
<b>Foreign subsidiaries (indirect)</b>									
Vega Industries Limited	U. K.	1,192.32	0.28%	17.43	0.03%	-	-	17.43	0.03%
Vega Industries Limited	U. S. A.	1,051.21	0.25%	32.92	0.06%	-	-	32.92	0.06%
Vega Steel Industries (RSA) Proprietary Limited	South Africa	204.07	0.05%	16.67	0.03%	-	-	16.67	0.03%
Wuxi Vega Trade Co. Limited	China	267.41	0.06%	58.06	0.10%	-	-	58.06	0.11%
PT. Vega Industries Indonesia	Indonesia	(25.57)	(0.01%)	(45.23)	(0.08%)	-	-	(45.23)	(0.08%)
Vega Industries Chile SpA	Chile	(233.45)	(0.06%)	100.84	0.18%	-	-	100.84	0.19%
AIA Ghana Limited	Ghana	645.87	0.15%	69.73	0.12%	-	-	69.73	0.13%
Vega Industries Australia PTY Limited	Australia	9.39	0.00%	9.11	0.02%	-	-	9.11	0.02%
<b>Add/(less):</b>									
Adjustment arising out of consolidation		(6,771.03)	(1.60%)	1,468.26	2.59%	-	-	1,468.26	2.70%
Exchange differences on translation of foreign operations		-	-	-	-	(2,041.07)	88.66%	(2,041.07)	(3.76%)
Non-controlling interests in:									
Welcast Steels Limited		(823.94)	(0.19%)	45.78	0.08%	(4.05)	0.18%	41.73	0.08%
Vega Steel Industries (RSA) Proprietary Limited		(57.83)	(0.01%)	(4.23)	(0.01%)	-	-	(4.23)	(0.01%)
		<b>4,24,431.45</b>	<b>100.00%</b>	<b>56,612.19</b>	<b>100.00%</b>	<b>(2,302.17)</b>	<b>100.00%</b>	<b>54,310.02</b>	<b>100.00%</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2022 (Contd.)

### NOTE - 53 RELATIONSHIP WITH STRUCK OFF COMPANIES

(₹ in Lakhs)

Sr. no.	Name of struct of companies	Nature of transaction	Gross Balance Outstanding	Relationship with struck off company
1	Century Cement Limited	Sales	-	None
2	Maharashtra Cement Industries Limited	Sales	-	None
3	Grippon Profiles & Engg Private Limited (Advance was given in Mar - 2014 and legal case is filed against vendor)	Purchase	4.43	None
4	Shree Haribol Metal & Alloys Private Limited	Purchase	-	None

### NOTE - 54

No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company and its subsidiaries incorporated in India to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding, whether recorded in writing or otherwise, that the Intermediary shall lend or invest in party identified by or on behalf of the Holding Company and its subsidiaries incorporated in India (Ultimate Beneficiaries). The Holding Company and its subsidiaries incorporated in India has not received any fund from any party(s) (Funding Party) with the understanding that the Holding Company and its subsidiaries incorporated in India shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Holding Company and its subsidiaries incorporated in India ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

### NOTE - 55

Previous Year's figures have been regrouped/reclassified wherever necessary to confirm to current year presentation.

As per our report of even date attached

**For and on behalf of the Board of Directors  
AIA Engineering Limited**

CIN: L29259GJ1991PLC015182

For **B S R & CO. LLP**

Chartered Accountants

Firm's Registration No : 101248W/W -100022

**BHADRESH K. SHAH**

Managing Director

(DIN : 00058177)

**YASHWANT M. PATEL**

Whole-Time Director

(DIN : 02103312)

**RUPEN SHAH**

Partner

Membership No: 116240

**VIREN K. THAKKAR**

Chief Financial Officer

**S. N. JETHELIYA**

Company Secretary

(ACS: 5343)

Place : Ahmedabad

Date : 25 May, 2022

Place : Ahmedabad

Date : 25 May, 2022

Place : Ahmedabad

Date : 25 May, 2022









# NOTICE

Notice is hereby given that the **THIRTY SECOND ANNUAL GENERAL MEETING** of the Members of **AIA ENGINEERING LIMITED** will be held on Monday, the 12 September, 2022 at 10.00 a.m. through Video Conferencing/Other Audio Visual Means, to transact the following business:

## ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone and Consolidated Audited Balance Sheet as at 31 March, 2022 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 March, 2022.
3. To appoint a Director in place of Mrs. Khushali Samip Solanki (DIN: 07008918), who retires by rotation and being eligible, offers herself for re-appointment.
4. To re-appoint B S R & Co. LLP, Chartered Accountants, Ahmedabad (Firm Registration No. 101248W/W-100022), as the Statutory Auditors of the Company for the second term and fix their remuneration and to consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014, (the Rules), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the recommendation of the Audit Committee and the Board of Directors of the Company, B S R & Co. LLP, Chartered Accountants, Ahmedabad having ICAI Firm Registration No. 101248W/W-100022, who have offered themselves for re-appointment on the completion of their first term of five years and have confirmed their eligibility to be re-appointed as Statutory Auditors for the second term of five years, in terms of the provisions of Section 141 of the Act and Rule 4 of the Rules, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of 32nd Annual General Meeting until the conclusion of the 37th Annual General Meeting of the Company on such remuneration as may be decided by the Board of Directors in consultation with the Statutory Auditors of the Company, in addition to GST and re-imbursalment of out of pocket expenses incurred by them in connection with the audit of Accounts of the Company.

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

## SPECIAL BUSINESS:

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

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V, approval of the members be and is hereby accorded for the re-appointment of Mr. Yashwant M. Patel (DIN - 02103312) as the Whole-Time Director of the Company for a period of 5 years with effect from 1 April, 2022 on a remuneration of ₹ 2,50,000 p.m. and on the terms and conditions of appointment as contained in the draft Letter of Appointment with a liberty and power to the Board of Directors of the Company (including its Committee constituted for the purpose) to grant increments and to alter and vary the terms and conditions of the said appointment so as the total remuneration payable to him shall not exceed the limits specified in Schedule V of the Companies Act, 2013 including any statutory modification or re-enactment thereof, for the time being in force and as agreed by and between the Board of Directors and Mr. Yashwant M. Patel.

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

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



## NOTICE (Contd.)

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

**"RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI LODR Regulations") the approval of the members be and is hereby accorded to the material related party transactions entered/to be entered and carried out in the ordinary course of business and at arm's length price to the tune of ₹ 35,000 Lakhs p.a. with Welcast Steels Limited (WSL), a Subsidiary of the Company and Related Party as per Indian Accounting Standard (Ind AS) 24, for the purchase of goods during the period from 1 April, 2022 to 31 March, 2023 for an aggregate amount, which may exceed the prescribed thresholds as per provisions of the SEBI LODR Regulations as applicable from time to time on the terms and conditions as mentioned in the Contract Manufacturing Agreement entered by the Company with WSL on 1 January, 2014 as amended from time to time.

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

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

**"RESOLVED THAT** pursuant to the provisions of Section 148 and other provisions, if any, of the Companies Act 2013, read with Companies [Audit and Auditors] Rules, 2014 [including any statutory modification (s) or re-enactment(s) thereof for the time being in force], the consent of the members be and is hereby accorded to ratify the remuneration of ₹ 4.00 Lakhs as decided by the Board of Directors on the recommendations of the Audit Committee and payable to 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 2022-2023.

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

**By Order of the Board of Directors,**

Place : Ahmedabad  
Date : 25 May, 2022

**S. N. Jetheliya**  
**Company Secretary**

Regd. Office:  
115, G.V.M.M. Estate,  
Odhav Road, Odhav,  
Ahmedabad 382 410  
CIN: L29259GJ1991PLC015182

## 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. In view of the COVID-19 Pandemic, the Ministry of Corporate Affairs vide its Circulars dated 8 April, 2020, 13 April, 2020, 5 May, 2020, 13 January, 2021 and 5 May, 2022 ("MCA Circulars for General Meetings") and SEBI vide its Circulars dated 12 May, 2020, 15 January, 2021 and 13 May, 2022 ("SEBI Circulars for General Meetings") permitted the holding of the General Meetings through Video Conferencing/ Other Audio Visual Means ("VC/OAVM") without the physical presence of members at a common venue. In compliance with the provisions of the Act, the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 ("SEBI LODR Regulations"), MCA Circulars and SEBI Circulars for General Meetings, the Annual General Meeting ("AGM") of the Company is being held through VC/OAVM.

As this AGM is being held pursuant to the MCA Circulars for General Meetings through VC/OAVM, the facility to appoint proxy will not be available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, a Body Corporate is entitled to appoint authorised representative to attend AGM through VC/OAVM and participate there at and cast their votes through e-voting.

As this AGM will be held through VC/OAVM, the Route Map is not annexed to this Notice.

3. The Register of Members and Share Transfer Book of the Company will remain closed from Tuesday, the 6

## NOTICE (Contd.)

September, 2022 to Monday, 12 September, 2022 (both days inclusive) for annual closing and determining the entitlement of the members to the Dividend for the Financial Year 2021-22.

4. A Dividend of ₹ 9/- per share (450%) has been recommended by the Board of Directors for the year ended 31 March, 2022 for the approval of the members at the ensuing AGM and if approved by the members, it will be paid on or before 11 October, 2022.
5. Members may note that the Income Tax Act, 1961, ("the IT Act") as amended by the Finance Act, 2020, mandates that dividends paid or distributed by a Company after April 1, 2020 shall be taxable in the hands of members. The Company shall therefore be required to deduct tax at source ("TDS") at the time of making the payment of final dividend. The Company had sent an e-mail communication to all the members of the Company on June 8, 2022 with regard to deduction of tax on dividend as per the amendment introduced by the Finance Act, 2020 in the IT Act.

Said e-mail communication contained the details of tax rates for various categories of shareholders (Resident Indian, Non-Resident Indian, FIIs, FPIs, etc.), the link to download various blank forms and separate link and e-mail ID to upload the signed forms and various documents by the shareholders to enable the Company to determine the appropriate TDS/withholding tax rate applicable. The said facility to upload the documents/sending documents through e-mail is open till 31 July, 2022. Any communication received after 31 July, 2022 will not be considered.

For the information of the members, it is hereby clarified that **no tax will be deducted on payment of dividend to the resident individual shareholders if the total dividend to be paid during the Financial Year does not exceed ₹ 5,000/- or if an eligible resident member has provided a valid declaration in Form 15G/Form 15H or other documents as may be applicable to different categories of members.** The rate of TDS will vary depending on the residential status of the shareholder and documents registered with the Company.

The Company will issue soft copy of the TDS certificate to its shareholders through e-mail registered with the Company/RTA post payment of the dividend. The Shareholders will also be able to download the TDS details from the Income Tax Department's website <https://www.incometax.gov.in> (refer Form 26AS).

In case TDS is deducted at a higher rate in the absence of receipt of the aforementioned details/documents, an option is still available with the shareholder to file the Return of Income and claim an appropriate refund. No claim shall lie against the Company for such taxes deducted.

In the event of any income tax demand (including interest, penalty, etc.) arising from any misrepresentation, inaccuracy or omission of information provided by the member/s, such member/s will be responsible to indemnify the Company and also, provide the Company with all information/documents and co-operation in any assessment/appellate proceedings before the Tax/Government Authorities.

This communication is not exhaustive and does not purport to be a complete analysis or listing of all potential tax consequences in the matter of dividend payment. Members should consult their tax advisors for requisite action to be taken by them.

If you are a member of the Company as on September 5, 2022 and the dividend receivable by you is taxable under the IT Act, the Company shall be obligated to deduct taxes at source on the dividend payable to you as per the applicable provisions under the IT Act.

Members holding shares in dematerialised mode, are requested to update their records such as tax residential status, PAN and register their e-mail addresses, mobile numbers and other details with their relevant depositories through their DPs. The members holding shares in physical mode are requested to furnish details to the Company's RTA in the prescribed format.

The Company has sent necessary intimation with regard to TDS on dividend with all details to all the shareholders through e-mail, whose e-mail IDs are registered with the Company/RTA.

6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their Demat Accounts.

SEBI vide its Circular dated 20 April, 2018, directed all the listed companies to record the Income Tax PAN and Bank Account Details of all their shareholders holding shares in physical form. All those shareholders who are yet to update their details with the Company are



## NOTICE (Contd.)

requested to do so at the earliest. This will help the shareholders to receive the dividend declared by the Company, directly in their respective bank accounts.

7. In compliance with the Circular of Ministry of Corporate Affairs for a "Green Initiative in the Corporate Governance" by allowing/permitting service of documents etc. in electronic form, electronic copy of the Annual Report of 2021-22 will be sent to all the members whose e-mail IDs are registered with the Company/Depository Participant(s) for communication purposes.
8. The Register of Directors and Key Managerial Personnel and their Shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which Directors are interested under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice will be available for inspection electronically during the period of AGM.

The Company proposes to send documents, such as the Notice of the Annual General Meeting and Annual Report etc. henceforth to the members in electronic form at the e-mail address provided by them and made available to the Company by the Depositories from time to time.

The un-audited half-yearly and quarterly financial results of the Company are uploaded on the website of the Company.

In case you wish to receive the above documents in physical form, you are requested to please inform us on the below mentioned E-mail ID. Please quote your Name, Demat Account No. [DP ID No. and Client ID No.]. Email ID for reply : [ric@aiaengineering.com](mailto:ric@aiaengineering.com).

9. The Ministry of Corporate Affairs has notified provisions relating to unpaid/unclaimed dividend under Sections 124 and 125 of the Companies Act, 2013 and Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016.

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

Sr. No.	Financial Year	Type of Dividend	Due date of Transfer to IEPF
1.	2014-15	Final Dividend	31.10.2022
2.	2015-16	Interim & Special Interim Dividend	16.04.2023
3.	2016-17	Interim Dividend	22.03.2024
4.	2016-17	Final Dividend	20.09.2024
5.	2017-18	Interim Dividend	28.04.2025
6.	2018-19	Final Dividend	18.09.2026
7.	2019-20	Interim Dividend	15.04.2027
8.	2020-21	Final Dividend	10.10.2028

The IEPF Rules mandate the Companies to transfer also the shares of those shareholders whose dividends remain unpaid/unclaimed for a period of seven consecutive years to the Demat Account of IEPF Authority. The Company is required to transfer all unclaimed shares to the Demat Account of the IEPF Authority in accordance with the IEPF Rules.

10. In accordance with the provisions of Section 72 of the Act and SEBI circulars, the facility for nomination is available for the members of the Company in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting the Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/she may submit the same in Form No. ISR-3 or Form No. SH-14, as the case may be. The said forms are available on the Company's website at <http://www.aiaengineering.com/finances/Shareholderservicekyc.php>.

Members are requested to submit the said details to their respective DPs, in case the shares are held by them in dematerialised form and to the Company/RTA in case the shares are held by them in physical form.

11. SEBI has mandated the submission of PAN, KYC details and nomination by holders of physical securities by 31 March, 2023 and linking PAN with Aadhaar vide its circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/655 dated 3 November, 2021 and circular no. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2021/687 dated 14 December, 2021. Members are requested to submit their PAN, KYC and nomination details to the Company's Registrar Link Intime India Private Limited (RTA). The forms for updating the same are available at <http://www.aiaengineering.com/finances/Shareholderservicekyc.php>.

## NOTICE (Contd.)

Members holding shares in electronic form are therefore, requested to submit their PAN to their depository participant(s).

In case a holder of physical securities fails to furnish these details or link their PAN with Aadhaar before the due date, our RTA is obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on 31 December, 2025, the RTA/the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and/or the Prevention of Money Laundering Act, 2002.

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

Mrs. Khushali Samip Solanki (DIN 07008918), Non-Executive and Non-Independent Director of the Company will retire by rotation at the ensuing 32nd Annual General Meeting of the members of the Company and being eligible, has offered herself re-appointment.

Mr. Yashwant M. Patel (DIN - 02103312) has been re-appointed as a Whole-Time Director for a period of 5 years from 1 April, 2017 to 31 March, 2022. The Board, on the recommendation of Nomination and Remuneration Committee, has re-appointed him as a Whole-Time Director for a further period of 5 years from 1 April, 2022 and proposed a Special Resolution for members' approval at the ensuing Annual General Meeting.

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

### 13. 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 to members to cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services [India] Limited (CDSL) to facilitate e-voting.

- (i) Mr. Tushar M. Vora, Practicing Company Secretary [Membership No. FCS 3459] has been appointed as the Scrutiniser to scrutinise the e-voting and remote e-voting process in a fair and transparent manner.
- (ii) Members who have cast their vote by remote e-voting prior to the meeting can also attend the meeting but shall not be entitled to cast their vote again.
- (iii) The voting rights of members shall be in proportion to their shares in the paid up equity share capital of the Company as on cut-off date. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date i.e. 5 September, 2022 only shall be entitled to avail the facility of remote e-voting.
- (iv) Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as on cut-off date, may cast vote after following the instructions for e-voting as provided in the Notice convening the meeting, which is available on the website of the Company and CDSL.

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

### E-Voting System – For Remote e-voting and e-voting during AGM

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the General Meetings of the companies are conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated 8 April, 2020, Circular No.17/2020 dated 13 April, 2020 and Circular No. 20/2020 dated 5 May, 2020. The forthcoming AGM will thus be held through Video Conferencing (VC) or Other Audio Visual Means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated 8 April, 2020, 13 April, 2020 and 5 May, 2020, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM.



## NOTICE (Contd.)

For this purpose, the Company has entered into an Agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorised e-voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated 8 April, 2020 the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated 13 April, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.aiaengineering.com](http://www.aiaengineering.com). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-voting facility and e-voting system during the AGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated 8 April, 2020 and MCA Circular No. 17/2020 dated 13

April, 2020 and MCA Circular No. 20/2020 dated 5 May, 2020.

8. In continuation of this Ministry's General Circular No. 20/2020, dated 5 May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2022, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA Circular No. 02/2022 dated 5 May, 2022.

### THE INTRUCTIONS TO SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

**Step 1 :** Access through Depositories CDSL/NSDL e-voting system in case of individual shareholders holding shares in demat mode.

**Step 2 :** Access through CDSL e-voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on 8 September, 2022 at 9.00 a.m. and ends on 11 September, 2022 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) i.e. 5 September, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the Meeting.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9 December, 2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

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In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/websites of Depositories/Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

**Step 1** : Access through Depositories CDSL/NSDL e-voting system in case of individual shareholders holding shares in demat mode:

- (iv) In terms of **SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9 December, 2020** on e-voting facility provided by Listed Companies, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and e-mail Id in their demat accounts in order to access e-voting facility.

Pursuant to above said SEBI Circular, Login method for e-voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi/Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi/Easiest user will be able to see the e-voting option for eligible companies where the e-voting is in progress as per the information provided by the Company. On clicking the e-voting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-voting Service Providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a>.</li> <li>4) Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from a e-voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a>. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and also able to directly access the system of all e-voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider name and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a>.</li> </ol>



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Type of shareholders	Login Method
	3) Visit the e-voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com">https://www.evoting.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on Company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After Successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on Company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

### Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30.

**Step 2 :** Access through CDSL e-voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode:

- (v) Login method for e-voting and joining virtual meeting for **shareholders other than individual shareholders holding shares in Demat form and physical shareholders.**
- 1) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - 2) Click on "Shareholders" module.
  - 3) Now enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
  - 4) Next enter the Image Verification as displayed and Click on Login.
  - 5) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.



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- 6) If you are a first-time user follow the steps given below:

### **For Shareholders other than individual shareholders holding shares in Demat Form and Physical Form**

PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company, please enter the member id/folio number in the Dividend Bank details field.</li> </ul>

- 7) After entering these details appropriately, click on "SUBMIT" tab.
- 8) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- 9) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- 10) Click on the EVSN – 220629004 - AIA Engineering Limited.

- 11) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- 12) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- 13) After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- 14) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- 15) You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.
- 16) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- 17) There is also an optional provision to upload BR/ POA if any uploaded, which will be made available to scrutiniser for verification.

### (vi) **Facility for Non – Individual Shareholders and Custodians –Remote Voting**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is mandatory that a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same.



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- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory who are authorised to vote, to the Scrutiniser and to the Company at the e-mail address viz; [ric@aiaengineering.com](mailto:ric@aiaengineering.com), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutiniser to verify the same.

### INSTRUCTIONS TO SHAREHOLDERS FOR ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **10 days prior to meeting** mentioning their name, demat account number/folio number, e-mail id, mobile number at [viren.thakkar@aiaengineering.com](mailto:viren.thakkar@aiaengineering.com), [snj@aiaengineering.com](mailto:snj@aiaengineering.com), [paresh.shukla@aiaengineering.com](mailto:paresh.shukla@aiaengineering.com). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **10 days prior to meeting** mentioning their name, demat account number/folio number, e-mail id, mobile number at [viren.thakkar@aiaengineering.com](mailto:viren.thakkar@aiaengineering.com), [snj@aiaengineering.com](mailto:snj@aiaengineering.com), [paresh.shukla@aiaengineering.com](mailto:paresh.shukla@aiaengineering.com). These queries will be replied by the Company suitably by e-mail.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

### PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/ MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhaar Card) by providing Form ISR-1 and ISR-2 available on the website of the Company/RTA.
2. For Demat shareholders - Please update your e-mail id & mobile no. with your respective Depository Participant (DP).
3. For Individual Demat shareholders – Please update your e-mail id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-voting & joining virtual meetings through Depository. If you have any queries or issues regarding attending AGM & e-voting from the CDSL e-voting System, you can write an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at toll free no. 1800 22 55 33. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call toll free no. 1800 22 55 33.

### REQUEST TO THE MEMBERS

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

## NOTICE (Contd.)

### **EXPLANATORY STATEMENTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 SETTING OUT ALL MATERIAL FACTS RELATING TO SPECIAL BUSINESSES MENTIONED IN THE ACCOMPANYING NOTICE:**

#### **ITEM NO. 4**

B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company at the 27th Annual General Meeting ('AGM') held on 14 August, 2017 for a period of 5 years, up to the conclusion of 32nd AGM. B S R & Co. LLP are eligible for re-appointment for a further period of 5 years. B S R & Co. LLP have given their consent for their re-appointment as Statutory Auditors of the Company and has issued a certificate confirming that their re-appointment, if made, will be within the limits prescribed under the provisions of Section 139 of the Companies Act, 2013 ('the Act') and the Rules made thereunder. B S R & Co. LLP have confirmed that they are eligible for the proposed re-appointment under the Act, the Chartered Accountants Act, 1949 and the Rules or Regulations made thereunder. As confirmed to Audit Committee and stated in their Report on Financial Statements, the Auditors have reported their independence from the Company and its Subsidiary according to the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') and the ethical requirements relevant to audit. Based on the recommendations of the Audit Committee and the Board of Directors, it is hereby proposed to re-appoint B S R & Co. LLP, Chartered Accountants, having registration No. 101248W/W-100022, as the Statutory Auditors of the Company for the second and final term of five consecutive years, who shall hold office from the conclusion of this 32nd AGM till the conclusion of the 37th AGM of the Company. The Board of Directors has approved a remuneration of ₹ 47.67 Lakhs for conducting the audit for the Financial Year 2021-22, excluding applicable taxes and reimbursement of out-of-pocket expenses on actuals. The remuneration proposed to be paid to the Statutory Auditors during their second and final term would be in line with the existing remuneration and shall be commensurate with the services to be rendered by them during the said tenure. The Board of Directors in consultation with the Audit Committee may alter and vary the terms and conditions of appointment, including remuneration, in such manner and to such extent as may be mutually agreed with the Statutory Auditors.

B S R & Co. ('the firm') was constituted on 27 March, 1990 as a partnership firm having Firm Registration No. as 101248W. It was converted into limited liability partnership

i.e. B S R & Co. LLP on 14 October, 2013 thereby having a new Firm Registration No. 101248W/W-1 00022. The registered office of the firm is at 14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Centre, Western Express Highway, Goregaon (East), Mumbai - 400063.

B S R & Co. LLP is a member entity of B S R & Associates, a network registered with the Institute of Chartered Accountants of India.

B S R & Co. LLP is registered in Mumbai, Gurgaon, Bangalore, Kolkata, Hyderabad, Pune, Chennai, Chandigarh, Ahmedabad, Vadodara, Noida, Jaipur and Kochi.

B S R and Co. LLP is a multi-disciplinary Audit Firm catering to various clients in diverse sectors. The firm holds the 'Peer Review' Certificate as issued by 'ICAI'.

The Board recommends the resolution set out at Item No. 4 of the Notice for approval by the Members by way of an Ordinary Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives are interested or concerned, financially or otherwise, in the resolution.

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

The members at the 27th Annual General Meeting of the Company held on 14 August, 2017 re-appointed Mr. Yashwant M. Patel (DIN - 02103312) as Whole-Time Director of the Company for a period of 5 years with effect from 1 April, 2017 on a remuneration of ₹ 1,84,000 per month. Thereafter, remuneration has been increased to ₹ 2,50,000 per month with effect from April, 2021. The term of his present appointment has expired on 31 March, 2022.

The Nomination and Remuneration Committee of the Company at its meeting held on 27 January, 2022 and subsequently, the Board at its meeting held on same date has re-appointed Mr. Yashwant M. Patel (DIN - 02103312) as a Whole-Time Director unanimously for a further period of 5 years on a monthly remuneration of ₹ 2,50,000 per month with effect from 1 April, 2022 subject to the approval of members in General Meeting. The other terms and conditions are set out in the draft Letter of Appointment to be issued by the Company, which is available for inspection to the members at the registered office of the Company on all working days except Saturday between 9.00 a.m. and 5.00 p.m. till the date of Annual General Meeting.

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



## NOTICE (Contd.)

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

Notwithstanding anything contained to the contrary herein contained, where in any Financial Year during the tenure of the Whole-Time Director, the Company has no profits or its profits are inadequate, the Company will pay salary and perquisites as specified above and in addition thereto perquisites not exceeding the limits specified under Section II of Part II of Schedule V to the Companies Act, 2013 from time to time. The Whole-Time Director so long as he functions as such shall not be paid any sitting fees for attending the meetings of Board or Committees thereof.

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

As per the provisions of Section 196 (3) and Proviso to Clause (c) of Part I of Schedule V of the Companies Act, 2013, no person, who has attained the age of seventy years shall be eligible for appointment or continue to remain appointed as a Whole-Time Director of a Company, unless his appointment is approved by a Special Resolution passed by the Company in General Meeting.

As Mr. Yashwant M. Patel has attained the age of seventy years, it is required to obtain approval of shareholders by passing a Special Resolution.

Accordingly, on passing of this Special Resolution, it shall also be treated as the Special Resolution passed under Section 196 (3) and Proviso to Clause (c) of Part I of Schedule V of the Companies Act, 2013.

Mr. Yashwant M. Patel is deemed to be interested in the said resolution as it relates to his re-appointment. None of the other Directors and Key Managerial Personnel of the Company and their relatives, are in any way concerned or interested in the said Resolution.

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

### ITEM NO. 6:

The provisions of the SEBI LODR Regulations, as amended by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, effective April 1, 2022,

mandates prior approval of shareholders of a listed entity by means of an ordinary resolution for all material related party transactions, even if such transactions are in the ordinary course of business of the concerned Company and at an arm's length basis. Effective from April 1, 2022, a transaction with a related party shall be considered as material if the transaction(s) to be entered into, either individually or taken together with previous transactions during a financial year, whether directly and/or through its subsidiary (ies), exceed(s) ₹ 1,000 Crore, or 10% of the annual consolidated turnover as per the last audited financial statements of the listed entity, whichever is lower.

Further, in accordance with the said regulation, a related party transaction that has been approved by the audit committee of the listed entity prior to April 1, 2022 which continues beyond such date and becomes material as per the revised materiality threshold shall be placed before the shareholders in the first general meeting held after April 1, 2022.

Welcast Steels Limited, (WSL), is a Subsidiary of the Company. Transactions being entered into/carried out with WSL are of purchase of goods. Omnibus approval of the Audit Committee for the transactions has been obtained at its meeting held on 27 January, 2022.

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

Further, Regulation 23 of SEBI LODR Regulations requires that the entities/persons falling under the definition of Related Party shall not vote to approve the relevant transaction irrespective of whether the entity/person is a party to the transaction or not.

Accordingly, all the above persons being related shall not vote to approve this Resolution of the Notice.

Except abovementioned persons and their relatives, none of the other Directors and Key Managerial Personnel of the Company are in any way concerned or interested in the said Resolution.

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

Information required under Regulation 23 of SEBI LODR Regulations read with SEBI Circular dated 22 November, 2021 is provided herein below:

## NOTICE (Contd.)

Sr. No.	Particulars	Details of Related Party
i.	Name of the Related Party	Welcast Steels Limited
ii.	Type of transaction	Purchase of Goods
iii.	Material terms and particulars of the proposed transaction	Material terms and conditions of the transactions are based on the contract entered by the Company with WSL on 1 January, 2014 as amended from time to time.
iv.	Nature of Relationship with the Company including nature of its concern or interest (financial or otherwise)	WSL is a Subsidiary of the Company
v.	Tenure of the proposed transaction	During the Financial Year 2022-23.
vi.	Value of the proposed transaction (not to exceed)	₹ 35,000 Lakhs
vii.	Value of RPT as % of Company's audited consolidated annual turnover of ₹ 3,56,654.73 Lakhs for the financial year 2021-2022.	9.81 %
viii.	Justification as to why the RPT is in the interest of the Company.	The Company is one of the largest manufacturer and supplier of High Chrome Grinding Media and Mill Liners in World. In ordinary course of business, the Company purchases Alloy Steel Cast Grinding Media of different sizes and grades from WSL for its requirements at prevailing market rates.

### ITEM NO. 7:

The Board of Directors on the recommendation of the Audit Committee, re-appointed 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 2022-23 and fixed a remuneration of ₹ 4.00 Lakhs plus applicable tax and out of pocket expenses.

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

Accordingly, consent of the members is being sought for passing of 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 2022-23.

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

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

**By Order of the Board of Directors,**

Place : Ahmedabad

Date : 25 May, 2022

Regd. Office:

115, G.V.M.M. Estate,

Odhav Road, Odhav,

Ahmedabad 382 410

CIN: L29259GJ1991PLC015182

**S. N. Jetheliya**  
**Company Secretary**



## NOTICE (Contd.)

**Relevant details as stipulated under Regulation 26(4) and 36(3) of the SEBI LODR Regulations and Secretarial Standard on General Meetings ("SS-2") issued by The Institute of Company Secretaries of India, with regard to the Directors seeking Appointment/Re-appointment at the forthcoming Annual General Meeting (Refer Item No. 3 & 5)**

<b>Name of the Director</b>	<b>Mrs. Khushali S. Solanki</b>
Age	45 years
Date of first appointment on the Board of the Company	7 November, 2014
Qualification	Diploma in Hotel Management
Experience (brief resume)	She possesses rich and varied experience in Production, Administration and Accounts.
Disclosure of Relationship	She is a daughter of Mr. Bhadrash K. Shah (MD) and sister of Mrs. Bhumika S. Shodhan (Non-Executive Director).
No. of shares in listed company	10,010
Terms and Conditions of Re-appointment	As per Resolution at Item No. 3 of the Notice convening this Annual General Meeting, Mrs. Khushali S. Solanki is liable to retire by rotation and is proposed to be re-appointed as a Director of the Company.
Remuneration last drawn (including sitting fee if any)	₹ 1.50 Lakhs per month by way of commission (in addition to Sitting Fee of ₹ 0.65 Lakhs during the Financial Year 2021-22)
Remuneration proposed to be paid	She shall be paid remuneration by way of commission of ₹ 1.50 Lakh per month and such other amount as may be decided between her and the Company and sitting fee.
Number of meetings of the Board attended during the Financial Year	Please refer Corporate Governance Report Section of the Annual Report of 2021-22.
Directorship held in other public Companies	
Chairmanship/Membership of Committees of other Boards	

## NOTICE (Contd.)

<b>Name of the Director</b>	<b>Mr. Yashwant M. Patel</b>
Age	78 years
Date of first appointment on the Board of the Company	12 November, 2010
Qualification	B. Sc (Chemistry)
Experience (brief resume)	He possesses rich and varied experience in Production, Administration, HR and Accounts.
Disclosure of Relationship	Not related to any Director/Key Managerial Personnel of the Company.
No. of shares in listed company	--
Terms and Conditions of Re-appointment	As per Resolution at Item No. 5 of the Notice convening this Annual General Meeting read with Explanatory Statement thereto, Mr. Yashwant M. Patel is proposed to be re-appointed as a Whole-Time Director of the Company for a period of Five (5) years from 1 April, 2022.
Remuneration last drawn	₹ 2.50 Lakhs per month.
Remuneration proposed to be paid	₹ 2.50 Lakhs per month.
Number of meetings of the Board attended during the Financial Year	Please refer Corporate Governance Report Section of the Annual Report of 2021-22.
Directorship held in other public Companies	
Chairmanship/Membership of Committees of other Boards	

**By Order of the Board of Directors,**

Place : Ahmedabad  
Date : 25 May, 2022

**S. N. Jetheliya**  
**Company Secretary**



## NOTICE (Contd.)

### Contact Details:

Company	AIA Engineering Limited	
Regd. Office	115, GVMM Estate, Odhav Road, Odhav, Ahmedabad-382 410, Gujarat, India E-mail : <a href="mailto:snj@aiaengineering.com">snj@aiaengineering.com</a> , <a href="mailto:ric@aiaengineering.com">ric@aiaengineering.com</a>	
Corporate Office	11/12, Sigma Corporates, B/h. HOF Showroom, Off. S. G. Highway, Sindhu Bhavan Road, Bodakdev, Ahmedabad – 380 054 E-mail : <a href="mailto:snj@aiaengineering.com">snj@aiaengineering.com</a> , <a href="mailto:ric@aiaengineering.com">ric@aiaengineering.com</a>	
Registrar and Share Transfer Agent	Registered Office :- Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083. Phone : +91-22-49186270 Fax : +91-22-49186060 Phone: +91-22-25946970 Fax: +91-22-2594 6969	Local Address :- Link Intime India Private Limited 5th Floor, 506 to 508 Amarnath Business Centre -1 Nr. St. Xavier's College Corner, Off. C. G. Road, Ellisbridge, Ahmedabad 380 006 Phone – 079- 26465179 E-mail ID: <a href="mailto:ahmedabad@linkintime.co.in">ahmedabad@linkintime.co.in</a>
e-voting Agency	Central Depository Services (India) Limited E-mail : <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a>	
Scrutiniser	CS Tushar Vora, Practicing Company Secretary E-mail : <a href="mailto:cstusharvora@gmail.com">cstusharvora@gmail.com</a>	



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Mr. Rajendra S. Shah

Chairman : Independent - Non - Executive Director

### Mr. Bhadresh K. Shah

Managing Director: Executive - Promoter

### Mr. Sanjay S. Majmudar

Independent Director

### Mr. Yashwant M. Patel

Whole-Time Director

### Mr. Dileep C. Choksi

Independent Director

### Mrs. Khushali S. Solanki

Non-Executive- Non-Independent Director

### Mrs. Bhumika S. Shodhan

Non-Executive- Non-Independent Director

### Mr. Rajan Harivallabhdas

Independent Director

### Mrs. Janaki U. Shah

Independent Director

## CHIEF FINANCIAL OFFICER

Mr. Viren K. Thakkar

## COMPANY SECRETARY

Mr. S. N. Jetheliya

## STATUTORY AUDITORS

B S R & CO. LLP

Chartered Accountants

## COST AUDITORS

Kiran J. Mehta & Co.

Cost Accountants

## SECRETARIAL AUDITORS

Tushar Vora & Associates

Company Secretaries

## REGISTERED OFFICE

115, GVMM Estate,  
Odhav Road, Odhav,  
Ahmedabad - 382 410

## CORPORATE OFFICE

11-12, Sigma Corporates,  
B/h. HOF Show Room,  
Off. S.G. Highway,  
Sindhu Bhavan Road, Bodakdev,  
Ahmedabad - 380 054

## REGISTRAR & SHARE TRANSFER AGENT

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

## BANKERS

State Bank of India  
Citi Bank N.A.  
JPMorgan Chase Bank N.A.  
HSBC Bank Limited  
AXIS Bank Limited  
IDBI Bank Limited  
HDFC Bank Limited





**AIA Engineering Limited**

If undelivered, please return to:Corporate Office:

11-12, Sigma Corporates, B/h. HOF Show Room,  
Off. S.G. Highway, Sindhu Bhavan Road, Bodakdev,  
Ahmedabad - 380 054

Tel.: +91-79-66047800, Fax: +91-79-29900194

E-mail: [snj@aiaengineering.com](mailto:snj@aiaengineering.com), Website: [www.aiaengineering.com](http://www.aiaengineering.com)

CIN: L29259GJ1991PLC015182