AIA Engineering Limited

August 10, 2021

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 31st March, 2021

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 2020-21 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: Friday Date: 3rd September, 2021 Time : 10.00 a.m. (IST) Through Video Conference/Other Audio Visual Means
2.	Book Closure Date	Saturday, 28th August, 2021 to Friday, 3rd September, 2021
3.	Cut-off date for e-voting	Friday, 27th August, 2021
4.	Remote e-voting start time, day and date	9.00 a.m. Monday, 30th August, 2021
5.	Remote e-voting end time, day and date	5.00 p.m. Thursday, 2nd September, 2021
6.	E-voting website of CDSL	https://www.cdslindia.com

The Annual Report containing the Notice of Annual General Meeting is also uploaded on the Company's website at 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

31ST ANNUAL REPORT 2020-21

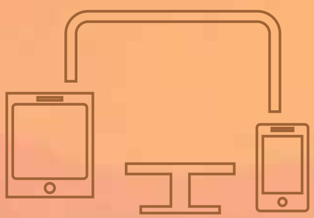
FOR A BETTER
TOMORROW

ACROSS THE PAGES

01 CORPORATE OVERVIEW

02 STATUTORY REPORTS

03 FINANCIAL STATEMENTS



An electronic version of this report is available online at:
http://www.aiaengineering.com/financials.php

Scan this QR code to navigate investor related information

Investor information

Market Capitalisation as at 31 March, 2021	:	₹ 19,316.34 Crores
CIN	:	L29259GJ1991PLC015182
BSE Code	:	532683
NSE Symbol	:	AIAENG
Bloomberg Code	:	AIAE:IN
AGM Date	:	3 September, 2021
AGM Mode	:	Video Conferencing (VC) and Other Audio Visual Means (OAVM)

> Over the last financial year, the pandemic has continued to test the resilience of our business and accelerated the pace of change.

At AIA Engineering Limited, our purpose sets out our primary reason for existence and guides the evolution of our strategies to meet customers' demand and maintain our leadership quotient.

Our optimism for a better tomorrow empowers us to make the most of today's changing and uncertain world and enables us to unlock our potential and be resilient into the long term.

KPIs of 2020-21

₹30,536.88 Million
Total Revenue

₹8,274.42 Million
EBITDA

₹5,657.06 Million
PAT

₹9 Per Share (450%)
Dividend

58.47%
Promoters' Holding

Note
EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization
PAT: Profit After Tax

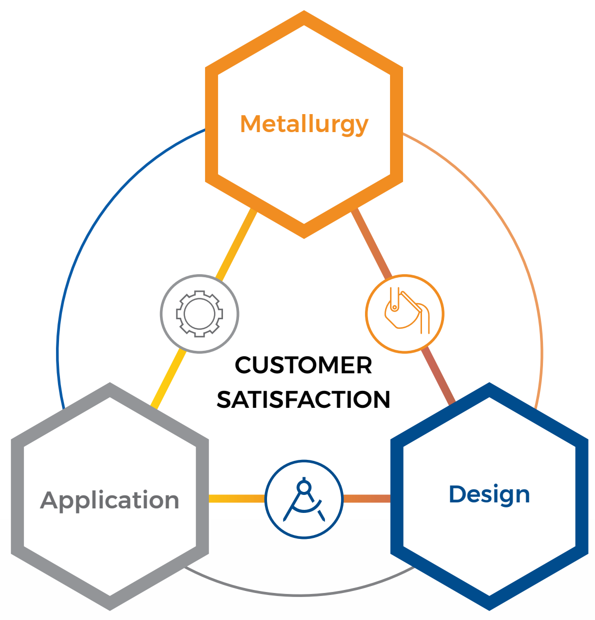
KNOW US BETTER!

> AIA Engineering Limited. ('AIA' or 'the Company') is one of the most trusted names in manufacturing, designing, developing, installing, and servicing high chromium wear, corrosion, and abrasion-resistant casting used in cement, mining, and thermal power generation.

By combining world-class engineering and the unique combination of products and services, AIA helps these industries achieve efficiency with reliability and safety. It is further supporting its customers to reduce their maintenance costs and improve cost-effectiveness.

Established in 1991 in Ahmedabad, India, an ISO 9001 certified company, AIA is serving for more than three decades. It has expanded its horizons to more than 120 countries, exclusively supplying its products, providing customer support and technical services through strategically located offices globally.

OUR SUCCESS PYRAMID



Application	Offerings

CEMENT

Grinding of limestone and clinker

The Company has been involved in offering wear part linked solutions to Cement industry for a long time and has developed expertise around metallurgy, grinding application and design of parts. Company offers parts for both tube mills and vertical mills. On account of this, Company offers solutions that can improve productivity and reduce operating costs and engages with customers in their operational improvement journey as a trusted partner.

MINING

Grinding of mineral ore before processing for separation of different materials

The Company has developed special alloys for grinding media for the mining segment that can improve wear rates and reduce total cost of ownership for customers. In addition to this, Company has now developed mill lining solutions wherein customer can benefit with improved throughputs and reduced operating costs like cost of power, cost of wear parts, etc.

THERMAL

Grinding of coal before it enters the boiler

Company offers wear parts for pulverizers used for grinding and crushing of coal before it is fed into boilers at thermal power plants. These plants use vertical mills and tube mills for pulverization of coal. Company offers wear parts and solutions to these plants that help improve throughput (which in turn can help with higher power generation) and reduction in operating costs.

QUARRY

Crushing of aggregates

Company offers special wear parts for crushers used in quarry operations that improve operational parameters.

1991
Year of Inception

4,000+
Clients

1,285
Employee Strength

SUCCESS MILESTONES.

A Step Towards Bettering the Tomorrow.

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

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

2018
Development of mill lining solution for mines

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

2014
Capacity enhanced to 2,60,000 MT with expansion at Moraiya facility

2011
Commissioned new plant for mining liners and vertical mill parts

2008
Commissioned Moraiya greenfield project with a capacity of manufacturing 1,00,000 MT grinding media

2005
AIA got listed on Indian Stock Exchanges

2003
Incorporated Vega ME as a wholly owned subsidiary of AIA

1996
Certification of Quality Management Systems as per ISO 9001

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

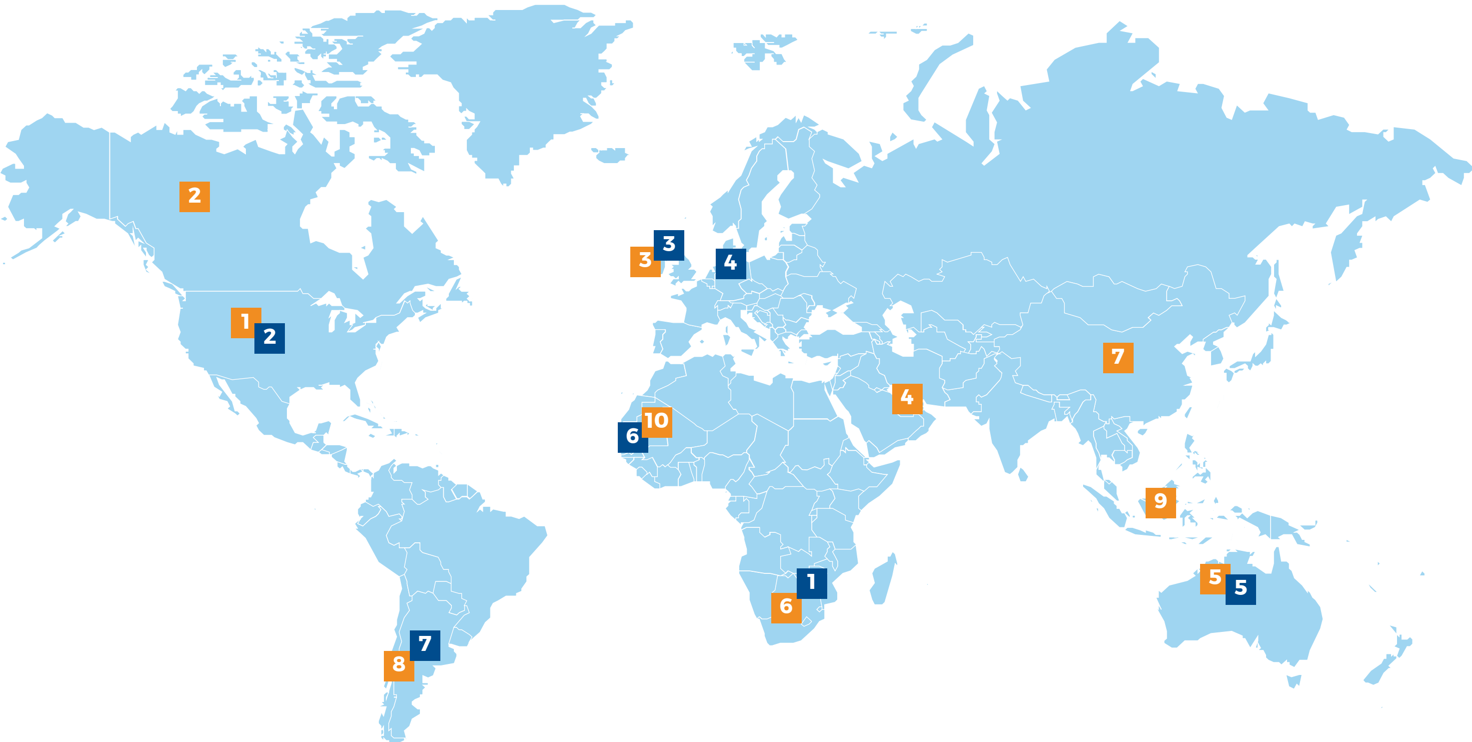
1989
Started manufacturing of high chrome liners, level control diaphragms and other diaphragms

1985
Started manufacturing high chrome grinding media

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

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

EXTENSIVE GLOBAL FOOTPRINT



**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 in connection to its accuracy or completeness.*

> "The Company enjoys an extensive global outreach through strategically placed subsidiaries and representative offices. It has maintained long-standing relationship with the globally renowned marque clients across cement and mining markets."

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

120+

Global Presence

LETTER FROM MANAGING DIRECTOR'S DESK

> We have continued to work closely with our customers seeking to be long term Partners of those businesses where we can make the most meaningful difference

Dear Shareholders,

The Financial Year 2020-21 was dominated by COVID-19 and it continued to test our individual and collective resilience. The health, safety and well-being of people has continued to be at the heart of our COVID-19 response. Being a Global Company providing critical solutions to diverse customers in more than 120 countries of the world in the Cement Segment and to more than 35 countries of the world in Mining Segment, it was the key focus area of the Company to ensure that there was no disruption in the supplies of our products and services to our customers, and I am happy to share that we have proved our resilience by ensuring that in spite of the challenging times where there were severe international travel restrictions for a major part of the year, there was no disruption from our side in fulfilling our supply commitments to the customers.

The year gone by was a challenging year by all the measures. While we seem to have come out of the second wave of the pandemic, the threat of the third wave is looming large in front of us. However, optimistically we feel that we should be able to face the third wave without causing any serious disruptions given the fact that the World is now seemingly much better equipped, having accepted the fact that continued recurrence of COVID-19 pandemic in medium to long term will be the "new normal" with which we all will have to learn to live on an ongoing basis.

Alongside the ongoing challenges of managing the pandemic, COVID-19 has accelerated sharper focus to respond to the longer-term trends impacting our business and ensuring that we could better adapt to the ongoing change and hope for a better tomorrow.

Our strengths in metallurgy, designing, massive global footprint and skilled talent base remain the core reason for our growth amidst the challenging times. As you all may be aware, we have developed a comprehensive solution portfolio for taking care of grinding and crushing needs of the Global Cement and Mining Industries, with the later posing a massive opportunity of converting the mining companies worldwide from their conventional forged grinding media based solutions to the Hi-Chrome based solutions offered by the Company. There is a significant headroom available for conversion which is the core area of focus of our Company and we believe that we are now fully equipped through our multifaceted solutions portfolio to convert a large number of mines into Hi-Chrome use and thus gain a dominant market share over a medium to long term horizon in this space. The golden triangle: Application, Metallurgy and New Product Development help us deliver the exact need of our clientele. It also helps us reduce the operational costs and limit our environmental impact, which drives us towards fulfilling our main goal.

On the ongoing projects' front, the Company is setting up a manufacturing plant of Mill Liners with 50,000 Mt with an estimated CAPEX of ₹ 250 Crores. The Company's total installed capacity will be increased to 4,40,000 TPA from the present installed capacity of 3,90,000 TPA. Given the massive opportunity of growth in front of us, we will be continuously going on with new Capex plans for capacity augmentation. However, as we have been doing in the past, a bulk of it will continue to be financed through our internal accruals only - given a comfortable balance sheet and surplus cash position that we have been maintaining.

The Company has always believed in giving back to the society, and through its sustainable measures, the Company actively contributes to the Social, Economic and Environmental Development of the community in which the Company operates ensuring participation from the community and thereby creating value for the nation. It ensures socio-economic development of the community through different participatory and need-based initiatives in the best interest of the poor and deprived sections of the society so as to help them to become self-reliant and build a better tomorrow for themselves. It also ensures the environmental sustainability through ecological conservation and regeneration, protection & regrowth of endangered plant species and promoting biodiversity.

3,90,000 Metric Ton

Current installed capacity

Going ahead, we would continue to increase our focus on strengthening the total solution capabilities through our extensive and fully equipped R&D team. During the year, we also focused on improving productivity and employee morale, helping them adapt to the evolving time, the new regular post the pandemic.

With this note, I would like to thank all our stakeholders, investors, bankers, customers, suppliers and Government/Regulatory bodies for standing with us during the unthinkable situation happening around the globe. 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

THE WINNING EDGE

Growth Strategy

> At AIA, the growth strategy is built on our robust business model, unique approach, and the capability to deliver niche solutions. For over three decades, the Company has made, nourished, sustained and grown its geographical footprint globally with its unique proposition fundamentals.

Enhancing value through solid customer satisfaction

The Company's philosophy lies in providing the customers' with optimised solutions through technical evaluation of their requirements, thereby providing them with precisely designed solutions.

The Company undergoes through these parameters for enhancing the customer experience and satisfaction:

SUPERVISION

The technicians closely monitor every installation of wear parts.

MILL AUDITS

To optimise the operating parameters and improve grinding efficiencies, regular audits are conducted.

ASSESSMENT

To ensure quality, consistency, and cost-effectiveness, real-time performance is monitored. The Company also assesses the stock situation at regular intervals for their timely replacements.

TANGIBLE BENEFITS

Each product ensures longer wear life of parts, i.e., it helps reduce the wear costs, optimise mill operations, reduce power costs and improve throughputs. It also provides abrasion, corrosion, impact resistance to the grinding process, thus ensuring consistent product quality and environment-friendly outcomes.

Enhancing value through expansion

Company is focused on enhancing shareholder value by pursuing growth which requires setting up of manufacturing facilities. Company is in the process of setting up a 50,000 Mt Greenfield plant for manufacture of mill liners used in grinding mills in Mines at an estimated outlay of INR 250 Crores. These parts will be offered as part of special solutions to mines whereby their throughput and costs can be reduced materially. Current capacity of the Company stands at 390,000 Mt.

GROWTH DRIVERS OF TOMORROW

> We operate in a highly regulated and competitive industry. Our diversified business model allows us to respond to the many opportunities and challenges we face, while delivering value for all our stakeholders. It enables us to remain agile in responding to evolving market trends, with the belief that everyone deserves a healthy and fulfilling life.

Focus Capitals

FINANCIAL

The focused investments on innovation, research and development, manufacturing and marketing, enable us to deliver as per the customer requirement and stay relevant and ahead of market trends.

MANUFACTURING

Investments in capacity expansions at our manufacturing facilities to meet the future demands.

PEOPLE

Investment in building highly skilled, diverse and effective workforce for a stable and sustainable future growth.

RELATIONSHIPS

Strong relationships with the stakeholders and their constant feedback enable us to achieve the market leadership.

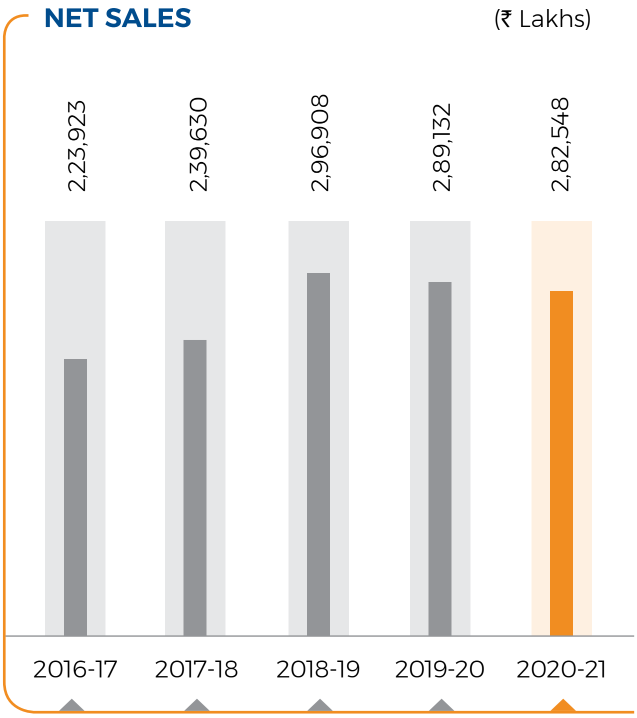
DISTRIBUTION

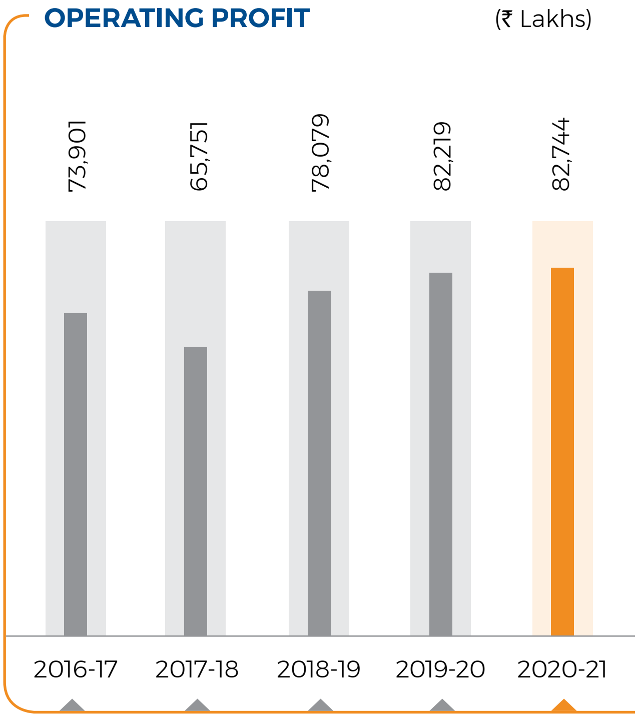
Investments in expanding reach through robust distribution channels across the globe.

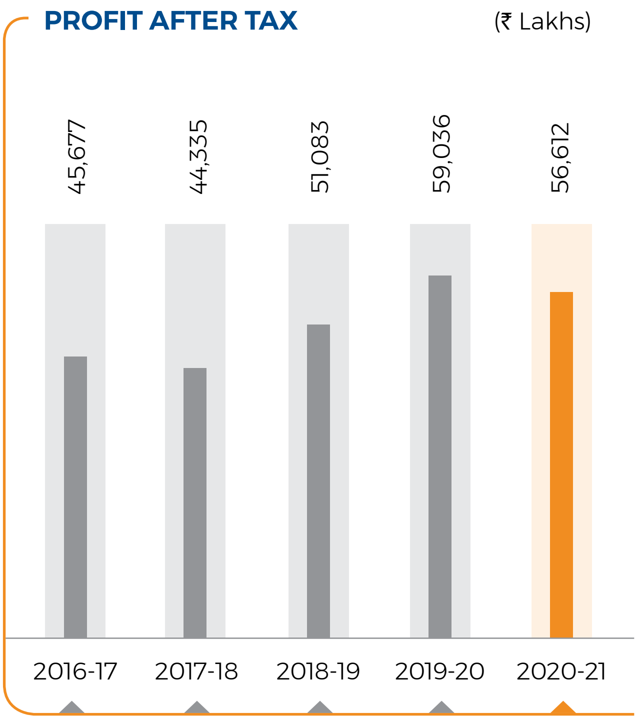
PROCESSES

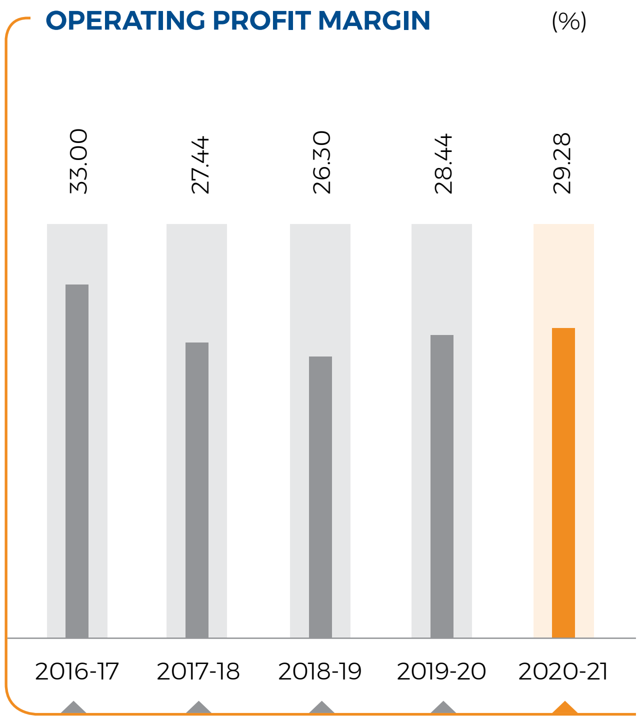
The Company has clearly defined systems and robust processes focused on internal controls, operational excellence and governance structure, which are aligned to business objectives resulting in consistent quality products leading to improved efficiency.

PERFORMANCE TRENDS

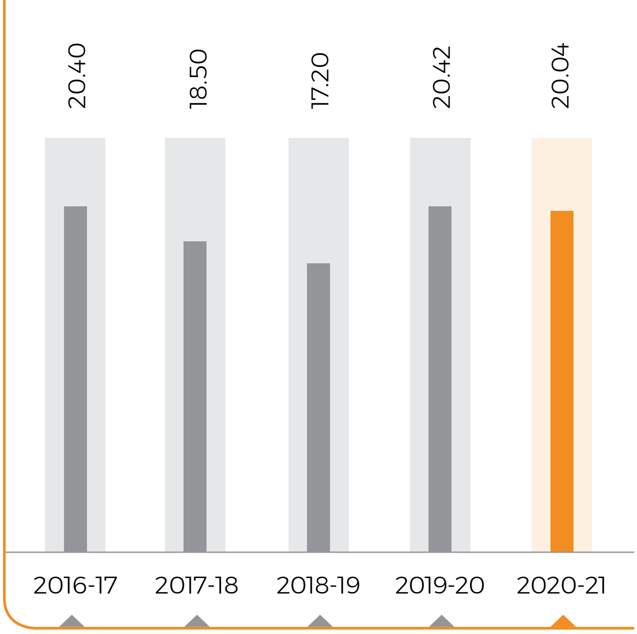




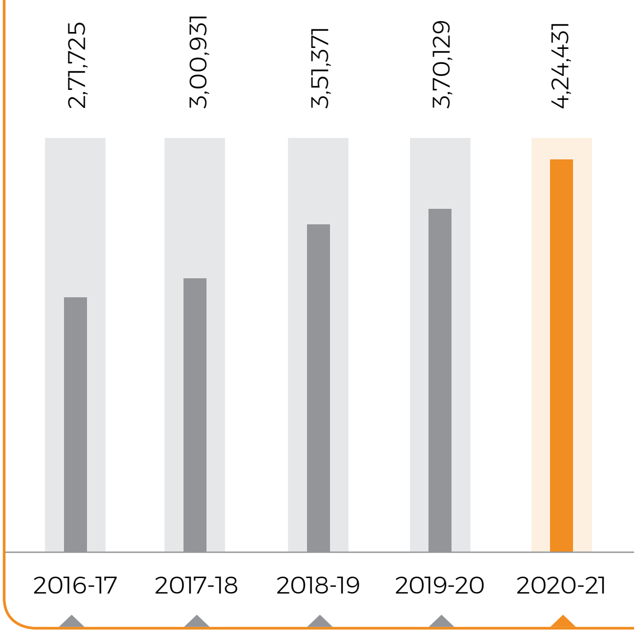




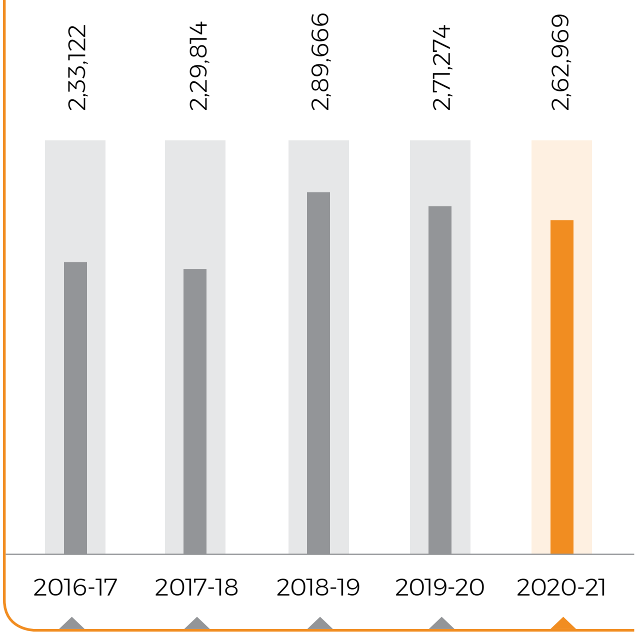
PROFIT MARGIN (%)



NET WORTH (₹ Lakhs)



PRODUCTION VOLUME (Metric Ton)



SOCIALLY RESPONSIBLE

Our CSR activities

"The Company believes in giving back to the Society and henceforth creating a positive impact through its various contributions. In the previous year, the Company contributed ₹ 1,144.19 Lakhs by way of several initiatives."

₹317.14 Lakhs
Prevention & Promoting Healthcare

₹31.25 Lakhs
Eradicating Hunger

₹38.95 Lakhs
Promotion of Sports

₹160 Lakhs
Promotion of Education & Vocational Skill

₹581 Lakhs
Protection of National Heritage, Art and Culture

₹15.85 Lakhs
Plantations

Gyaan Deep Program

Founded in July 2017, this program was created to focus and improve the quality of education in Government Primary Schools from Grade 1 to 8. It involves development of digital education. It is a detailed designed multi-year program that involves Schools LENS Solutions Pvt Ltd (SSPL) through digital smart classrooms and tablet labs. It is spread across the Ahmedabad district of Gujarat providing the important and necessary training and education services throughout the year to students, teachers and parents. It also involves a month-long Social Awareness Program where the respective students, teachers and the community gets practical understanding of various social factors such as sanitation, health, environment and safety.

Student Growth and Improvement

To ensure the performance and track the accomplishment, SSPL also conducts an annual students assessment annually in each school. A very significant and moving improvement was recorded during the third year of the test indicating the effectiveness of the program. To boost the engagement and further motivate the students, the Company also involved parents, Sarpanch and the community leaders with the students. Furthermore, the students and the teachers from our program have become "Social Upliftment Agents" in their respective communities. This helped the Company in further spreading the social awareness during the pandemic. The Company has received constructive response from the overall program schools' Principals, Teachers and other Government officials, who are constantly involved in the program and visits the schools frequently.

Introduced SchoolsLENS sLate Application

SchoolsLENS sLate is an Android mobile application launched in August 2021 in Gujarati language. It imparts home learning to Gyan Deep program students and helps teachers by providing an online platform to teach students during Covid-19 pandemic.

34,000+
App downloads

11,000+
Active users

3,000+
Creative animation content

7,000+
Worksheets created by academic experts

12,000+
Questions bank with different level of questions

1-2 hours
Average session duration of application is per day per user

Plantation Initiative

The second major initiative by AIA is one of the conservation of the environment and reducing the impact of CO2 from the environment. As a part of its CSR activities, besides from the enhancing digital education, it has undertaken the initiatives such as 'Plantation' and 'Reclamation'. The Company has successfully reclaimed approximately 4,40,040 Cubic Feet acres of land.

Trees planted during the year 2020-21 :

Air Force Headquarter, Gandhinagar	Ahmedabad Cantt	Air Force Selection Board, Gandhinagar	Air Force Station, Vadodara	Air Force Station, Vadsar	**Total**
23,813	17,192	10,185	4,652	694	**56,536**

Tatpadam Upvan Nathdwara

AIA contributed towards the development of the world's tallest Lord Shiva statue and allied structures at Nathdwara, Rajasthan to Tatpadam Upvan, a Section 8 Company, a subsidiary of Miraj Developers Ltd. The main goal of this project is to enhance the inflow of tourists to Nathdwara, in return increasing the employment. The entire project is developed in line with the international standards. The allied structures will include a food court, adventure park, VR game zone, amphitheatre, handicraft shops, arrival platform, approach staircase for the statue, gazebo, fountain, gardens, public convenience, parking and an admin building. The total built-up area is that of the 15,000 sq. mt and the budgeted cost of ₹ 175 Crores, the project will have two viewing galleries at the level of 110 ft and 270 ft, each and is expected to be completed by January 2022.

ENVIRONMENT, SOCIAL AND GOVERNANCE REPORT

"AIA's first Environment, Social and Governance Report aims to communicate the Company's strategy and approach towards sustainability and become an annual medium of communication of progress on material sustainability matters to its key stakeholders, viz customers and investors. It helps AIA to communicate its corporate strategy and its alignment with the Company's 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).

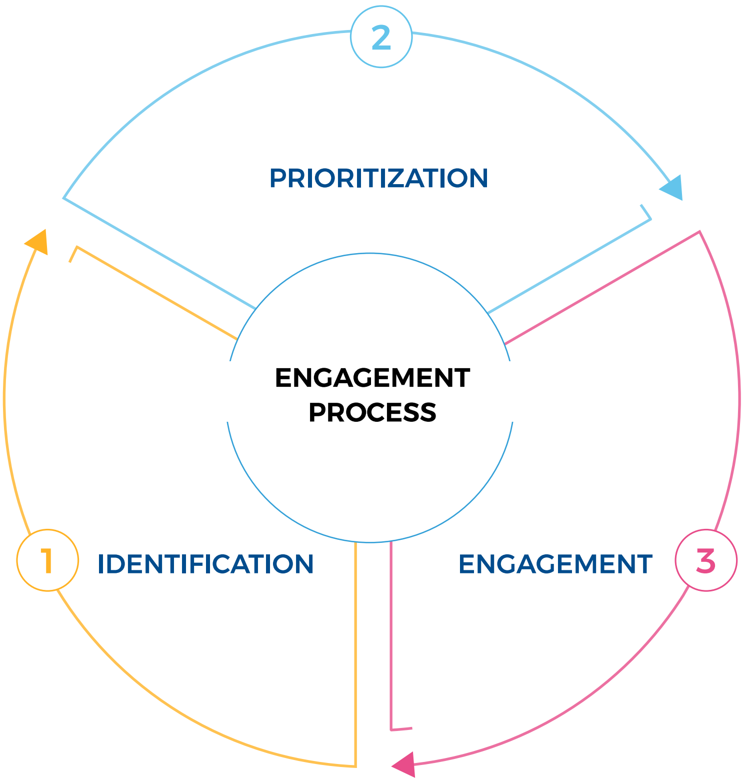
The scope of this report is limited to AIA's Manufacturing Plants in India for the Governance and Social Data and Indicators. For the Environmental parameters, the data is limited to the manufacturing units at Kerala (K1) and Moraiya (M1), Ahmedabad. Renewable energy as a percentage of total energy is calculated by using total grid electricity consumed at all the manufacturing plants.

STAKEHOLDER ENGAGEMENT

Stakeholders are those individuals, groups of individuals or organisations that affect and/or could be affected by our activities, operations and associated performance. Engagement with the stakeholders helps understand their explicit and tacit needs and inform our strategy and operational decisions. Inputs from stakeholders also give us an insight into future risks, opportunities and outlooks.

AIA engages with its stakeholders round the year, to maintain healthy, trust based relationships.

The management team connects with a diverse range of stakeholders through formal and informal mechanisms. The Stakeholders' Relationship Committee of the Board provides guidance and oversees the mechanism for addressing grievances and complaints from stakeholders. The inputs we receive help the creation of appropriate policies and practices that govern responsible business.



EMPLOYEES	CUSTOMERS	INVESTORS
Why they are important		
Brand ambassadors of the Company, the employees deliver growth and profitability. The employees are at the centre of our operations. Their collaborative skills and expertise is essential for our growth.	Customers are key stakeholders as they are the direct users of our products. Customer feedback is the key to ensuring satisfaction and maintaining brand reputation and steady cash flows.	As providers of capital, current and future investors and shareholders enable our growth and expansion plans.
Stakeholder Priorities		
○ Occupational Health & Safety ○ Training and Development ○ Employment Practices	○ Business Ethics and Compliance ○ Anti-Corruption ○ Occupational Health & Safety ○ Climate Change ○ Water Management ○ Waste Management ○ Employment Practices ○ Human Rights ○ Product Quality	○ Business Ethics and Compliance ○ Strong Governance and Risk Management ○ Climate Change ○ ESG Performance ○ Economic Disclosures
Frequency and Mode of Engagement		
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	Continuous, Ongoing and Need-based ○ Customer Satisfaction Index	Quarterly, Annual and Need-based ○ Annual General Meetings ○ Quarterly Earnings Calls And Presentation and Investor Conferences ○ Regular Disclosure to Stock Exchanges ○ Updates on the Company Website

	GOVERNMENT & REGULATORS	COMMUNITIES	SUPPLIERS & VENDORS
Why they are important	We engage with statutory/ regulatory bodies like the stock exchanges, tax departments, SEBI and Pollution control Boards to ensure compliance with applicable regulation.	Active engagement allows us to identify community needs and measure impact and outcomes of our CSR interventions. Engagements at the grass-root level have enabled us to forge long-lasting relationship with society in the areas we operate.	Our operations are closely linked with the timely availability of raw materials and services. These, in turn, have a material impact on the efficiency of the production process.
Stakeholder Priorities	o Business Ethics and Compliance o Corporate Social Responsibility o Anti-Corruption	o Livelihood and Support o Hygiene and Sanitation Facilities o Healthcare Facilities o Education o Local Employment o Air and Water Quality	o Payment Terms o Fair and Transparent Dealing o Safety System and Performance
Frequency and Mode of Engagement	Monthly, Half-Yearly and Need-based o Emails o Progress and Performance Reports o Accident Incident Reports o Returns Under Applicable Laws	Need-based and Ongoing o Community Meetings and Visits o Interaction for Local Bodies	Continuous o Quarterly Performance Review o Supplier Feedback

MATERIAL ESG PRIORITIES

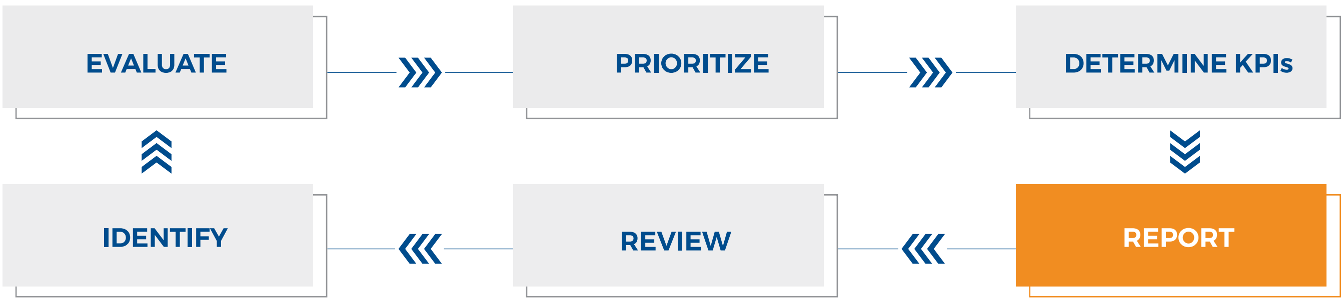
***Material Topics** are topics that reflect a reporting organization's significant economic, environmental, and social impacts; or that substantively influences the assessments and decisions of stakeholders.*

We strive to identify and respond to current and emerging environmental and social matters 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 enable us to drive long term value for our investors, customers and other stakeholders.

Materiality Assessment

We follow a structured process for identification of material issues for the Company.

Material Assessment Process



Materiality assessment was done by evaluation and prioritization of the most important matters emerging from customer request for proposal (RFPs) and pre-qualification criteria for Environmental Social and Governance Matters. We also considered the inputs from Investor ESG requirements. These were then aligned with the organizational priorities and strategic direction to arrive at the Material Topics. In order to monitor and track progress on the material topics, we have determined KPIs where applicable for each topic in alignment with standards for "Iron and Steel Producers defined by Sustainability Accounting Standard Board (SASB)" and Global Reporting Initiative (GRI).

Material Matters

O Social O Environmental O Governance

IMPORTANCE TO STAKEHOLDERS	Moderate	Significant	Major
Major		O Climate Change O Energy Management O Water O Anti-Bribery & Anti-corruption (Whistle-blower)	O Business Ethics & Integrity O Health & Safety O Customer Relations O Waste & Circular Economy
Significant	O Community Impacts O ESG Risk	O Human Rights O Training & Development O Anti-competitive Behaviour	O Compliance
Moderate	O Anti-Discrimination & Diversity		

IMPORTANCE TO AIA

ETHICAL GOVERNANCE

Responsible governance, integrity and ethical conduct are embedded into our business practices. They help us in meeting our responsibility towards our stakeholders. 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 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 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

9

Board Members

6:3

Male Female Ratio

5(56%)

Number and Percentage of Independent Directors

List of Directors as on 31.03.2021

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

Committees of the Board

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

Governance of Climate and Sustainability

The CSR Committee and the Risk Management Committee oversees the implementation, monitoring, and reporting of sustainability, ESG and 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 with the objective of making ESG systematic and intertwining the subject in business decisions.

The ESG and climate Change agenda is steered as follows:

- An Apex Sustainability Committee, a body of all functional leaders and site heads at operating locations develop the management systems for ESG and Climate Change.
- At the working level and one level below the Apex Sustainability Committee, there is a Core ESG Working Group, which operates in a cross-functional manner.

Risk Management

The senior management has overall responsibility for the establishment and oversight of the Company's risk management framework. 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 each quarter.

The Company has a risk management framework that helps evaluate, prioritize and escalate the risk to the highest governing body in the organization. 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 management of risks.

The Audit and Risk Management Committees are 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 and non-financial risks are identified, measured and managed in accordance with the Company's policies.

Ethical Business Conduct

Ethical Business Conduct is an essential priority for the Company. Ethics, transparency and accountability form the bedrock of governance. 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.

We follow 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. Training of code of conduct is the part of this induction.

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. Policy of Whistle-blower – Vigil Mechanism is placed on website of the Company at http://www.aiaengineering.com/finances/policy.php

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. 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, trainings are 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.

ENVIRONMENT

Environment plays an important role in healthy living and the existence of life on planet earth. We all are dependent on the environment for food, air, water, and other needs. Human activity, without consideration of impact on the planet, has lead to adverse effects like climate change, extreme water stress, raw material availability, biodiversity loss etc. Protection of the environment is therefore an important priority for AIA. It is also expressed as a priority by our investors and customers.

STRATEGY

Our mandate is to go beyond compliance and adopt the precautionary approach to environment – do no harm. Environmental risks have been integrated into the enterprise risk management process. In order to ensure continued action towards environmental stewardship, we formulated AIA's Environmental Policy, Water Policy, Waste Management Policy, and Climate Change and Energy Policy, the said policies are available on the website of the Company at http://www.aiaengineering.com/finances/policy.php. These policies are applicable to all manufacturing plants with responsibility of implementation to 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. The principles are being implemented across all the plants.

ENVIRONMENTAL COMPLIANCE

AIA is committed to minimizing the adverse impact of its activities and operations on the environment. There is a robust management process for tracking compliance with applicable environmental regulation. 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 Rules thereunder. We have carried out an Environmental Impact Assessment for the key manufacturing plants at Kerala (K1) and Moraiya (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 compliances with applicable environmental regulation at any of our plants.

CLIMATE CHANGE

Direct and indirect impacts of climate change on businesses and society are being experienced by all. There has been a shift in the global discussion on climate change from *'good to have'* corporate agenda to *'a business imperative'*. It is a critical focus area for AIA and also expressed as a priority by AIA's investors and customers.

In order to understand the impacts of our operations on the climate, in FY 2019-20 we calculated the greenhouse gas emissions (scope 1 and scope 2) from operations at our Grinding Media units M1 and K1. They constitute the highest production activity and therefore contribute to the highest percentage of greenhouse gases from our operations.

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

The monitoring and reporting on the GHG emissions is not covered under any emission-limiting regulation and is done purely on a voluntary basis. The total scope 1 and scope 2 emissions from M1 and K1 are as indicated in the table.

Total GHG Emissions (MTCO2e)	FY 2019-20	FY 2020-21
Scope 1	14,075.35	12,193.87
Scope 2	1,53,605.49	1,55,681.33
Total Scope 1 + Scope 2	**1,67,680.83**	**1,67,875.20**

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 two-pronged strategy to manage our scope 1 and scope 2 emissions centered on improving efficiency at different stages of production and switching to renewable energy sources.

PROCESS EFFICIENCY

MELTING

We use induction furnace for all our melting operations that use electricity. The closed loop process ensures that the loss of energy and heat is minimal, helping reduce GHG emission.

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 in order 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 CONSERVATION INITIATIVES

2020-21

- Replaced electrical motors: IE2 with high energy efficient IE-3 electrical motors which will save approx. 28,928 Units/Annum.
- Replaced V belt Drive with Direct drive which will save additional 2,22,000 Units/Annum.
- Replaced all normal & florescent lights (Halogen /HPSV/HPMV) with LED lights, which will save approximately 6,96,000 Units/Annum.

RENEWABLE ENERGY

Systemic increase in the percentage of renewable energy to our total energy mix is our medium to long term strategy to address our scope 1 and scope 2 emissions. AIA has installed 9 Wind Energy Turbines at Kutch and Jamjodhpur site which generated 2.1 MW of renewable energy. **In F.Y. 2020-21, AIA was able to meet 17% of its total electricity requirement through renewable energy sources.** During Q3, FY 2021-22, we will be commissioning two new wind mills, of capacity 2.7 MW each. This will generate additional 1,48,00,000 energy units per year.

AIR EMISSIONS

The Company takes the necessary measures to check and prevent pollution. All stacks are >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 Gujarat Pollution Control Board (GPCB). The emissions are reported to GPCB 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 which automatically shuts down production.

EM-IS-120a.1. Air emissions of the following pollutants: (1) CO, (2) NOx (excludingN2O), (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
M1 (MT/Year)	13.42	3.51	118.6
K1 (MT/Year)	7.756	2.165	56.04
Total - AIA (MT/Year)	**21.176**	**5.675**	**174.64**

** 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 energy consumed, (2) percentage grid electricity, (3) percentage renewable

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

Total Energy Use	Unit	FY 2019-20	FY 2020-21
Direct Energy			
Diesel	KL	114	121
LDO	KL	506	85.712
PNG	SCM	81,73,002	77,87,681
Indirect Energy			
Grid Electricity	MWh	2,32,342.633	2,25,914.905
Renewable energy	MWh	48,450.94	38,347.00

17%

Total electricity requirement through renewable energy sources in FY 2020-21

WATER

Water scarcity is a growing problem, which requires global attention and action. AIA's strategy towards 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 in the cooling towers. The other activity where water is used includes in canteens for drinking, sanitation and gardening.

Water Management Strategy

- Monitoring & Tracking
- Audit & Training
- Rainwater Harvesting
- Zero Water Discharge

Monitoring and Tracking

The Company monitors and analyzes its water consumption patterns to ensure an overall water balance and to capture spikes in water consumption, if any. Meters are installed for borewell. We monitor total water withdrawal as well as the groundwater level on a continuous basis. The data is recorded in a logbook. Water meters have been installed on main pipeline as well as at the user end in all units. The records of water consumption are being maintained. We also monitor waste water discharge into the STP. It has helped us to bring down the freshwater requirement in our operations.

The Company consumed 197373 KL/Annum of groundwater for F.Y. 2020-21.

Internal Audits and Training

Training is being conducted on water saving and conservation among all employees 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.

Automatic/spring operated water tap are being used to reduce wastage of portable water and waterless urinals are installed.

Rainwater Harvesting

The Company has installed 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 pre-filtration system within the plant premises. In addition, three recharge wells are constructed outside the premises - one at Chiyada village and two at Moraiya Village to recharge groundwater. These recharge wells replenish the groundwater in areas where we operate.

Zero Water Discharge

Complete Zero Liquid Discharge (ZLD) is maintained at both the plants. Dry type cooling tower is installed at Kerala GIDC Plant which reduces blow down drastically. The cooling tower blow down is being reused in sand mould preparation, sand/slag cooling purpose in totality and there is no discharge of water outside the premises. Similarly grey water/sewage is treated in the STP plant which comprise of primary – secondary – tertiary system and ultra filtration water purification system. Treated water is reused in gardening, toilet flushing and cooling tower.

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

Total Water Withdrawal	Unit	FY 2019-20	FY 2020-21
Groundwater	KL	2,05,065	1,97,373
Water withdrawn from high stress regions	KL	Nil	Nil
Total	**KL**	**2,05,065**	**1,97,373**
Water Recycled	KL	56,197	57,244

1,97,373 KL / Annum

Groundwater consumption in FY 2020-21

The withdrawal of groundwater from borewell is less than the quantity consented by the Gujarat Pollution Control Board (GPCB). Both sites Kerala GIDC Plant and Moraiya Plant where water is abstracted through bore well are in the safe zone for groundwater as per the Central Groundwater Authority.

WASTE & CIRCULAR ECONOMY

We are transitioning from a *'linear business model'* to a cradle to cradle *'circular business model'*. A 'waste hierarchical approach' is applied, to reduce, reuse, recycle and recover waste products in preference to disposal of waste in alignment with 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 towards reducing, reusing and recycling its waste wherever possible. We optimise use of key resources including mineral and ensure waste minimization at sources and facilitate recovery, and recycling. We strictly comply with the stipulated compliance norms in line with the hazardous waste management rules, battery rules and e-waste management rules. We ensure that all waste we generate from our own activities is re-melted into the furnace or recycled through authorised recyclers and vendors.

Categories of Waste Generated

HAZARDOUS WASTE

Used oil, waste residues containing oil, Discarded contaminated container & liner and cotton waste as cleaning material, E-waste, batteries waste and bio-medical waste.

NON-HAZARDOUS WASTE

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

OTHER WASTE

Canteen waste and STP waste

HAZARDOUS WASTE

Hazardous waste is being disposed off/recycled/ reused following hierarchy of disposal to create wealth from waste to promote circular economy. To ensure material conservation, top most 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 is disposed in GPCB approved Common Hazardous Waste Incineration Facility (CHWIF) and transportation, storage and disposal facility. We have explored utilization of oily sludge in cement co-processing and are in the process of signing MoUs with various cement industries.
- We have a MoU with GPCB approved decontamination facility for reuse of waste container and recycle of liner and plastic bags.
- Used/waste oil generated is sold only to registered recyclers.

- E- waste is being disposed off with registered e-waste recycler.
- Battery waste is being sold to registered battery/ lead recycler only.
- Biomedical waste from Occupational Health Centre (OHC) is being disposed off with 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 of silica sand by 80%. The waste sand generated (fines and waste/ slag residue) is used in co-processing in the cement kiln.

Slag - Slag is either sold to metal recycler vendor or reprocessed in our captive metal recovery plant for metal recovery. Recovered metal is reused as raw material in foundry operations.

Runner and riser generated are being reused as raw material in foundry operation.

Fine dust of sand is used in low lying area, construction sites, bricks making etc. We have our own brick making plant where dust and pp bags from packaging are reused.

OTHER WASTE

Canteen waste/organic waste: Converted into compost manure by an organic waste composting machine or disposed through mobile waste management facility. The organic compost is being used in the green belt and nursery.

STP sludge: Used for gardening as Compost Manure

HT Refractory material including refractory bricks etc. are sold to designated vendors. Commercial waste like carton, paper, wood, waste rubber (conveyor belt, tyres) etc. is also sold to vendors for recycling.

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

Non – Hazardous	Method of Handling	Waste Generated		Percentage Waste Recycled	
		2019-20	2020-21	2019-20	2020-21
Moulding Sand (MT)	Co processing	14,211	20,264	100%	100%
Slag (MT)	In-house processing for metal recovery and rest used in road making	8,577	13,289	100%	100%
Hazardous					
Used Oil (MT)	Recycling	25.61	21.13	100%	100%
Waste residues containing oil (MT)	Incineration	95.61	156.25	-	-
MS Barrel/Drums (No.)*	Decontamination and reused	915	1,026	-	-
Containers (No.)*		2,037	1,812	-	-

**100% reused*

CREATING VALUE FOR THE EMPLOYEES

Employees represent one of the key pillars to AIA's success as a brand offering wear resistant customised products to global customers in the cement, mining and aggregate sectors.

We create a healthy and inclusive environment and ensure the technical and behavioural competence of the employees. Our people are at the centre of all our business operations. Our commitment to our people's professional and personal growth is defined by the policies we have in place for their training, grooming and their overall well-being. 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 lay emphasis on talent development and employee loyalty through various learning initiatives and identifying competency gaps.

Health and Safety is our Mantra

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 collective, conscious and concerted efforts of bringing in behavioural change, technical upgradation and designed interventions that make our operations safer.

Enabling Technical Competence

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

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

EMPLOYEE ENGAGEMENT

When employees are engaged, they are most likely to invest in the work they do leading to improved quality of work. We engage with employees to increase productivity, work quality and retain top talent. 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 organization they work for and committed to their fellow employees.

HR leaders at AIA are focused on improving employee engagement across the organization. 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 focus on employee well-being.

EMPLOYEE HEALTH AND SAFETY

Occupational Health and Safety (OH&S) is extremely valuable and is rightly being incorporated into more and more workplaces around the world. Our approach to health and safety is designed to create a safe, healthy work environment. Workers' safety is the key to unhindered operations and productivity. Ensuring fair and safe working conditions to all employees and contract labourers as well as visitors is the basic promises on which our human resources policies and practices are built.

Foundry operations consist of several hazardous processes, which have the ability to affect the health of the worker 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 to 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.

AIA has installed high-efficiency induction furnaces which have improved working conditions which make 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 organization, policies and management systems, and training and awareness sessions. These systematically bring about a behavioral change in our workforce. Our health and safety priorities are clearly articulated in our EHS Policy. With the overarching objective of 'Zero harm to life', foundries with the highest OH&S hazard are certified for ISO 45001: 2018 & ISO 14001:2015. The principles are being applied at all the plants. There has been continued improvement and positive developments in safety culture within the Company.

Vision Statement

- Business should respect, protect and make efforts to restore the environment.
- Promote Occupational Health of our staff and workers and prevent accident and injuries during the operations.

Occupational Health and Safety Objectives

- Zero Harm
- Minimize Unsafe Conditions and Unsafe Acts

Mission Statement

The Company seeks to minimize the EHS impacts due to its manufacturing activities, it provides safe and healthy working conditions, utilizes natural and manmade resources in an optimal and responsible manner and strives to ensure the sustainability of resources. The Company reports their environmental, Occupational Health and Safety performance, including the assessment of potential EHS risks associated with their operations, to the stakeholders in a fair and transparent manner.

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 representative) 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.

RISK IDENTIFICATION	RISK ASSESSMENT	RISK MANAGEMENT
Risk to relevant parties are determined e.g. the workers, contractors, labourers. First the process of risk identification is collectively performed by a cross-functional task force. This includes, Project/Site etc.	Risk Assessment of the activities, products and services is carried out and OH&S hazards are identified for all the activities of all the departments.	Prevention against retaliation towards works, rights to workers to refuse or stop unsafe or unhealthy work through our Whistle-Blower policy, Human Rights policy, and grievance handling mechanism.
AIA is committed to providing a healthy and safe work environment for employees, contractors, and all the people engaged directly or indirectly with its workplace.	The OH&S Risk and other Risk Assessment is carried out through brainstorming sessions, taking into consideration the operating experience and capability of risk control measures that are already in place.	Eliminate or reduce the adverse OH&S Hazard and Ensure continual improvement in OH&S performance.
HIRA and job safety analysis is conducted to identify and eliminate potential risks involved in the working environment.	All the identified OH&S hazards are assessed in terms of severity of harm and likelihood of occurrence of the hazard.	For all temporary and permanent modifications to plant, equipment or facilities, the system of management of change shall be applicable.
Risks could arise from inappropriate context analysis and out-dated analysis.	AIA has a proactive approach towards capturing work related hazards and hazardous situations such as routine Gemba walk and scheduled safety observation sessions.	As a part of ISO 14001 and ISO 45001, a plant specific disaster management plan is available at all the operating locations.
Risk could arise from failure to address the needs and expectations of relevant interested parties and poor OH&S performance leading to reputational risks. Risk could arise from inadequate consideration of OH&S management system requirements, change management and other health and safety issues in strategic planning and other business processes.	Periodic review of the OH&S Management System.	AIA has set up a robust Incident Investigation process under the Safety Management System to investigate any safety-related incident. Incident will be followed by an immediate investigation carried out by a cross functional team. Techniques such as interviewing, incident site evaluation, and root cause analysis are adopted to identify the root cause and propose suitable corrective actions.
		The process of HIRA, job safety analysis, and the hierarchy of control is covered under our safety management system, as per ISO 14001 and ISO 45001.
		HIRA and job safety analysis is conducted when there is a change in operating procedure, change in process and expansion work, occurrence of safety.

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

The employees, worker, and worker representative 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 OHSMS.

The H&S Team with the support of the HOD's 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 there are any operational changes that 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, 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 copy of particular document in EHSMS. Notice Boards are used to display notices to inform employees about particular issues such as emergency plans and accident performance or about progress in achieving objectives and targets.

External communication

When required, relevant information related to EHSMS 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 via round table meetings, hazard Identification & elimination and assessment and reduction of risks through HIRA Register, Legal Register and Business Strategic Plan. Other activities include tool box talks, mock drills, internal H&S audits, OH&S review and review of operational controls. OH&S trainings are organized 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, which require corrective actions, are communicated to all the employees. Any changes to Health, Safety and Environment policy are documented.

Disclosure 403-8: Workers 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 worker in the health and safety committee across all plants.

GRI Disclosure 403-9: Work-related injuries

Disclosure 403-10: Work-related ill health

Safety performance	Grinding Media FY 2019-20	VSMS-Liner FY 2019-20	Grinding Media FY 2020-21	VSMS-Liner FY 2020-21
LTIR	4.43	1.60	1.16	1.71
LTIFR	2.26	0.64	0.70	0.69
LTISR	19.4	1.07	18.43	1.03

Frequency Rate = No. of Accident*1000000/Man Hours Work
Severity Rate = Man Days Loss*1000000/Man Hours Work
Lost Time Injury Incidence Rate = Number of Lost-Time Injuries *1000/Average number of persons employed

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
- Every 6 months we are reorienting of all employees – permanent and contractual on environment, health and safety
- Staff and workers are given tool box talks and classroom training by safety manager on various safety topics. External safety training also organised for socialised subject
- Staff and workers are provided trainings on workplace 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 organization
- Grooming of managerial staff and operators to develop their capabilities through multi-skilling, and enhancing roles
- External trainings for managerial category of staff on topics ranging from responsibility to communication skills and personality development

Different training programmes are designed for employees at different levels in the organization. A plethora of technical and behavioural training programmes are designed for executives at the organization. Several managerial and functional training programmes are also developed for the mid-senior level to map their growth path.

Induction Training:

Company Induction:

Induction training is being provided at each of the Company's respective offices and work location for all new AIA employees, in order to familiarize them with all key departments. The induction consists of a series of discussions on matters relevant to the duties and position of the new employee with an appropriate senior member of staff. On completion of the induction the employee is given the opportunity to discuss any outstanding queries.

Organization Induction:

The Plant Head must ensure that all employees employed to work on a site undergo area-specific induction, using appropriate Induction documented information.

Site EHS Induction

All personnel (including sub-contractors) working on site must undertake a site-specific induction. The site EHS Representative or the person responsible for those duties will retain documented information on site induction.

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 opportunities for growth. We also provide the right platform for our workers to interact with the Management and uphold their rights.

Employee Benefits

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

AIA is falling under ESIC Zone, so all the employees / workers up to the salary of INR 21 k are covered under ESIC for various benefits including in the event of bodily 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 its employees.

AIA has also provided Medical Benefits to the employees in case of hospitalization on account of any illness, injury or disease. AIA also has Group Super Top Up Policy to take care of huge expenses in severe cases of Hospitalization on account of illness, injury or disease.

Work Life Balance

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

- Timely payment of all salaries/wages to all workers and staff
- Top-up medical policy in addition to the individual Medi-claim and Group Term Life (GTL) policy to all permanent staff and workmen
- Group personal accident policy (GPA) to managerial staff
- Free transport facilities to our Moraiya and Kerala units
- Perquisites such as subsidised food, free transport facility and uniforms, jaggery and lemon water during summer on shop floors
- Annual tie-ups with hospitals for health check-ups of our managerial staff. Provides data cards and mobiles to specific employees based on nature of their work
- Car scheme for managerial category
- Loans to permanent staff and workmen
- Rotational weekly offs for our permanent and staff workmen, a work shift of not more than 8.5 hours. The Company provides 12 paid holidays, 12 casual leaves, and 30 privilege leaves to permanent staff and workmen at plants
- Women enjoy all provisions as per statutory requirement including maternity benefits
- Permanent and Contract workers are paid as per law, and statutory requirements such as PF, ESIC, Bonus, and Leave Salary are met. In case of emergencies, appropriate medical support or financial help is provided
- The Company 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 premises
- The Company's recruitment policy detailed in the HR and Personnel Manual takes into account the above employment criteria. The CTCs are based on qualifications, experience and capability
- The attrition rate is < 6%, the average years of association of employees with the Company is > 10 years

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

Our human rights policy is applicable to all employees of the Company on 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.

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 organization. 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 organization. The Company ensures that there are no discriminatory practices in the organization on the grounds of gender, ethnicity, nationality, or age.

COMMUNITY IMPACT

Corporate Social Responsibility (CSR) is a self-regulating business model that helps a company be socially accountable to its internal and external stakeholders. It helps us to be conscious of the economic, social, and environmental impacts of our activities on the communities around us.

AIA believes in inclusive growth of the communities in which it lives and works. By responding to the emerging needs at grassroots level, the CSR activities are aligned with the global sustainability development goals.

4 QUALITY EDUCATION

SDG 4:
QUALITY EDUCATION

Project Gyandeep

AIA believes that quality education is the birth-right of every child. Gyandeep is AIA's CSR Initiative being implemented by SchoolsLENS. The target audience is the under-privileged students in Government Schools of Gujarat. The objective is to help the teachers enrich their classroom teaching by the use of innovative educational methods.

Blended Interactive Learning (BIL)

BIL is an Adaptive Learning methodology designed to provide the highest level of education to each child based on their unique learning appetite. The teachers are provided resources to create a Productive Learning Environment (PLE) inside school which will allow every child to learn at his/her own pace. In order to implement BIL within Government primary schools of Gujarat two initiatives have been undertaken.

sL Ed STUDIO

Our Education technology platform consists of the following modules:

sLearn	This is an education software based on Adaptive and Activity Based Learning methodology and suitable for 'tablet lab' or 'computer lab' within a school
sLate	This is an education software based on Blended Interactive Learning methodology and suitable for 'smart class' based education within a school
sLQuiz	This is an education software for conducting students' skill-based assessment using tablets or computers within a school

Education IDOL

This is directed towards 'Teachers Training' and 'Capacity Building' where we conduct number of seminars and workshop within school premises. This involves activities like conducting Teachers' Survey, Teachers' Training, Community Development, Leadership Workshop, Students' Assessment, etc.

Goal	To improve the quality of education in Gujarati medium Government primary school in rural area of Ahmedabad district by addressing seven problems mentioned above
Project Duration	3 academic years o Phase 1: July 2017 to June 2020 o Phase 2: July 2018 to June 2021
Starting Year	July 2017
Number of Students Benefited	**3,893**
Number of Teachers Benefited	**120**
Number of Schools Selected	10 Government primary schools o Phase 1: 3 Schools (1,366 Students) o Phase 2: 7 Schools (2,527 Students)
School's Geographical Location	Urban and Rural area of Ahmedabad District – near AIA Engineering Limited's manufacturing facilities
Target Group for Program Beneficiary	Students, Teachers, Principals and Parents
Standard to be targeted	Standard 1 to 8

Impact in Phase One

Sr. No.	School Name	Village	Nearby AIA Manufacturing Unit	No. of Students	No. of Teachers
1	Adinath Vidhya Nagar Primary School	Odhav	Odhav	**408**	**13**
2	Moraiya Primary School	Moraiya	Changodar	**653**	**19**
3	Sanathal Primary School	Sanathal	Kerala	**305**	**10**
	TOTAL			**1,366**	**42**

Impact in Phase 2

<table>
<tr><th>Sr. No.</th><th>School Name</th><th>Village</th><th>Nearby AIA Manufacturing Unit</th><th>No. of Students</th><th>No. of Teachers</th></tr>
<tr><td>1</td><td>Lodariyal Primary School</td><td>Lodariyal</td><td>Kerala</td><td>185</td><td>7</td></tr>
<tr><td>2</td><td>Matoda Primary School</td><td>Matoda</td><td>Kerala</td><td>402</td><td>12</td></tr>
<tr><td>3</td><td>Nikol Primary School</td><td>Nikol</td><td>Odhav</td><td>752</td><td>20</td></tr>
<tr><td>4</td><td>Chiyada Primary School</td><td>Chiyada</td><td>Kerala</td><td>383</td><td>9</td></tr>
<tr><td>5</td><td>Kunjad Primary School-1 & 2</td><td>Kunjad</td><td>Kunjad</td><td rowspan="2">524</td><td rowspan="2">20</td></tr>
<tr><td>6</td><td>Visalpur Primary School</td><td>Kunjad</td><td>Kunjad</td></tr>
<tr><td>7</td><td>Visalpur Primary School</td><td>Visalpur</td><td>Changodar</td><td>281</td><td>10</td></tr>
<tr><td></td><td>TOTAL</td><td></td><td></td><td>2,527</td><td>78</td></tr>
</table>

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

One smart classroom with sLate software

(for Teacher's Usage)

It contained the following technology components:

1. sLate Computer with operating system
2. Projector
3. Speaker System
4. sLate Software License for 3 years

One tablet classroom with sL Ed Studio

(for Student's Usage)

It contained the following technology components:

1. sL Ed Studio Server with operating system
2. Tablets (40 per school)
3. Headphones and other accessories
4. Ruckus WIFI Industrial Router
5. sL Ed Studio License for 3 years

Last year, due to Covid-19, SSPL responded to the continuation of the learning needs of the children through sLate mobile app. The app is a teaching aid which is being used by the students on the phone and also being used through the Smart classrooms infrastructure. A total of 3,000 students and 250 teachers downloaded the App and the teachers have used this App to teach their online lessons.

In addition, the Company carried out various livelihood enhancing vocational skills and projects including tailoring, beautician, mehandi application, bee keeping, food processing and preservation, vermin composting and other Life Skill Training and livelihood enhancement projects, drivers' training for road safety.

SDGS IMPACTED	CSR INITIATIVES
SDG 2 **Zero Hunger**	o Made a contribution of ₹ 27 Lakhs to the Covid Relief Fund towards meeting the dietary and medicinal needs of underprivileged communities o Provision of food, nutrition supplement, clothes etc for the poor, children and other deprived sections of the society
SDG 3 **Good Health and Well-being**	o Awareness programmes, health check-ups, provision of medicine & treatment facilities o Providing pre-natal & post-natal healthcare facilities o Programmes for preventing diseases and building immunity o Providing for mentally retarded, blind children and socially weak people for reducing inequalities faced by the society
SDG 5 **Gender Equality**	o Adult literacy for women o Prevention of female feticide through awareness creation o Promoting and providing credit support to women's self-help and joint liability groups o Training in vocations pursued by women o Setting up homes for women & orphans o Setting up old-age homes & other facilities for senior citizens o Setting up hostels for working and student women, day care centres for kids of working women
SDG 15 **Life on Land**	o Tree plantation at the Air Force Base in Chiloda to enhance the biodiversity of the region o Through plantation drives in schools, villages, our manufacturing units & offices/business premises and other areas in general o Reviving endangered plants, promoting agro-forestry o Protection of flora & fauna; conservation of natural resources o Maintaining quality of soil, air & water o Adoption of wastelands to cultivate plants o Promoting biodiversity o Animal welfare and veterinary services o Technical support and knowhow for improving farming and building capacities of small farmers o Promoting alternate energy resources o Renewable energy projects

BOARD OF DIRECTORS

Mr. Rajendra S. Shah

(DIN 00061922)

Qualification: A Mechanical Engineer and an Industrialist

Experience: Administration and Finance

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

Mr. Bhadresh K. Shah

(DIN 00058177)

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

Experience: Production, Finance Cost and Technical Administration

- Over 50 years in the manufacturing and design of various value-added, impact, abrasion and corrosion resistant high chrome castings
- Emphasis on manufacturing process improvements, new product development, quality and adherence to international manufacturing standards which ensures that the Company's products are recognised domestically as well as internationally

Mr. Rajan Ramkrishna Harivallabhdas

(DIN 00014265)

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

Experience: Textile, Engineering and Chemical Industry

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

Mr. Yashwant M. Patel

(DIN 02103312)

Qualification: : B.Sc. (Chemistry)

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

Mrs. Khushali S. Solanki

(DIN 07008918)

Qualification: Diploma in Hotel Management

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

Mrs. Bhumika S. Shodhan

(DIN 02099400)

Qualification: : Diploma in Fashion Designing

Experience: Possesses rich and varied experience in Production, Management and Administration

Mr. Sanjay S. Majmudar

(DIN 00091305)

Qualification: B. Com, FCA & ACS

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

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

Mr. Dileep C. Choksi

(DIN 00016322)

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

Experience: Leading Chartered Accountant, qualified Lawyer and a Cost Accountant with over 40 years of experience

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

Mrs. Janaki U. Shah

(DIN 00343343)

Qualification: Bachelor of Arts (Economics)

Experience: Textile Manufacturing and Computer Education with over 21 years of experience

BOARD'S REPORT

The Members,

AIA Engineering Limited

Ahmedabad

Your Directors take pleasure in submitting the 31 Annual Report and the Audited Annual Accounts of the Company for the year ended 31 March, 2021.

1. FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	Year ended 31 March, 2021	Year ended 31 March, 2020	Year ended 31 March, 2021	Year ended 31 March, 2020
Sale of Products	2,41,031.67	2,49,101.22	2,81,877.87	2,88,426.53
Other Operating Revenue	6,267.71	9,661.22	6,271.37	9,661.22
Total Revenue from Operations	**2,47,299.38**	**2,58,762.44**	**2,88,149.24**	**2,98,087.75**
Other Income	**14,480.71**	**48,548.45**	**17,219.59**	**14,191.00**
Total Income	**2,61,780.09**	**3,07,310.89**	**3,05,368.83**	**3,12,278.75**
Profit before Finance Costs, Depreciation & Amortisation and Tax Expenses	74,296.87	1,05,812.16	82,744.19	82,219.10
Finance Costs	398.52	519.89	429.31	558.75
Depreciation & Amortisation	9,097.06	9,551.24	9,350.09	9,787.92
Profit Before Tax	**64,801.29**	**95,741.03**	**72,964.79**	**71,872.43**
Less : Tax Expense				
(i) Current Tax	18,628.27	14,250.45	18,683.22	14,294.75
(ii) Deferred Tax	(2,317.16)	(1,762.39)	(2,289.07)	(1,454.33)
Total Tax (i+ii)	**16,311.11**	**12,488.06**	**16,394.15**	**12,840.42**
Profit after Tax	**48,490.18**	**83,252.97**	**56,570.64**	**59,032.01**
Non-Controlling Interest	-	-	(41.55)	(3.79)
Net Profit after Non-Controlling Interest	**48,490.18**	**83,252.97**	**56,612.19**	**59,035.80**
Other Comprehensive Income (Net of Tax) (After Minority Interest)	(273.17)	262.61	(2,298.12)	(393.70)
After Comprehensive Income	**48,217.01**	**83,515.58**	**54,310.02**	**58,645.60**

Standalone Operating Results:

During the year under review, the Revenue from operation of the Company is ₹ 2,47,299.38 Lakhs as compared to ₹ 2,58,762.44 Lakhs in the previous Financial Year. Exports Turnover registered in the same period is ₹ 1,90,226.76 Lakhs as against the Export Turnover of ₹ 1,93,303.97 Lakhs in the previous Financial Year.

During the year under review, Company has earned a Profit Before Tax (PBT) of ₹ 64,801.29 Lakhs and Profit After Tax (PAT) of ₹ 48,490.18 Lakhs as compared to PBT of ₹ 95,741.03 Lakhs and PAT of ₹ 83,252.97 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 ₹ 2,88,149.24 Lakhs as compared to ₹ 2,98,087.75 Lakhs in the previous Financial Year. Correspondingly, the Consolidated Profit After Tax (PAT) registered during the year under review is ₹ 56,612.19 Lakhs (After Minority Interest) as compared to PAT (After Minority Interest) of ₹ 59,035.80 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 ₹ 8,488.88 Lakhs for the Financial Year 2020-21.

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 27 August, 2021. 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, 2021 is ₹ 1,886.41 Lakhs. During the year under review, the Company has neither issued any shares (including shares with differential voting rights) nor granted stock option or sweat equity.

4. FINANCE:

Cash and cash equivalents as at 31 March, 2021 were ₹ 21,708.67 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 ₹ 12,357.24 Lakhs.

Deposits:

During the year under review, the Company has neither accepted nor renewed any deposit 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 or 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 designed and implemented a process driven framework for Internal Financial Controls [IFC] within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended on 31 March, 2021, the Board is of the opinion that the Company has sound IFC commensurate with the size, scale and complexity of its business operations. The IFC operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved internal controls whenever the effect of such gaps would have a material effect on the Company's operations.

The Board of Directors at the recommendations of the Audit Committee appointed Talati & Talati, Chartered Accountants as Internal Auditors of the Company and ADCS & Associates, Chartered Accountants as Internal Auditors for its Nagpur Unit for the Financial Year 2021-22.

Related Party Transactions:

All the Related Party Transactions entered into 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.

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 October, 2020 and reassigned a Dun Bradstreet Rating of 5A I, which indicates that overall status of the Company is "Strong".

5. HUMAN RESOURCES:

The Company believes that one of its biggest asset is its human resource. The Company believes that human resources contribute a lot towards the success of the organisation and hence the Company puts in a lot of emphasis in nurturing this valuable asset. An organisational culture that encourages employees for active and energetic participation can go a long way towards the growth of the organisation and the Company puts in all the necessary efforts to create such a culture.

The Company believes that manpower management is an art as well as science. It is very important to understand and appreciate the finer points related to the development of human resources and must be pursued in a very scientific and organised manner. Right from creating a proper organisation structure, planning of manpower needs, defining roles and responsibilities, acquisition of appropriate talent, optimal and effective utilisation of the acquired talent, nurturing of human resources and offering them a career map – all these facets of talent management are being deployed by the Company in an extremely scientific and structured manner.

The Company also hugely believes in team work and also realises that the synergy created by team work is much more compared to any individual brilliance. While the Company normally encourages a lot of employee engagement activities round the year in order to facilitate improvement of rapport of the employees across various functions and development of their creative skills, this year had different sets of challenges. Owing to the COVID19 pandemic, the Company didn't promote the usual employee engagement activities during year, team work was amply visible throughout the year while countering the challenges posed by the global pandemic.

For the Company, health and safety of its employees has always been of paramount importance. The Company had put in all possible efforts for the safety and health of its employees during the global pandemic. Adequate sanitisation, fumigation, immunity drinks etc. were organised for the safety and wellbeing of its employees. The Company had also created a dedicated taskforce led by some senior executives in the organisation to meet any health related challenges that any employee of the Company might encounter because of the global pandemic.

The Company also puts in a lot of emphasis on the growth of the employees through skill upgradation. The Company believes that it is imperative that every employee continuously looks at areas of improvement and ways of upgrading his skills. Training programs are designed and organised based on skill gap analysis and organisational needs. While this year had its own sets of challenges in organizing shop floor trainings, the Company organised virtual training sessions for its employees to upgrade their technical and functional skills. Employee health and well being is considered of paramount importance and speakers are invited to deliver talks on these subjects as well.

Performance of an individual has always been considered as the yardstick for assessment and hence the organisational culture has always been very objective and performance driven. Accordingly, the performance appraisal system has also been very scientific, result oriented and objective.

Continuous improvement has been the Company's mantra in all areas and HR practices is no exception. The Company engages and avails inputs from some of the top names in the area of human resources to further improve upon various facets of HR practices, tools and systems. While the Company continues to strengthen its human resources by adding competent professionals in the team, the organisational fabric of dedicated, committed and loyal employees remains intact.

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, 2021 to which the financial statements relates and the date of this Report.

7. BUSINESS PROSPECTS:

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

The Company focuses on four mineral ore types that represent the biggest pie of the mineral grinding space. These are Iron, Platinum, Gold and Copper. Annual replacement requirement of grinding media is estimated at 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 capitalising 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 has 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. Unfortunately, the Covid-19 pandemic whose first wave came last fiscal and whose second wave has been witnessed in the current fiscal, has impacted the ability of your Company's personnel to travel to various mine sites and therefore the process of new customer acquisition/customer conversion has slowed down considerably. Further, while most of the mining sites across the globe have continued their operations during the first as well as the second wave of Covid-19 pandemic, the fact remains that the availability of customers' own staff is also negatively impacted and this is also delaying the process of new customer acquisition/conversion. However, your Company is confident that hopefully, if by the second/third quarter of the current fiscal year 2021-22, the negative effect of the second wave of Covid-19 pandemic recedes considerably and normal travel commences your Company will be able to again take forward the process of new customer acquisition with full force. 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. While in near term, due to Covid 19 impact the Cement demand is impacted, over a medium to longer term, the Company is hopeful of seeing a resurgence of normal demand on the back of overall investment climate post the economic stimulus announced by the Governments of all major countries of the world. On the whole, in near term, your Company continues to believe that the overall production and sales will remain flat in this segment.

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

8. FUTURE EXPANSION:

The Company'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 2nd half of 2021-22.

In line with various uncertainties emerging on account of Covid-19 Pandemic the Company has decided not to break ground on the second phase of the grinding media Greenfield capacity expansion of 50,000 MT at GIDC Kerala, Ahmedabad – this phase will be activated as things stabilise in terms of global Covid linked uncertainty.

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 (MDA):

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

14. RISK MANAGEMENT:

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

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

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

The key elements of the framework include:

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

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

15. POLICES:

(a) Vigil Mechanism / Whistle Blower Policy:

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

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

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

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

SEBI Vide its Notification No. SEBI/LAD-NRO/ GN/2018/59 dated 31 December, 2018 has amended the SEBI (Prohibition of Insider Trading) (Amendment) (Regulations) 2018 which is applicable from 1 April, 2019. In Compliance with the aforesaid notification of SEBI, the Company has revised Model Code of Conduct of Insider Trading Regulations to regulate, monitor and report trading by Designated Person(s) in order to protect the Investors' 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 1,000 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, 2021, 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.

During the year under review, Mr. Rajan Harivallbhdas (DIN: 00014265) has been re-appointed as an Independent Director for a second term of 5 (five) consecutive years with effect from 24 September, 2020.

Considering the integrity, expertise and experience (including the proficiency), the Board of Directors recommends the reappointment of the following Directors at the ensuing Annual General Meeting:

- Mrs. Bhumika Shyamal Shodhan (DIN: 02099400), Non-Executive Non-Independent Director of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offered herself for re-appointment.
- Mr. Bhadresh K. Shah (DIN: 00058177) will be re-appointed as Managing Director for a period of 5 years from 1 October, 2021 to 30 September, 2026. The Board on recommendation of Nomination and Remuneration Committee, has re-appointed him as a Managing Director for a period of 5 years from 1 October, 2021 and proposed a resolution for members' approval at the ensuing Annual General Meeting.

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

(b) Meetings:

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

Mr. Sanjay S. Majmudar, Chairman

Mr. Rajendra S. Shah, Member

Mr. Bhadresh K. Shah, Member

Mr. Rajan R. Harivallabhdas, Member

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

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

(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, 2021.

(i) Audit Committee

(ii) Stakeholders' Relationship Committee

(iii) Nomination and Remuneration Committee

(iv) Corporate Social Responsibility Committee

(v) Risk Management Committee

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

(d) Board Evaluation:

Pursuant to the provisions of the Companies Act, 2013 and SEBI LODR Regulations, the Board has carried out an evaluation of its own, 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 alongwith 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) **Nomination and Remuneration Policy :**

The Board has on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management Personnel and their remuneration. The Remuneration Policy is stated in the Corporate Governance Report which is a Part of the Board's Report. The detailed Policy is placed on the website of the Company at

http://www.aiaengineering.com/finances/pdf/Nomination_Renumeration_Policy.pdf.

(g) Directors' Responsibility Statement:

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

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

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

e) the Directors have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and

f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

17. AUDITORS:

Statutory Auditors:

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

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

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

Cost Auditors:

The Cost Auditors has filed the Cost Audit Report for the Financial Year ended 31 March, 2020 within stipulated time frame.

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 audit the cost accounting records of the Company for the Financial Year 2021-22. 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 members' ratification of the remuneration payable to Kiran J. Mehta & Co., Cost Accountants, Ahmedabad is included in the Notice convening the 31st Annual General Meeting.

Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed, Mr. Tushar M. Vora, Practicing Company Secretary (ACS-3459, CP No. 1745), Ahmedabad to conduct a Secretarial Audit of the Company's Secretarial and related records for the year ended 31 March, 2021.

The Report on the Secretarial Audit for the year ended 31 March, 2021 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, 2021 is hosted on the website of the Company at http://www.aiaengineering.com/fiancial_reports/ANNUALRETURN20_21.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 ₹ 1,144.69 Lakhs and the Company has spent ₹ 1,144.19 Lakhs during the Financial Year ended 31 March, 2021. The shortfall of ₹ 0.50 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 , 2021. 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.

BOARD'S REPORT (Contd.)

22. PARTICULAURS OF EMPLOYEES:

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

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

The "Environment Management System" and "Occupational Health & Safety Management System" of our grinding media foundries located at Moraiya and Kerala GIDC have been audited by Bureau Veritas (India) during February 2021 for renewal of certification under the ISO 14001:2015 and upgradation from OHSAS 18001:2007 to ISO 45001:2018 standards.

24. SECRETARIAL STANDARDS:

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

25. ACKNOWLEDGEMENT:

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

For and on behalf of the Board,

RAJENDRA S. SHAH
Chairman
(DIN:00061922)

Place: Ahmedabad
Date: 25 May, 2021

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

A) CONSERVATION OF ENERGY:

1. Company replaced electrical motors: IE2 with high energy efficient IE-3 electrical motors which will save approx. 28,928 Power Units per Annum.
2. Company replaced V belt Drive with Direct drive which will save additional 2,22,000 Power Units per Annum.
3. All normal & florescent Lights (Halogen /HPSV/HPMV) are replaced with LED Lights which will save approx. 6,96,000 Power Units per Annum.
4. By Installing 9 Numbers of 2.1 MW Wind Energy Turbines, Company was able to meet 17% of its total electricity requirement through renewable energy sources during the Financial Year 2020-21.

(I) POWER & FUEL CONSUMPTION:

Particulars	Current Year 2020-21	Previous Year 2019-20
Electricity		
a) Purchased Units	33,33,59,691.72	34,50,88,294.26
Total Amount (₹ Lakhs)	22,125.70	22,910.11
Rate/Unit (₹)	6.64	6.64
b) Own Generation		
Through Diesel Generator Unit	1,41,953	1,91,749
Unit per Litre of Diesel Oil	1.95	2.06
Cost/Unit (₹)	38.35	33.73
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)	7,16,877.97	11,95,906.40
Total Amount (₹ Lakhs)	247.70	510.54
Average Rate (₹)	34.55	42.69
f) Others/Internal Generation PNG		
Quantity Unit (SCM)(In Thousands)	11,742.52	12,051.35
Total Cost (₹ Lakhs)	4,815.31	4,582.78
Rate/Unit (₹)	41.09	38.03

(II) CONSUMPTION PER UNIT OF PRODUCTION:

Particulars	Current Year 2020-21	Previous Year 2019-20
Product:		
Casting Unit (Tonnes)	2,48,422.21	2,47,957.53
Electricity per Ton of Castings (Units)	1,342.48	1,392.50

(B) TECHNOLOGY ABSORPTION:

I. RESEARCH & DEVELOPMENT (R & D)

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

- Development of metal matrix composite solution for some wear parts used in mining industry.
- Effect of using High chrome media in place of steel forged balls on improvement in mineral recoveries.

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

- Metal matrix composite solution is expected to improve life of wear parts.
- Improvement in mineral recovery by replacing forged balls by High Chrome media will add value at customer's end.

c) Future plans of action.

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

d) Expenditure on R & D (₹ in Lakhs)

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

(C) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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, 2021	Year ended 31 March, 2020
i) Total Foreign exchange used	34,718.73	26,098.47
ii) Total Foreign exchange earned	1,90,287.12	1,93,364.86

For and on behalf of the Board,

RAJENDRA S. SHAH
Chairman
(DIN:00061922)

Place: Ahmedabad
Date: 25 May, 2021

ANNEXURE-"A"

FORM NO.AOC-2

[Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Companies Act, 2013 and
Rule 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 Section188 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	Welcast Steels Ltd., a Subsidiary Company of the Company.
ii)	Nature of contract/ arrangement/transactions	Distribution Agreement	Contract Manufacturing Agreement
iii)	Duration of contract/ arrangements/ transactions	Till the Agreement is mutually terminated	5 Years
iv)	Salient Terms of contract/ arrangements/transactions including the value if any	Vega Industries (Middle East) FZC is a Global Distributor for the operations of the Company in the international market including helping in developing and formulating the global market strategy, identifying and tracking the customers leads and converting the same into offers and firm orders, co-ordinating with the Company to ensure timely delivery of orders and also providing the support in relation to inventory and debtors management.	Welcast Steels Ltd. manufactures Grinding Media of different grades for AIA Engineering Ltd. ("AIA") according to 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 optimize 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 utilize the installed capacity of Welcast Steels Ltd.
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,

RAJENDRA S. SHAH
Chairman
(DIN:00061922)

Place: Ahmedabad
Date: 25 May, 2021

ANNEXURE-“B”

FORM NO.AOC-1

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

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

Part – “A”: Subsidiaries

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

Sr. No.	1	2	3	4	5	6	7	8	9	10	11
Name of the Subsidiary	**Welcast Steels Ltd - 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**	**AIA CSR Foundation - Ahmedabad**	**VEGA Industries Chile SPA - Chile**	**AIA Ghana Limited - Ghana**	**VEGA Industries Australia Pty Ltd - Australia**
The date since when subsidiary was acquired	28.09.2005	20.12.2003	31.10.2004	31.10.2004	25.03.2009	28.08.2010	31.07.2015	23.10.2015	22.05.2017	01.03.2018	12.06.2018
Reporting period for the subsidiary concerned, if different from the Holding Company’s period.	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021	31.03.2021
Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of the foreign subsidiary.	INR	USD BS- 73.1661 PL- 74.1196	GBP BS-100.3912 PL-96.5260	USD BS-73.1661 PL-74.1196	ZAR BS-4.9607 PL-4.5162	CNY BS-11.17 PL-10.95	IDR BS- 0.0050 PL-0.0051	INR	CLP BS-9.84 PL-10.40	GHS BS-12.65 PL-12.78	AUD BS-55.70 PL-52.62
Share Capital	63.84	237.84	9.14	36.59	0.012	219.54	146.36	1.00	77.57	731.81	0.05
Reserves & Surplus	3,212.20	1,60,15.96	1,18,3.18	1,014.62	146.23	47.86	(171.93)	-	(311.02)	(85.94)	9.33
Total Assets	4,150.74	1,11,937.81	8,448.73	2,69,98.67	6,131.30	2,241.57	3,042.46	606.56	3,397.84	6,757.47	12,693.54
Total Liabilities	874.70	1,00,215.84	7,293.23	2,59,47.67	5,985.09	1,974.22	3,068.03	605.56	3,631.24	6,111.73	12,685.98
Investments	-	4,528.58	36.59	-	-	-	-	-	-	-	
Turnover	9,755.22	2,09,680.77	1,80,83.69	5,08,98.41	1,20,62.41	3,82,3.31	1,931.28	-	2,113.91	9,646.27	17,780.13
Profit Before Taxation	(140.20)	6534.70	21.17	43.32	24.45	58.06	(45.236)	-	100.84	100.72	13.02
Provision for Taxation	41.83	-	3.74	10.40	7.78	-	-	-	-	30.99	3.91
Profit After Taxation	(182.03)	6,534.70	17.43	32.92	16.67	58.06	(45.23)	-	100.84	69.73	9.11
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
% of Shareholding	74.85%	100%	100% by Vega ME	100% by Vega UK	74.63% by Vega ME	100% by Vega ME	99% by Vega ME & 1% by AIAEL	100%	100% by Vega ME	100% by Vega ME	100% by Vega ME

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

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

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

ANNEXURE-“B” (Contd.)

Part – “B”: Associates & joint ventures

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

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

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

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

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, 2021

Place: Ahmedabad
Date: 25 May, 2021

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, 2021, 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 prescribed by SEBI.

GENERAL INFORMATION

General Information about the Company

1. Corporate Identity Number (CIN) of the Company: L29259GJ1991PLC015182
2. Name of the Company: AIA Engineering 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: 2020-21
7. Sector that Company is engaged in (Industrial activity code-wise):

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

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

Part B: Financial Details of the Company

1. Paid up Capital (₹): 18.86 Crores
2. Total Turnover (₹): 2,47,299.38 Lakhs
3. Total Profit after Taxes (including other Comprehensive Income) (₹): 48,217.01 Lakhs
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 2.37% (₹ 1,144.19 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 & vocational skills
   - Ensuring environmental sustainability
   - Protection of National Heritage, Art & Culture
   - Eradicating Hunger
   - Promotion of Sports

ANNEXURE-"C" (Contd.)

Other Details

Sr. No.	Disclosure item	Response
1	Does the Company have any Subsidiary Company/ Companies?	The Company has 11 subsidiary companies (including step-down subsidiaries) as on 31 March, 2021. 1. Welcast Steels Limited, Ahmedabad 2. Vega Industries (Middle East) FZC., UAE 3. Vega Industries Limited, UK 4. Vega Steel Industries (RSA) PTY Limited, South Africa 5. Wuxi Vega Trade Co. Limited, China 6. PT Vega Industries Indonesia, Indonesia 7. Vega Industries Limited, USA 8. AIA CSR Foundation, Ahmedabad 9. Vega Industries Chile, SpA, Chile 10. AIA Ghana Limited, Ghana 11. Vega Industries Australia Pty 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

BR Information

1. Details of Director responsible for BR:

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

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

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

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

ANNEXURE-"C" (Contd.)

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

BR Policies and coverage of NVG nine principles:

Sr. No.	Questions	Business Ethics	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	Y	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: (Tick up to 2 options)

Sr. No.	Questions	Business Ethics	Product Responsibility	Welfare of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Value to customers
		P1	**P2**	**P3**	**P4**	**P5**	**P6**	**P7**	**P8**	**P9**
1	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6-12 months		-		-	-		-		
5	It is planned to be done within the next 1 year	-	Y	-	Y	-	-	Y	-	-
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 fifth BRR as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibility of Business (NVG). The Company has published a separate Business Responsibility Report in its Annual Report of the Financial Year 2019-20.

Principle-Wise Performance

Ethics, Transparency & Accountability

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

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

- The Code of Conduct for senior managers and directors is available.
- The Company discloses all information required by statutory laws.
- The corporate governance structures encompasses Audit, Nomination & Remuneration, Stakeholders’ Relationship, CSR and Risk management committees.
- Risk councils under the Risk Management Committee oversees identification, assessment and mitigation of various risks in production, maintenance, EHS, human resources (HR), accounts and finance, and statutory compliances.

Our ethics policy will be shared with all live vendors including contractors, suppliers and all third parties in a structured engagement. We will begin assessment of key suppliers and contractors on ethical, EHS and HR considerations in the next reporting period (F.Y. 2021-22).

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

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

ANNEXURE-"C" (Contd.)

a. Customers: 49 complaints were received and 40 complaints were resolved.

b. Employees: 14 complaints were received and all were resolved.

c. Shareholders / Investors: No complaint was received in the reporting period.

d. Suppliers / vendors and Contractors: 9 complaints were received and all were resolved.

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. 2020-21.

The Company has an Internal Complaints Committee (ICC) to redress complaints received regarding sexual harassment. No complaints were received by the ICC in F.Y. 2020-21.

Products contributing to sustainability

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

The Company manufactures high chrome alloy castings (grinding media, vertical mill parts and ball mill liners).

- **Product Design:**

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

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

  Customers derive value from the product in the use phase through power reduction, increased durability (wear resistant casting) and increase in productivity. The Company provides wear resistant warranties for 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 commercialization, incorporating social, ethical, and environmental considerations.

- **Input material, energy and water**

  - Over 65% of input material is sourced from scrap which is in turn sourced 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-%	
Energy	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%
Water	Usage of Water for Production unit (KL/MT)	KL/MT	0%	0%

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

- **Product Labelling**

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

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

  - Guidelines for product handling and storing at 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 10,607 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.I. 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 6489 local* vendors, 40% of our vendors are local, (*Local - Gujarat region)

The Company has initiated the process of understanding the capability of key suppliers and have already assessed 10-15 core vendors on supply parameters. Performance assessment on environmental and social criteria will be conducted with critical suppliers in F.Y. 2021-22, this will also include physical audits. These visits will depend on the Covid pandemic situation.

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, 2021 was 1285.

Employees Well being

The Company takes cognizance 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.

ANNEXURE-"C" (Contd.)

- Group personal accident policy (GPA) to managerial staff.
- Free transport facilities to our Moriya and Kerala units, occupancy currently maintained @ around 50-60% to maintain social distancing.
- Perquisites such as subsidised food, jaggery and lemon water 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.
- Sanitization of offices / Plants & Buses on daily basis.
- Paid full salary to Staff / workers & Contractual workers during lockdown.
- Continuous support to members & their families for hospitalization & medicines requirement for treatment of COVID-19.
- Organized free Transportation & Food for all staff, worker & contractual workers during lockdown period.

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

(Details as on 31 march, 2021)

Group*	Total Strength	No. of female employees	% of female employees to total strength
Staff	1141	7	**0.16%**
Worker	137	-	**-**
Casual / Temporary / Contractual	3102	26	**0.60%**
Total	**4380**	**33**	**0.76%**

Employees with disabilities 0%

Collective Bargaining

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

The grievance redressal mechanism is deployed as follows:

a. Workers are empowered to approach factory manager or HR manager as convenient, these managers also make themselves available at the plant and in shop floor on a regular basis.

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

c. Complaints are addressed and resolved on priority within a month.

d. However if complaints relate to financial implications and requires policy changes, then the same will have to be placed before the grievance redressal committee meeting which meets quarterly.

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

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

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

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

Workplace Cleanliness and Hygiene:

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

	Drinking water access		Urinals	Latrines		Bathrooms	Wash Basins & others		
	Water Coolers	Drinking water Tap	Male	Male	Female	All	Hand wash	Tap	OHC
Total	**41**	**95**	**156**	**116**	**16**	**43**	**133**	**133**	**3**

The Company also provides 76 water Bottles (20 liters each) among them 50 bottles are refilled 3 times a day, 6 bottles 2 times a day & 20 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. This list is published and pasted on shop floor Notice Boards at the Moraiya and Kerala units. In order to improve safety at the workplace, the Company provides:

- Half yearly and pre-employment medical check-up for all employees including contract workers.
- Installation of fire hydrant systems and smoke detectors at all units.
- Demarcation of walkways at Moraiya and Kerala units.
- Specialised fire-resistant jackets, aprons, safety shoes over and above those provided under the PPE scheme.
- Handsets at the Moraiya unit that allows placing voice calls both internally and externally. This has helped reduce workplace 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 500 trainings, including fire and safety training, in the reporting period covering more than 5000 Participants.

LTIFR / LTIR/ Absentee Rate

Safety performance	Grinding Media	VSMS-Liner
	FY 2020-21	FY 2020-21
Lost Time Incident Rate (LTIR)	1.16	1.71
Lost Time Injury Frequency Rate (LTIFR)	0.70	0.69
Lost Time Injury Severity Rate (LTISR)	18.43	1.03

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

ANNEXURE-“C” (Contd.)

exercises to promote employee morale and career development through:

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

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 plant.
- Completion of 25 years of service - gesture of appreciation to the concerned employee.
- Training activities, safety day, safety competition.
- 5S awareness training 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. 2020-21 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, Excise, VAT, 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 Registrar and Transfer Agents (RTA) or directly to the Company, there is a dedicated email id created for this purpose.

Vendors

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

Grievances have been on account of payment cycle, single window communication and retention money, 45 grievances were received and addressed, 4 remains pending as on 31 March 2021.

Customers

The Company normally engages with customers through:

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

b. Technical seminars organised by AIA in Ahmedabad (1 time a year)

c. Technical meets for knowledge sharing organised by Customer

d. Email 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 marginalized 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 recognizes 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 realization of human rights amongst relevant stakeholders in the next reporting period.

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

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

Environment

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

The Company seeks to minimise the environmental impacts due to its manufacturing activities, it utilizes natural and manmade resources in an optimal and responsible manner and strives to ensure the sustainability of resources.

The Company has implemented 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**

  The Company has moved from LDO fired heat treatment furnaces to PNG fired in Kerala GIDC unit, all heat treatment furnaces in Moraiya unit have also switched over.

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:

  - Replacement of electrical motors: IE2 with high energy efficient IE-3 electrical motors which will save approx. 28,928 Power Units per Annum.
  - Replacement of V belt Drive with Direct drive which will save additional 2,22,000 Power Units /Annum.
  - Replacement of all normal & florescent Lights (Halogen /HPSV/HPMV) with LED Lights in which will save approx. 6,96,000 Power Units per Annum.

- **Renewable energy**

  Systemic increase in the percentage of renewable energy to our total energy mix is our medium to long term strategy to address our scope 1 and scope 2 emissions. AIA has installed 9 Wind Energy Turbines at Kutch and Jamjodhpur site which generated 2.1 MW of renewable energy. In F.Y. 2020-21, AIA was able to meet 17% of its total electricity requirement through renewable energy sources.

- **Water**

  The Company consumes 1,97,373 KL/Annum of ground water. Water meters are installed at points of withdrawal and water balance is maintained.

  Water conservation projects:

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

- **Waste**

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

  1. Currently, 25% of waste sand generated (fines and waste/ slag residue) is reused for:
     - Co-processing in the cement industry.
     - At industrial constructions (roads and pavements)
     - Bricks making
  2. Foundry Waste Sand-12714 MT (Jan’20 to Dec’20) reused as a Co-process (kiln feed) at Ambuja Cement Plant - Kodinar.
  3. Apprx. 50kgs/day of canteen waste, dried leaves and vegetation generated at the Kerala plant is processed in the recently installed Bioneer composting plant. The manure generated is used in the horticulture garden and lawns.
  4. The Company made agreement with M/s. Duro Green for its Moraiya plant canteen waste. Apprx. 200 kgs/day of canteen waste, dried leaves and vegetation generated at the cantteen is processed for composting plant. The manure generated is used in the horticulture garden and lawns.
  5. The Company has introduced the Bioneer compost machine (Organic Waste Converter) at Kerala GIDC unit.

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

	Key Criteria	Unit of Measure	Grinding Media	Liners-VSMS
			2020-21	
Energy	Furnace Power/ Metric Ton of Liquid metal charge	kWh	618.82	593.10
Energy	PNG for Heat Treatment/Metric Ton of Gas fired quenched production	SCM	35.54	55.80
Water	Usage of Water for Production unit (KL/MT)	KL/MT	1.32	0.80
Waste	Waste sand (MT) per Metric ton of production	MT/MT of Production	0.073	0.053

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 =>30 meters in height and have an online stack monitoring system that monitors Sox, NOx and PM. Apart from this, the Company contracts with a third party to monitor air quality as per ambient air norms. These are also reported to SPCB as per the process prescribed by them every year.

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

- **Industrial waste water**

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

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

Policy Advocacy

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

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

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

Inclusive Growth

Principle 8: Businesses should support inclusive growth and equitable development

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

The Company has made contributions to various NGO/ Agencies for various CSR projects for the period under review and has spent ₹ 1,144.19 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. 2020-21.

Value to customers

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

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

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

The Company conducts a detailed study of its customers’ 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 49 customer complaints were received, 40 of these were addressed and resolved at the end of F.Y. 2020-21, while 9 remain pending.

ANNEXURE-"D"

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

for The Financial Year Ended 31 March, 2021

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Personnel) Rules, 2014]

To,
The Members,
AIA Engineering Limited

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion read with Annexure A forming part of this report, the Company has, during the audit period covering the financial year ended on 31 March, 2021, 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, 2021 according to the provisions of:

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

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

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

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(d) The 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) The 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. Revised 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 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 upto 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 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 to payment to Mr. Sanjay S. Majmudar (DIN:00091305) a Non-executive Independent Director of the company of commission in such manner as may be decided between him and company in respect of F.Y. 2020-21.

For **TUSHAR VORA & ASSOCIATES**
Company Secretaries

TUSHAR M VORA
Proprietor
FCS No. 3459
C P No.: 1745
UDIN: F003459C000369803

25 May, 2021
Ahmedabad

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.
7. Considering the limitations prevailing on account of global pandemic COVID - 19 and its severe repetition, particularly since March, 2021 and Lockdown and semi-lockdown situation, we are not able to verify all the information physically as well as in detail, and, therefore, in respect of some of the matters, we have relied up on the information and explanations as provided by the Company, its officers, agents and authorized representatives.

For **TUSHAR VORA & ASSOCIATES**
Company Secretaries

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

25 May, 2021
Ahmedabad

ANNEXURE-"E"

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR)

1. 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.

2. 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	Managing Director	4	4
2.	Mr. Yashwant M. Patel	Whole-Time Director	4	3
3.	Mr. Sanjay S. Majmudar	Independent Director	4	3

3. Web-link where the composition of CSR Committee, CSR Policy on website of the Company

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

4. 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

5. 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	**NOT APPLICABLE**
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)	

6. Average net profit of the Company as per Section 135(5): ₹ 57,234.69 Lakhs

7.

a.	2% of average Net Profit of the Company as per Section 135 (5)	₹ 1,144.69 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	₹ 1,144.69 Lakhs

8. (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
1,144.19	NOT APPLICABLE		Schedule VII	0.50 Lakh	*

- ₹ 0.50 Lakhs will be transferred to the fund specified in Schedule VII of the Companies Act, 2013 on or before 30 September, 2021.

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	Prevention & Promoting Health care	Cl. (i)	Yes	Gujarat	Ahmedabad	2.50	No	Sanjivani Health & Relief Committee	-
			Yes	Gujarat	Ahmedabad	4.60	No	Nihar Aarogya Mandir	-
			Yes	Gujarat	Ahmedabad	1.18	No	Covid 19 contribution to AMC	-
			Yes	Gujarat	Ahmedabad	15.00	No	Nihar Charitable Trust	-
			No	Gujarat	Gandhinagar	17.00	No	Kanoria Seva Kendra	-
			Yes	Gujarat	Ahmedabad	51.00	No	Sadvichar Parivar	-
			No	New Delhi	New Delhi	12.50	No	The Liprosy Mission Trust of India	-
			Yes	Gujarat	Ahmedabad	7.56	No	Health and Care Foundation	-

* Not Applicable for F.Y. 2020-21

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 imple-menta-tion – Direct (Yes/ No)**	**Mode of implementation – Through Implementing Agency**	
				State	**District**			**Name**	**CSR Registration Number***
			No	Gujarat	Nadiad	50.00	No	Muljibhai Patel Society for Research in Nephro-Urolgy, Nadiad	-
			Yes	Gujarat	Ahmedabad	50.00	No	Care Institute of Medical Sciences Foundation (CIMS)	-
			Yes	Gujarat	Rajkot	21.00	No	Prashanti Medical Services and Research Foundation (Satya Sai Hospital)	-
			Yes	Gujarat	Ahmedabad	15.00	No	Chandrakanta Kantilal Shah Foundation	-
			Yes	Gujarat	Ahmedabad	15.00	No	Ashirvad Education Trust	-
			Yes	Gujarat	Ahmedabad	3.80	No	Camp Hanuman	-
			Yes	Gujarat	Ahmedabad	51.00	No	Zydus Foundation	-
					Sub-Total	**317.14**			-
2	Eradicating Hunger	Cl. (i)	Yes	Gujarat	Ahmedabad	26.25	No	Covid 19 Contribution to various organisations	-
			Yes	Gujarat	Ahmedabad	5.00	No	Akshay Patra Foundation	-
					Sub-Total	**31.25**			
3	Promotion of Education & Vocational Skill	Cl. (ii)	Yes	Gujarat	Ahmedabad	11.00	No	Talati Charities	-
			No	Uttar Pradesh	Lucknow	31.00	No	Kiddy Kingdom Academy Samiti	-

* Not Applicable for F.Y. 2020-21

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 imple-menta-tion – Direct (Yes/ No)	Mode of implementation – Through Implementing Agency	
				State	District			Name	CSR Registration Number*
			No	Maha rashtra	Aurangabad	5.00	No	Chetana Empowerment Foundation	-
			Yes	Gujarat	Ahmedabad	7.00	No	Vidya Charitable Trust	-
			Yes	Gujarat	Ahmedabad	46.00	No	Aastha Charitable Trust	-
			Yes	Gujarat	Ahmedabad	21.00	No	Bharitya Vidya Bhavan	-
			No	Gujarat	Mandvi (Kutch)	2.00	No	Shree Vivekanand Research and Training Institute	-
			Yes	Gujarat	Ahmedabad	5.00	No	The National Indian Association	-
			Yes	Gujarat	Ahmedabad	2.00	No	Vishwas Charitable Trust	-
			Yes	Gujarat	Ahmedabad	15.00	No	Blind People Association	-
			Yes	Gujarat	Ahmedabad	5.00	No	Ahmedabad Jilla Samaj Kalyan Sangh	-
			Yes	Gujarat	Ahmedabad	10.00	No	Dreams Foundation	-
					Sub-Total	**160.00**			-
4	Protection of National Heritage, Art and Culture	Cl. (v)	Yes	Gujarat	Ahmedabad	3.00	No	Neekoee Foundation	-
			No	Rajasthan	Nathdwara	550.00	No	AIA CSR Foundation	-
			Yes	Gujarat	Ahmedabad	7.00	No	Brahmanand Saraswati Ved Vidya Trust	-
			Yes	Gujarat	Ahmedabad	21.00	No	Karmakshetra Education Foundation	-
					Sub-Total	**581.00**			

* Not Applicable for F.Y. 2020-21

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*
5	Promotion of Sports	Cl. (vii)	Yes	Gujarat	Ahmedabad	4.80	No	Ahmedabad Elite Golfers Association	-
			Yes	Gujarat	Ahmedabad	34.15	No	AIA CSR Foundation	-
					Sub-Total	**38.95**			-
6	Plantations	Cl. (iv)	Yes	Gujarat	Ahmedabad, Gandhinagar, Vadodara	15.85	No	AIA CSR Foundation	-
					Sub-Total	**15.85**			-
					Expenditure incurred during the year	**1,144.19**			-

* Not Applicable for F.Y. 2020-21

(d) Amount spent in Administrative Overheads NOT APPLICABLE

(e) Amount spent on Impact Assessment, if applicable NOT APPLICABLE

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) 1,144.19

(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:**

Sr. No.			NOT APPLICABLE
Preceding Financial Year			
Amount transferred to Unspent CSR Account under Section 135 (6) (in ₹ Lakhs)			
Amount spent in the reporting Financial Year (in ₹ Lakhs)			
Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			
Name of the Fund	Amount (in ₹ Lakhs)	Date of Transfer	
Amount remaining to be spent in succeeding Financial Years. (in ₹ Lakhs)			

ANNEXURE-"E" (Contd.)

(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 two per cent 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 ₹ 1,144.69 Lakhs and the Company has spent ₹ 1,144.19 Lakhs during the Financial Year ended 31 March, 2021. The shortfall of amount ₹ 0.50 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 September, 2021.

For and on behalf of the Board

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

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

Date: 25 May, 2021
Place: Ahmedabad

ANNEXURE-"F"

Particulars of Remuneration as per Section 197 (12) of the Companies Act, 2013 read with Rule 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	19.58
Mr. Yashwant M. Patel	3.54
Mr. Rajendra S. Shah	0.24
Mr. Sanjay S. Majmudar	5.65
Mr. Rajan Harivallabhdas	0.24
Mr. Dileep C. Choksi	0.14
Mrs. Khushali S. Solanki	0.14
Mrs. Bhumika S. Shodhan	0.14
Mrs. Janaki Udayan Shah	0.14

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

Name of the Director, CFO and Company Secretary	% increase in remuneration in the Financial Year
Mr. Bhadresh K. Shah	(26.77)
Mr. Yashwant M. Patel	--
Mr. Rajendra S. Shah	--
Mr. Sanjay S. Majmudar	--
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	3.36
Mr. S. N. Jetheliya, Company Secretary	3.55

3) The percentage increase in the median remuneration of employees in the Financial Year was 0.38%.

4) There were 1,285 permanent employees on the rolls of the Company as on 31 March, 2021.

5) Average increase in the salaries of employees other than the managerial personnel in the last Financial Year was (0.36%) whereas the average increase in the managerial remuneration was (23.64%).

6) The members have at the 30th Annual General Meeting of the Company held on 21 September, 2020 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 and contributions of the Directors at the Board and the Committee meetings.

7) The Company affirms that the remuneration is as per the Remuneration Policy of the Company.

For and on behalf of the Board,

RAJENDRA S. SHAH
Chairman
(DIN:00061922)

Place: Ahmedabad
Date: 25 May, 2021

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

(B) DETAILS OF BOARD MEETINGS:

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

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

Company's Board met 4 (four) times during the Financial Year under review on 22 June, 2020, 11 August, 2020, 2 November, 2020 and 9 February, 2021. The Company holds one Board Meeting in each quarter and the gap between any two Board Meetings was not more than the period as prescribed/extended 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, 2021 are as follows:

Name of the Board Member	Category of Directorship	Directors' Attendance at the Board of Directors' Meeting held on				Attended AGM held on 21 September, 2020
		22 June, 2020	11 August, 2020	2 November, 2020	9 February, 2021	
Mr. Rajendra S. Shah (Chairman)	Independent - Non Executive	√	√	√	√	√
Mr. Bhadresh K. Shah (Managing Director)	Executive - Promoter	√	√	√	√	√
Mr. Sanjay S. Majmudar	Independent	√	√	√	√	√
Mr. Yashwant M. Patel (Whole-Time Director)	Executive	√	√	√	L.A.	√
Mr. Dileep C. Choksi	Independent	√	√	√	√	√
Mrs. Khushali S. Solanki	Non Independent - Non Executive	√	√	√	√	√
Mrs. Bhumika S. Shodhan	Non Independent - Non Executive	√	√	√	√	√
Mr. Rajan Harivallabhdas	Independent	√	√	√	√	√
Mrs. Janaki Udayan Shah	Independent	√	√	√	√	√

* L.A. (Leave of Absence)

As on 31 March, 2021, none of the Directors are related to each other except Mr. Bhadresh K. Shah, Mrs. Khushali S. Solanki and Mrs. Bhumika S. Shodhan. Mr. Bhadresh K. Shah is the father of Mrs. Khushali S. Solanki and Mrs. Bhumika S. Shodhan.

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

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

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

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
Mr. Bhadresh K. Shah	Welcast Steels Limited	Non – Independent, Non-Executive
	Cadila Healthcare 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
Strategic Leadership	Significant leadership experience to think strategically and develop effective strategies to drive change and growth in context of the Company's overall objectives.	Entire Board
Industry Experience	Experience and/or knowledge of the industry in which the Company Operates.	Mr. Rajendra S. Shah Mr. Bhadresh K. Shah Mr. Rajan R. Harivallabhdas Mr. Yashwant M. Patel
Financial Expertise	Qualification and/or experience in accounting and/or finance coupled with ability to 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
Governance, Risk and Compliance	Knowledge and experience of best practices in governance structures, policies and processes including establishing risk and compliance frameworks, identifying and monitoring key risks.	Entire Board
Diversity	Representation of gender, cultural or other such diversity that expand the Board's understanding and perspective.	Mrs. Janaki Udayan Shah Mrs. Khushali S. Solanki Mrs. Bhumika S. Shodhan

(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 Company by the Board/Ministry of Corporate Affairs or any such statutory authority is enclosed separately.

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

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

Non-Executive Directors including Independent Directors are paid sitting fees in accordance with the applicable laws.

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

(E) CODE OF CONDUCT:

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

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

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

(F) PROHIBITION OF INSIDER TRADING:

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

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

(G) VIGIL MECHANISM / WHISTLE BLOWER POLICY:

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

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

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

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

The Company is committed to create a healthy and conducive working environment that enables women employees to work without fear of prejudice, gender bias and sexual harassment and/or any such orientation in implicit or explicit form. Pursuant to the provisions of the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules made thereunder, the Company has adopted a "Policy on Protection of 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 letter along with necessary documents, reports and internal policies to enable them to familiarise with the Company's Procedures and Practices. The Company has through presentations at regular intervals, familiarised and updated the Independent Directors with the strategy, operations and functions of the Company and Engineering Industry as a Whole. Site visits to various plant locations are organised for the Directors to enable them to understand the operations of the Company. The details of such 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 to these Committees are determined by the Board and their relevance reviewed from time to time. Each of these Committees has been mandated to operate within a given framework. Minutes of the meetings of each of these Committees are tabled regularly at the Board Meetings.

a) AUDIT COMMITTEE:

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

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

Brief description of Terms of Reference:

(i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

(ii) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

(iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;

(iv) Reviewing with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:

(a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of Sub-Section 3 of Section 134 of the Companies Act, 2013;

(b) Changes, if any, in accounting policies and practices and reasons for the same;

(c) Major accounting entries involving estimates based on the exercise of 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 Crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;

(xxi) Reviewing the Management Discussion and Analysis of financial condition and results of operations;

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

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

(xxiv) Recommending the Board, the appointment of a Cost Accountant within the meaning of the Cost and Works Accountants Act, 1959 to conduct audit of cost records of the Company in compliance with the provisions of Section 148 of the Companies Act, 2013 and the Rules made thereunder;

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

(xxvi) Reviewing the compliance with the provisions of SEBI (Prohibition of Insider Trading) Regulations 2015 as amended from time to time at least once in a Financial Year and shall verify that the system for internal control are adequate and are operating effectively.

(xxvii) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

During F.Y. 2020-21, four (4) Audit Committee Meetings were held on 22 June, 2020, 11 August, 2020, 2 November, 2020 and 9 February, 2021. Necessary quorum was present in all the meetings. The time gap between any two Audit Committee Meetings was not more than the period prescribed by SEBI LODR Regulations and Companies Act, 2013.

Composition of Audit Committee is as under:

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 of Directorship	Attendance at the Audit Committee Meetings held on			
		22 June, 2020	11 August, 2020	2 November, 2020	9 February, 2021
Mr. Sanjay S. Majmudar	Independent	√	√	√	√
Mr. Rajendra S. Shah	Independent	√	√	√	√
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 representative of the Cost Auditor is invited to attend the meeting of the Audit Committee when the Cost Audit Report is tabled for discussion. The Whole-Time Director, Chief Financial Officer and other Executives of the Company are also invited to attend the Audit Committee Meetings.

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

b) NOMINATION AND REMUNERATION COMMITTEE:

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

(i) 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;

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

(vi) recommend to the Board a Policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees;

(vii) administer, monitor and formulate detailed terms and conditions of the Employees Stock Option Scheme including:

   (a) The quantum of options to be granted under Employees Stock Option Scheme per employee and in aggregate;

   (b) The conditions under which option vested in employees may lapse in case of termination of employment for misconduct;

(c) The exercise period within which the employee shall exercise the option and that the option would lapse on failure to exercise the option within the exercise period;

(d) The specified time period within which the employee shall exercise the vested options in the event of termination or resignation of an employee;

(e) The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;

(f) The procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as right issues, bonus issues, merger, sale of division and others;

(g) The granting, vesting and exercising of options in case of employees who are on long leave; and the procedure for cashless exercise of options.

(viii) carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.

(ix) perform such other functions as may be necessary or appropriate for the performance of its duties.

(x) recommend to the Board, all remuneration, in whatever form, payable to Senior Management.

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

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmark;

(c) remuneration to Directors, KMP and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;

(d) the ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year;

(e) the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

(f) percentage increase in the median remuneration of employees in the financial year;

(g) the number of permanent employees on the rolls of the Company;

(h) the explanation on the relationship between average increase in remuneration and Company performance;

(i) comparison of the remuneration of the Key Managerial Personnel against the performance of the Company;

(j) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

(k) comparison of 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 of Nomination and Remuneration Committee is as under :

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 of Directorship	Attendance at the Nomination and Remuneration Committee Meetings held on 22 June, 2020
Mr. Sanjay S. Majmudar	Independent	√
Mr. Rajendra S. Shah	Independent	√
Mrs. Khushali S. Solanki	Non-Executive	√

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 of Stakeholders' Relationship Committee is as under :

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

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

Meetings and attendance during the year.

Name of the Member / Chairman	Category of Directorship	Attendance at the Stakeholders' Relationship Committee Meetings held on			
		22 June, 2020	11 August, 2020	2 November, 2020	8 February, 2021
Mr. Rajendra S. Shah	Independent	√	√	√	√
Mr. Bhadresh K. Shah	Executive	√	√	√	√
Mr. Yashwant M. Patel	Executive	√	√	√	--

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

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

During the period under review, Company has not received any Complaint from Shareholder. There is no outstanding complaint as on 31 March, 2021.

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.

Composition of Corporate Social Responsibility is as under :

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

Meeting and Attendance during the year:

Name of the Member / Chairman	Category of Directorship	Attendance at the Corporate Social Responsibility Committee Meetings held on			
		22 June, 2020	11 August, 2020	2 November, 2020	8 February, 2021
Mr. Bhadresh K. Shah	Executive	√	√	√	√
Mr. Sanjay S. Majmudar	Independent	√	√	--	√
Mr. Yashwant M. Patel	Executive	√	√	√	--

e) **RISK MANAGEMENT COMMITTEE:**

SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 has amended the Regulation 21 of SEBI LODR Regulations making it compulsory to have Risk Management Committee for top 1,000 listed companies. However, the Board of Directors has already constituted a Risk Management Committee, voluntarily since 2014.

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

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

The key elements of the framework include

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

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

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

(1) To 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 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.

REPORT ON CORPORATE GOVERNANCE (Contd.)

Meeting and Attendance during the year:

Name of the Member/Chairman	Category of Directorship	Attendance at the Risk Management Committee Meetings held on	
		2 November, 2020	8 February, 2021
Mr. Bhadresh K. Shah	Executive	√	√
Mr. Yashwant M. Patel	Executive	√	--
Dr. Ajit Nath Jha	Consultant	√	√

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 and Mr. S. N. Jetheliya, Company Secretary 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' METTING:

As per Secretarial Standard (SS) 1 issued by the Institute of Company Secretaries of India and relevant provisions of the Companies Act, 2013 and Rules made thereunder, the Independent Directors should meet once in a calendar year.

During the year under review, the Independent Directors met on 22 June, 2020, 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.

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 Financial Year 2020-21 were in the ordinary course of business and at arms' length basis. Suitable disclosures as required under Indian Accounting Standards (IndAS-24) have been made in the Notes to the Financial Statements. 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.

VI. DISCLOSURES:

(A) MATERIAL SIGNIFICANT RELATED PARTY TRANSACTIONS:

The Company has not entered into transactions with Related Parties i.e. Directors or Management, its Subsidiaries or relatives conflicting with the Company's interest at large. The Register of Contracts containing transactions in which Directors are interested is placed before the Audit Committee / Board regularly for their approval. The details of Related Party Transactions are disclosed in Financial Section of this Annual Report.

(B) DISCLOSURE OF ACCOUNTING TREATMENT:

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

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

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

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

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

a. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.

b. In case of appointment of Independent Directors, the Nomination and Remuneration Committee satisfies itself with regard to the independence nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.

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

d. Nomination and Remuneration Committee considers the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director:

   i. Qualification, expertise and experience of the Directors in their respective fields;

   ii. Personal, Professional or business standing;

   iii. Diversity of the Board.

e. Board of Directors take into consideration the performance evaluation of the Directors and their engagement level.

(2) Remuneration:

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

i. A Non-Executive Director shall be entitled to receive sitting fees for each of the meeting of Board or Committee of the Board attended by him as approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014;

ii. A Non-Executive Director may be paid Commission on an annual basis of such sum as may be approved by the Board on the recommendation of the Nomination and Remuneration Committee;

iii. 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.

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 Financial Year 2020-2021 is given below:

(₹ Lakhs)

Name of the Director and Designation	Salary	Perquisites	Total
Mr. Bhadresh K. Shah, Managing Director	72.00	9.44	81.44
Mr. Yashwant M. Patel, Whole-time Director	14.40	0.32	14.72

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

The details of Sitting Fees paid to the Non-Executive Directors for attending Board and Committee Meetings during the Financial Year 2020-2021 is given below:

(In ₹)

Sr. No.	Name of the Director	Sitting Fees Paid
1.	Mr. Rajendra S. Shah	1,00,000
2.	Mr. Sanjay S. Majmudar*	1,00,000
3.	Mr. Dileep C. Choksi	60,000
4.	Mr. Rajan Harivallabhdas	1,00,000
5.	Mrs. Khushali S. Solanki	60,000
6.	Mrs. Bhumika S. Shodhan	60,000
7.	Mrs. Janaki Udyan Shah	60,000

*In addition to Sitting Fees, ₹ 22.50 Lakhs has been paid as remuneration by way of Commission during Financial Year 2020-21 for availing the Investors' Relation services from him.

The Directors' Remuneration Policy of your Company conforms to the provisions under Companies Act, 2013. The Board determines the remuneration of the Non-Executive Directors.

(D) MANAGEMENT

(i) Management Discussion and Analysis Report:

Management Discussion and Analysis Report is set out in a separate Section included in this Annual Report and forms a part of this Report.

(ii) Disclosure of Material Financial and Commercial Transactions:

As per the disclosures received from the Senior Management, no Material Financial and Commercial transactions that may have a potential conflict with the interest of the Company at large were taken place during the year under review.

(E) SHAREHOLDERS:

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

Mrs. Bhumika Shaymal Shodhan (DIN 02099400), Director of the Company will retire by rotation at the ensuing 31 Annual General Meeting of the Company and being eligible, has offered herself for re-appointment.

Mr. Bhadresh K. Shah (DIN: 00058177), Director is being re-appointed as a Managing Director for a period of five years with effect from 1 October, 2021.

The brief resume and other information of the above retiring Director and the Managing Director to be reappointed, as required to be disclosed under this section is provided in the Notice of the Annual General Meeting.

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.

(ii) Shareholding of Directors as on 31 March, 2021 is as under:

Name of Director	Number of Shares
Mr. Bhadresh K. Shah	5,51,28,901
Mr. Yashwant M. Patel	NIL
Mr. Rajendra S. Shah	847
Mr. Sanjay S. Majmudar	NIL
Mr. Dileep C. Choksi	NIL
Mr. Rajan Harivallabhdas	NIL
Mrs. Khushali Samip Solanki	10,010
Mrs. Bhumika Shyamal Shodhan	10,005
Mrs. Janaki Udayan Shah	NIL

(F) COMPLIANCE BY THE COMPANY:

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

VII. CEO /CFO CERTIFICATION:

The Managing Director and the Chief Financial Officer of the Company have certified to the Board that the Financial Results of the Company for the year ended 31 March, 2021 do not contain any false or misleading statements or figures and do not omit any material facts which may make the statements or figures contained therein misleading as required by Regulations 33 of SEBI LODR Regulations.

VIII. MEANS OF COMMUNICATION:

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

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
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.
2017-18	9 August, 2018	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr.Vikram Sarabhai Marg, Ahmedabad–380 015.	9.00 A.M.

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

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.

Annual General Meeting held on 9 August, 2018:

NIL

POSTAL BALLOT:

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

X. GENERAL SHAREHOLDERS' INFORMATION:

Day, Date and Time of 31 AGM	:	Friday, 3 September, 2021 at 10.00 a.m.
Venue of AGM	:	Through Video Conferencing,
Financial Year	:	1 April 2020 to 31 March, 2021
Book Closure Date	:	Saturday, 28 August, 2021 to Friday, 3 September, 2021
Registered Office Address	:	115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad 382 410
Dividend Payment Date	:	On or before 2 October, 2021
Compliance Officer	:	Mr. S. N. Jetheliya, Company Secretary
Email for redressal of Investors' Complaints	:	ric@aiaengineering.com
Website	:	www.aiaengineering.com

Financial Calendar (subject to change) for Financial Year 2021-22 :

First Quarter Results	:	On or before 14 August, 2021
Second Quarter/Half Yearly Results	:	On or before 14 November, 2021
Third Quarter Results	:	On or before 14 February, 2022
Audited Results for the Financial Year 2021-22	:	On or before 30 May, 2022

(a) Listing on Stock Exchanges:

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

The listing fess for the Financial Year Year 2021-22 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 20	33717.62	1642.00	1219.00	1645.95	1220.00
May 20	32424.10	1749.95	1520.00	1717.70	1516.05
June 20	34915.80	1791.00	1567.75	1794.00	1566.05
July 20	37606.89	1771.45	1570.05	1775.00	1577.00
Aug. 20	38628.29	1873.30	1588.00	1889.95	1584.00
Sept. 20	38067.93	1941.45	1676.35	1977.25	1677.25
Oct. 20	39614.07	1890.00	1688.00	1886.35	1685.80
Nov.20	44149.72	1950.00	1621.50	1955.00	1620.00
Dec.20	47751.33	2185.05	1829.65	2184.25	1822.00
Jan.21	46285.77	2224.40	1915.00	2234.00	1913.00
Feb.21	49099.99	2073.95	1751.05	2079.85	1781.00
Mar.21	49509.15	2070.00	1794.00	2095.00	1791.55

SHARE TRANSFER SYSTEM/ DIVIDEND AND OTHER RELATED MATTERS:

i. Share Transfers:

Share transfers are processed and duly endorsed share certificates are dispatched within a period of fifteen days from the date of receipt, subject to documents being valid and complete in all respects. The Company obtains a half-yearly certificate from Practicing Company Secretaries as per the requirement of Regulation 40 (9) of SEBI LODR Regulations and the same is filed with the Stock Exchanges. In terms of requirements to amendments to Regulation 40 of SEBI LODR Regulations w.e.f. 1 April, 2019, transfer of securities in physical form, except in case of request received for transmission or transposition of securities, shall not be processed unless the securities are held in the dematerialised form with a depository.

ii. Nomination facility for shareholding:

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

iii. Physical Shareholding:

The Company hereby informs the members that as per SEBI Circular, effective from 01.04.2019 physical shares will not be transferred unless and until they are dematerialised.

iv. Dividend:

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

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

b. Unclaimed Dividends:

The Company is required to transfer dividends which have remained unpaid / unclaimed for a period of seven years to the Investor Education & Protection Fund established by the Government. The Company has transferred to the said Fund, the unpaid Dividend for the year ended 31 March, 2013 which have remained unpaid during the year under review.

v. Reconciliation of Share Capital Audit:

As required by the Securities and Exchange Board of India (SEBI), a Quarterly Reconciliation of Share Capital is being carried out by an independent Practicing Company Secretary with a view to reconcile the Total Share Capital admitted with National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL] and held in physical form, with the issued and listed Capital of the Company. The Practicing Company Secretary's Certificate with regard to this are submitted to BSE Limited and the National Stock Exchange of India Limited and are placed before Stakeholders' Relationship Committee and the Board of Directors at every quarter.

(c) Registrar & Transfer Agents:

MUMBAI OFFICE:
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
Email : 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
Navrangpura, Ahmedabad 380 006
Phone – 079-26465179
Email: ahmedabad@linkintime.co.in

(d) Distribution of Shareholding:

(i) Shareholding Pattern as on 31 March, 2021.

Category	No. of Shares held		No. of Shares	% of Holding
	Physical	Electronic		
Promoters Shareholding	-	55148921	55148921	58.47
Mutual Funds	-	16001298	16001298	16.97
Alternative Investment Fund	-	143605	143605	0.15
Financial Institutions /Non Nationalised Bank	-	112	112	0.00
Foreign Portfolio Investor	-	17699019	17699019	18.76
Central Government/State Governments	-	311994	311994	0.33
NRIs	-	145599	145599	0.15
Other Corporate Bodies	-	200915	200915	0.21
NBFC registered with RBI	-	11000	11000	0.01
Indian Public	130	2194906	2195036	2.33
Hindu Undivided Family	-	96409	96409	0.10
Trusts	-	2477	2477	0.00
IEPF	-	1466	1466	0.00
Clearing Member	-	60559	60559	0.06
Insurance Companies	-	2301960	2301960	2.44
Total	**130**	**94320240**	**94320370**	**100.00**

(ii) Distribution of Shareholding as on 31 March, 2021.

No. of Equity Shares	No. of Folios	% of Total Folios	No. of Shares	% of Holding
1 to 500	20630	96.07	1260521	1.34
501 to 1000	333	1.55	240371	0.26
1001 to 2000	163	0.76	230617	0.24
2001 to 3000	64	0.30	156916	0.17
3001 to 4000	40	0.19	142030	0.15
4001 to 5000	28	0.13	126877	0.13
5001 to 10000	51	0.24	378009	0.40
10001 & above	165	0.76	91785029	97.31
Grand Total	**21474**	100.00	**94320370**	**100.00**
Shareholders in Physical Mode	6	0.01	130	0.00
Shareholders in Electronic Mode	21468	99.99	94320240	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, 2021, 9,43,20,240 Equity Shares are in Dematerialised Form representing 99.99% of the total 9,43,20,370 Equity Shares of the Company. The ISIN allotted to the Company's scrip is INE212H01026. The Shares of the Company are actively traded at BSE Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE).

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

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

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

During the year 2020-21, the Company has transferred 166 equity shares to IEPF Authority pertains to dividend declared for the Financial Year 2012-13 which has not been claimed/encashed for 7 consecutive years.

(h) The total fee paid to the Statutory Auditors of the Company during the year under review is ₹ 42.47 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), Girnar 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 Bavala, Ahmedabad-382220.

(i) Block No 535, Mouje - Kunjad, Kunjad, Tal-Dascoi, Ahmedabad - 382410

(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
Email : rnt.helpdesk@linkintime.co.in

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

Any query relating to Dividend, Annual Reports etc.

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

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

Corporate Office:
11-12, Sigma Corporates
B/h. HOF Showroom, Sindhu Bhavan Road,
Off. S.G. Highway, Bodakdev, Ahmedabad-380054
Phone No. 079-66047800
Fax No. 079-66047848
Investors' related query
E-mail : 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 and the same will be sent to all the Shareholders of the Company. The same certificate shall also be sent to all the concerned Stock Exchanges along with the Annual Report to be filed by the Company.

NON-MANDATORY REQUIREMENTS:

a) Chairman of the Board

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

b) 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.

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, 2021, 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 the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the Financial Statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, 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 C0VID-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 31 March, 2021.

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

For **TUSHAR VORA & ASSOCIATES**
Company Secretaries

TUSHAR M.VORA
Proprietor
C.O.P. No.: 1745
UDIN : F003459C000369847

Place : Ahmedabad
Date : 25 May, 2021

The above Corporate Governance Report was adopted by the Board of Directors at its meeting held on 25 May, 2021.

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 F.Y. 2020-21.

BHADRESH K. SHAH
Managing Director
DIN: 00058177

Place : Ahmedabad
Date : 25 May, 2021

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 and 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, 2021 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 and any other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Bhadresh Kantilal Shah	00058177	11 March, 1991
2.	Bhumika Shyamal Shodhan	02099400	7 November, 2014
3.	Dileep Chinubhai Choksi	00016322	27 January, 2014
4.	Khushali Samip Solanki	07008918	7 November, 2014
5.	Rajan Ramkrishna Harivallabhdas	00014265	14 May, 2015
6.	Rajendra Shantilal Shah	00061922	15 March, 2005
7.	Sanjay Shaileshbhai Majmudar	00091305	7 May, 2007
8.	Yashwant Manubhai Patel	02103312	12 November, 2010
9.	Janaki Udayan Shah	00343343	26 March, 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.

TUSHAR M.VORA
Membership No.: 3459
CP No.: 1745
UDIN: F003459C000369871

Place : Ahmedabad
Date : 25 May, 2021

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, 2021 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, 2021

VIREN K. THAKKAR
Chief Financial Officer

Place: Ahmedabad
Date: 25 May, 2021

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 optimisation journey, helping them improve operational parameters. The Company employs casting process for the manufacture of the products.

Financial Year 2020-21 has been a year of disruption with COVID-19 occupying central stage and disrupting life as we knew it. It lay bare to many industries which are dependent on movement of people like travel, hospitality and retail. There were lockdowns in many parts of the world as also in India as COVID cases went up in waves. India is currently facing its 2nd wave and the country has again been subjected to varying degrees of lockdowns and movement restrictions. These interruptions affected the Cement Industry much more than the Mining Industry. Cement Industry is more local and linked to construction and real estate activity which slows down or stalls as soon as COVID related restrictions and risks come into force. In F.Y. 2020-21, in the first quarter, there was a sharp fall in Cement related activity which affected our volumes. Things subsequently got better and volumes recovered to pre-COVID levels by 2nd and 3rd quarter. Going forward, we believe Cement sector will continue to be dependent on how COVID-19 fares in various parts of the world. Currently USA and Europe seem to have emerged out of the pandemic and all economic activity is being resumed. This bodes well for Cement consumption in these countries. India had a good uptick in volumes from September/October onwards but stalled again as the 2nd wave of COVID-19 hit in late March/early April timeframe.

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. Annual consumption of Grinding Media for the mining segment is estimated at 2.5 Million tons with less than 20% of the same converted to High Chrome, thus offering a sizeable growth opportunity of conversion. AIA is now embarking on a journey of offering Mill Liners to the mining market and widening its wallet share and value addition with customers. Mill Linings is estimated to be 3,00,000 ton global market and represents an additional growth opportunity. AIA's greenfield Mining Liner plant is under commission. There were delays in execution of the plant on account of travel restrictions for overseas equipment suppliers' engineers and availability of manpower during COVID linked restriction in Gujarat. The Company expects to commission the plant in F.Y. 2021-22 and start production from the new facility.

It is important to note that developmental activity for AIA's business requires its engineers to travel to customer plants and engage with their technical teams on solutions being designed for them. These physical engagements have not been easy to convert to online video calling means and hence opportunity conversion cycle has become longer. At this time, all our engineers are engaged in ensuring continued support to all our customers and making sure existing business continues without interruptions and every issue is well addressed.

F.Y. 2020-21 has also been a year of contradictions. On one side there was a lot of demand side contraction and on the other side there has been a lot of volatility and speculative increases in 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. Likewise, as demand shrunk, shipping lines culled lot of routes which has led to an artificial shortage of vessels for ferrying industrial sea borne cargo. There is a shortage of containers as a lot of erstwhile supply routes have been disrupted as an aftermath of COVID-19. This has led to shipping rates going up significantly. AIA is trying to navigate this by actively working with shipping lines and customers to first ensure there is no delay in supply and second to ensure a fair price pass through of these costs, where possible. Lastly, various cross-currencies have been very volatile through the year as lot of capital flows moved around the world adding to already strained trade deficits.

We believe that most of these prices have moved as a knee jerk reaction to increase in demand as world markets opened up after a prolonged COVID-19 linked shrinkage and as things normalise we expect commodities to soften and shipping rates to get back to normal pricing. Of course these are variables which are outside our control and we will ensure best practice risk management practices to mitigate risks of these variables on our business.

B. SEGMENTWISE PERFORMANCE:

The Company primarily operates in only one segment i.e. manufacturing of High Chrome Mill Internals. In Fiscal Year 2020-21, 76.92% of its total sales came from outside India while balance 23.08 % came from sales within India.

C. OUTLOOK AND PROSPECTS:

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

As the world recovers from COVID-19 linked uncertainty around the business environment, AIA is preparing itself to take advantage of a relatively stable economic environment as things settle down. Our Cement business was affected in the first quarter of last year but got back to pre-Covid levels by 2nd/3rd quarter. But fortunately, our mining business largely continued without being affected by COVID-19 linked issues mainly because most mines are away from city centres with less risk of the virus spread and operated with minimal staff while still maintaining optimal throughput. This was possible also because underlying metals of Gold, Copper and Steel continued to do well throughout this period, all driven by demand for these metals. Copper has a lot of use in electronics, smartphones, EV vehicles while Gold remains the only proxy to US Dollar and hence there is a solid base demand for both these metals. Steel is largely driven by the appetite for infrastructure and construction activity and is well supported by similar projects embarked by most large economies. Most importantly, our focus is on conversion of almost 80% of the annual replacement demand in mining space from Forged Grinding Media to the High Chrome products and solutions being offered by AIA. On account of this, our Mining segment continues to have a very positive outlook and we remain optimistic about our prospects in this segment.

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

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

In the near term, AIA's development cycle for conversion of Forged to High Chrome has become longer on account of inability of our engineers to travel to customer sites. On account of the technical nature of our solution and requirement to engage on site with plant managers, travel is an important requirement to further new mine development. At the same time we are happy to report that all our existing customers continue to be serviced by our tech teams from our global offices and have ensured that every customer problem is solved to customers' satisfaction. We expect travel to open up soon as the world gets vaccinated, especially the few key regions that are important for business development and we should get back to growth phase very soon.

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

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

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

D. CAPEX PLAN:

The Company's current capacity stands at 3,90,000 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 2nd half of 2021-22.

In line with various uncertainties emerging on account of Covid-19 Pandemic the Company has decided not to break ground on the second phase of the Grinding Media Greenfield capacity expansion of 50,000 MT at GIDC Kerala, Ahmedabad – this phase will be activated as things stabilise in terms of global Covid linked uncertainty.

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

E. RISKS AND CONCERNS:

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

Key risks that the Company faces are around stability in the mining market, foreign exchange rate fluctuation, fluctuation in raw material prices, debtor defaults and disruption and uncertainty in business due to Covid-19 pandemic.

COVID-19: The Company's operations might be impacted due to exposure to the pandemic. These could impact revenue growth and lead to under utilisation of established capacity. Demand for the Company's product may be adversely affected in our industrial segments of Mining, Cement and Thermal. This is likely to affect the Company's earnings in the short and medium term.

However, the Company's relative competitiveness is expected to increase because of its traditional value focus and its strong track record in helping customers improve their efficiency and saving costs. Various measures taken by Company 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 and regular communication with customers and monitoring of receivable position, review of cash surplus and current capex spend.

Currency fluctuation: On account of high exchange volatility, there is possibility of big exchange fluctuation due to higher export in turnover and import of raw material. Proactive and adoptive hedging policy which is aligned with market best practices and Dynamic Pricing Mechanism are in place to limit impact of exchange volatility on receivables and forecasted revenue.

Raw material price fluctuation: The Company engages with the customers and is able to pass through most of the raw material price changes – either through price pass through clauses if there are longer tenure contracts or by re-pricing new offers. The Company is closely monitoring raw material price movements and is regularly buying the raw materials during low price cycles so as to average out the impact of price fluctuations.

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

F. INTERNAL CONTROL SYSTEM AND THE ADEQUACY:

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

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

BSR & Co. LLP, the statutory auditors of the Company have audited the financial statements included in this Annual Report and have issued an attestation report on our internal control over financial reporting (as defined in Section 143 of Companies Act 2013). Based on its evaluation (as defined in Section 177 of Companies Act 2013 and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LDR Regulations"), our audit committee has concluded that, as of March 31, 2021, our internal financial controls were adequate and operating effectively.

G. FINANCIAL PERFORMANCE REVIEW:

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

I. Consolidated Performance:

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

- **Physical Production:**

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

Product	2020-21	2019-20
High Chrome Mill Internals	2,62,969	2,71,274

- **Sales Turnover:**

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

Particulars	2020-21	2019-20
Sales in India (20.29%) (P.Y. 20.69%)	57,201.27	59,682.27
Sales Outside India (79.71%) (P.Y. 79.30%)	2,24,676.60	2,28,744.26
Total	**2,81,877.87**	**2,88,426.53**

- **Key Performance Indicators :**

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

Particulars		2020-21	2019-20
1	Revenue from Operations	2,88,149.24	2,98,087.75
2	Cost of Materials Consumed (Including change in Inventories)	1,14,260.58	1,17,346.87
	- % of revenue from operations	39.65%	39.37%
3	Employee Benefit Expense	13,350.47	13,438.76
	- % of revenue from operations	4.63%	4.51%
4	Other Expenses	95,013.59	99,274.02
	- % of revenue from operations	32.97%	33.30%
5	EBIDTA	82,744.19	82,219.10
	- % of revenue from operations	28.72%	27.58%
6	Finance Costs	429.31	558.75
	- % of revenue from operations	0.15%	0.19%
7	Depreciation and Amortisation Expense	9,350.09	9,787.92
	- % of revenue from operations	3.24%	3.28%
8	Profit Before Tax	72,964.79	71,872.43
	- % of revenue from operations	25.32%	24.11%
9	Profit After Tax (Including Other Comprehensive Income and after Minority Interest)	54,310.02	58,645.60
	- % of revenue from operations	18.85%	19.67%

MANAGEMENT DISCUSSION AND ANALYSIS (Contd.)

II Standalone Performance

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

- **Sales Turnover :**

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

(₹ in Lakhs)

Particulars	2020-21	2019-20
Sales in India (21.08%) (P.Y. 22.40%)	50,804.91	55,797.25
Sales Outside India (78.92%) (P.Y. 77.60%)	1,90,226.76	1,93,303.97
Total	**2,41,031.67**	**2,49,101.22**

- **Key performance indicators:**

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

(₹ in Lakhs)

Particulars		2020-21	2019-20
1	Revenue from Operations	2,47,299.38	2,58,762.44
2	Cost of Materials Consumed(including change in inventories and purchase of stock in trade)	1,10,142.89	1,22,354.41
	- % of revenue from operations	44.54%	47.28%
3	Employee Benefit Expense	9,805.91	9,953.04
	- % of revenue from operations	3.97%	3.85%
4	Other Expenses	67,534.42	69,191.28
	- % of revenue from operations	27.31%	26.74%
5	EBIDTA	74,296.87	1,05,812.16
	- % of revenue from operations	30.04%	40.89%
6	Finance Costs	398.52	519.89
	- % of revenue from operations	0.16%	0.20%
7	Depreciation and Amortisation Expense	9,097.06	9,551.24
	- % of revenue from operations	3.68%	3.69%
8	Profit Before Tax	64,801.29	95,741.03
	- % of revenue from operations	26.20%	36.99%
9	Profit After Tax (Including Other Comprehensive Income)	48,217.01	83,515.58
	- % of revenue from operations	19.50%	32.28%

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

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

Standalone

Sr. No.	Particulars	F.Y. 2020-21	F.Y. 2019-20	Change	Change in %	Explanations
1	Debtors Turnover (Days)	154	137	17	12.41%	--
2	Inventory Turnover (Days)	37	38	(1)	(2.63%)	--
3	Interest coverage Ratio	163.60	185.16	(21.56)	(11.64%)	--
4	Current Ratio	8.84	10.45	(1.61)	(15.41%)	--
5	Debt Equity Ratio	0.04	0.03	0.01	33.33%	On account of Increase in Borrowings
6	Operating Profit Margin (%)	32.17%	42.36%	(10.19%)	(24.06%)	On account of Non-declaration of dividend by subsidiary during the year.
7	Net Profit Margin (%)	20.12%	33.42%	(13.30%)	(39.80%)	On account of Non-declaration of dividend by subsidiary during the year.
8	Return on Net worth (%)	12.58%	24.53%	(11.95%)	(48.72%)	On account of Non-declaration of dividend by subsidiary during the year.

Consolidated

Sr. No.	Particulars	F.Y. 2020-21	F.Y. 2019-20	Change	Change in %	Explanations
1	Debtors Turnover (Days)	84	86	(2)	(2.33%)	--
2	Inventory Turnover (Days)	75	74	1	1.35%	--
3	Interest coverage Ratio	170.96	129.63	41.33	31.88%	On account of reduction in Interest rate and increase in Operating Profit
4	Current Ratio	7.78	8.67	(0.89)	(10.27%)	--
5	Debt Equity Ratio	0.04	0.03	0.01	43.70%	Due to increase in Borrowing
6	Operating Profit Margin (%)	31.41%	28.65%	2.76%	9.63%	--
7	Net Profit Margin (%)	20.08%	20.47%	(0.39%)	(1.91%)	--
8	Return on Networth (%)	14.25%	16.36%	(2.11%)	(12.90%)	--

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, your 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.

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, 2021, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), Standalone Statement of Changes in Equity and Standalone Statement of Cash flows for the year then ended, and Notes to the Standalone Financial Statements, including a summary of the Significant Accounting Policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter: Revenue Recognition

Refer Note 3(j) and Note 32 to the Standalone Financial Statements

Description of key audit matter	Our response and results
Revenue of the Company mainly comprises of sale of products (i.e. high chrome mill internals) to its customers. 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. 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 contract / customer purchase order regarding timing of revenue recognition. Inappropriate assessment could lead to a risk of revenue being recognized on sale of goods before the control in the goods is transferred to the customer. Accordingly, timing of recognition of revenue is a key audit matter.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Assessing the Company's accounting policies for revenue recognition by comparing with the applicable accounting standards; • Testing the design, implementation and operating effectiveness of key internal controls over timing of recognition of revenue from sale of goods; • Performed testing on selected statistical samples of customer contracts / customer purchase orders. Checked terms and conditions related to acceptance of goods, acknowledged delivery receipts and tested the transit time to deliver the goods and its revenue recognition. Our tests of details focused on cut-off samples to verify only revenue pertaining to current year is recognized based on delivery documents alongwith terms and conditions set out in customer contracts / customer purchase orders; • Understanding the Company's process for identifying, recording and disclosing related parties and related party transactions; and • Testing the underlying data for ascertaining arm's length pricing and sighting the approvals of the Audit Committee for related party transaction.

INDEPENDENT AUDITORS' REPORT (Contd.)

Other Information

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

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

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

INDEPENDENT AUDITORS' REPORT (Contd.)

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

   c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash flows dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

   i. The Company has disclosed the impact of pending litigations as at 31 March, 2021 on its financial position in its Standalone Financial Statements - Refer Note 43(a) to the Standalone Financial Statements;

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

INDEPENDENT AUDITORS' REPORT (Contd.)

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

iv. The disclosures in the Standalone Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8 November, 2016 to 30 December, 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March, 2021.

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

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

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

Rupen Shah
Partner
Membership No: 116240
ICAI UDIN: 21116240AAAABK4800

Mumbai
25 May, 2021

ANNEXURE "A"

TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF AIA ENGINEERING LIMITED FOR THE YEAR ENDED 31 MARCH, 2021

(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, 2021, we report the following:

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

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

(c) According to the information and explanations given to us and the records examined by us including registered title deeds, we report that, the title deeds of all of immovable properties of land and buildings which are freehold, are held in the name of the Company. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as Right of use assets in the Standalone Financial Statements, the lease agreements are in the name of the Company, where the Company is lessee in the agreement.

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

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

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

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

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

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Goods and services tax, Duty of customs, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. Statutory dues with respect to Sales-tax, Service Tax, Duty of Excise and Value Added Tax were not applicable to the Company during the year.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Goods and services tax, Duty of customs, Cess and other material statutory dues were in arrears as at 31 March, 2021 for a period of more than six months from the date they became payable. Pending further clarity in the matter basis

ANNEXURE "A"

TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF AIA ENGINEERING LIMITED FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

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

judgement of the Hon'ble Supreme Court of India vide its order dated 28 February, 2019, the Company is currently unable to determine the extent of arrears of such provident fund prior to date of aforesaid order outstanding as at 31 March, 2021 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us, there are no dues of Income-tax, Goods and Service tax, Duty of customs, Duty of excise, Sales Tax, Service Tax and Value Added Tax as at 31 March, 2021, which have not been deposited with the appropriate authorities on account of any dispute, other than those mentioned in the Enclosure - I to this report.

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

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

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

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

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

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

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

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions, within the meaning of Section 192 of the Act, with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable to the Company.

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

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

Rupen Shah
Partner
Membership No: 116240
ICAI UDIN: 21116240AAAABK4800

Mumbai
25 May, 2021

ANNEXURE "A"

TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF AIA ENGINEERING LIMITED FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

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

Enclosure – I

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount related	Amount involved (₹ in Lakhs)	Amount unpaid (₹ in Lakhs)
Income tax Act, 1961	Income tax	Hon'ble High Court of Gujarat	A.Y. 2006-07	471.89	471.89
			A.Y. 2007-08	1,100.66	1,100.66
		Commissioner of Income-tax, Ahmedabad	A.Y. 2014-15	3,657.95	1,909.49
			A.Y. 2016-17	1,554.18	1,554.18
Central Excise Act, 1944	Duty of Excise	CESTAT, Ahmedabad	F.Y. 2006-07 to 2007-08	31.39	31.39
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax	Appellate 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
Gujarat Value Added Tax, 2003	Value Added Tax	Dy. Sales Tax Commissioner, Gujarat	F.Y. 2015-16	30.76	30.76
Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	Assistant Commissioner of Commercial Tax - Saharanpur, U.P.	F.Y. 2017-18	1.63	1.63

ANNEXURE "B"

TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF AIA ENGINEERING LIMITED FOR THE YEAR ENDED 31 MARCH, 2021

(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, 2021 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, 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of internal financial controls with reference to financial statements

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

ANNEXURE "B"

TO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF AIA ENGINEERING LIMITED FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(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 (Contd.)

use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

Inherent limitations of internal financial controls with reference to financial statements

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

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

Rupen Shah
Partner
Membership No: 116240
ICAI UDIN: 21116240AAAABK4800

Mumbai
25 May, 2021

STANDALONE BALANCE SHEET
AS AT 31 MARCH, 2021

(₹ in Lakhs)

Particulars	Note	As at 31 March, 2021	As at 31 March, 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	74,501.25	81,521.75
(b) Right of use assets	5	3,589.76	4,171.45
(c) Capital work-in-progress	6	16,094.87	3,234.93
(d) Goodwill	7	460.69	460.69
(e) Other intangible assets	7	299.66	344.75
(f) Financial assets			
(i) Investments	8	27,213.99	1,578.62
(ii) Trade receivables	9	250.30	264.77
(iii) Loans	10	577.00	584.36
(iii) Other financial assets	11	50.00	-
(g) Other tax assets (net)	12	2,560.46	2,416.53
(h) Other non-current assets	13	2,571.31	5,125.41
Total non-current assets		**1,28,169.29**	**99,703.26**
Current assets			
(a) Inventories	14	41,949.88	43,504.09
(b) Financial assets			
(i) Investments	15	52,026.08	1,41,763.55
(ii) Trade receivables	16	1,06,694.70	96,831.22
(iii) Cash and cash equivalents	17	21,708.67	3,881.10
(iv) Bank balances other than (iii) above	17	93,080.85	578.63
(v) Loans	18	151.89	233.03
(vi) Derivatives		313.18	-
(vii) Other financial assets	19	4,348.94	3,861.47
(c) Other current assets	20	4,890.07	9,081.90
Total current assets		**3,25,164.26**	**2,99,734.99**
Total assets		**4,53,333.55**	**3,99,438.25**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	21	1,886.41	1,886.41
(b) Other equity	22	4,07,555.76	3,59,338.75
Total equity		**4,09,442.17**	**3,61,225.16**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	23	575.02	1,044.54
(b) Provisions	24	769.51	725.13
(c) Deferred tax liabilities (net)	40 (b)	5,748.77	7,769.04
Total non-current liabilities		**7,093.30**	**9,538.71**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	25	18,100.00	9,294.66
(ii) Lease liabilities	26	257.78	363.87
(iii) Trade payables	27		
Total outstanding dues of micro enterprises and small enterprises		3,600.54	1,354.62
Total outstanding dues of creditors other than micro enterprises and small enterprises		11,094.73	10,163.08
(iv) Derivatives		-	873.88
(v) Other financial liabilities	28	2,188.25	3,829.31
(b) Other current liabilities	29	1,250.13	1,771.40
(c) Provisions	30	196.85	645.40
(d) Current tax liabilities (net)	31	109.80	378.16
Total current liabilities		**36,798.08**	**28,674.38**
Total liabilities		**43,891.38**	**38,213.09**
Total equity and liabilities		**4,53,333.55**	**3,99,438.25**

The accompanying notes are integral part of these standalone financial statements 2 - 53

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

RUPEN SHAH
Partner
Membership No: 116240

Place : Mumbai
Date : 25 May, 2021

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

VIREN K.THAKKAR
Chief Financial Officer

Place : Ahmedabad
Date : 25 May, 2021

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

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

Place : Ahmedabad
Date : 25 May, 2021

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH, 2021

(₹ in Lakhs)

Particulars	Note	For the Year ended 31 March, 2021	For the Year ended 31 March, 2020
INCOME			
Revenue from operations	32	2,47,299.38	2,58,762.44
Other income	33	14,480.71	48,548.45
Total income		**2,61,780.09**	**3,07,310.89**
Expenses			
Cost of materials consumed	34	1,08,078.03	1,07,695.71
Purchases of stock-in-trade		3,307.97	10,203.44
Changes in inventories of finished goods and work-in-progress	35	(1,243.11)	4,455.26
Employee benefits expense	36	9,805.91	9,953.04
Finance costs	37	398.52	519.89
Depreciation and amortisation expense	38	9,097.06	9,551.24
Other expenses	39	67,534.42	69,191.28
Total expenses		**1,96,978.80**	**2,11,569.86**
Profit before tax		**64,801.29**	**95,741.03**
Tax expense	40(a)		
Current tax		18,628.27	14,250.45
Deferred tax		(2,317.16)	(1,762.39)
		16,311.11	12,488.06
Profit for the year		**48,490.18**	**83,252.97**
Other Comprehensive Income			
A (i) Items that will not be reclassified to statement of profit and loss	42(iv)	201.84	(287.76)
(ii) Income tax relating to items that will not be reclassified to statement of profit and loss		(50.80)	-
B (i) Items that will be reclassified to statement of profit and loss	22	(566.88)	647.65
(ii) Income tax relating to items that will be reclassified to statement of profit and loss	22	142.67	(97.28)
Other comprehensive income / (loss) for the year (net of tax)		(273.17)	262.61
Total comprehensive income for the year (comprising profit and other comprehensive income for the year)		**48,217.01**	**83,515.58**
Earnings per equity share			
Equity share of par value ₹ 2 each			
Basic and diluted	41	51.41	88.27

The accompanying notes are integral part of these standalone financial statements **2 - 53**

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 : Mumbai
Date : 25 May, 2021

Place : Ahmedabad
Date : 25 May, 2021

Place : Ahmedabad
Date : 25 May, 2021

STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH, 2021

(₹ in Lakhs)

A. EQUITY SHARE CAPITAL

Particulars	As at 31 March, 2021	As at 31 March, 2020
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

Particulars	Reserves and Surplus				Other Comprehensive Income		Total
	Securities premium reserve	Capital redemption reserve	General reserve	Retained earnings	Cash flow hedge reserve	Remeasurement of defined benefit plan	
Balance as at 1 April, 2019	26,579.52	1,925.74	16,189.27	2,70,586.28	437.39	-	3,15,718.20
Profit for the year	-	-	-	83,252.97	-	-	83,252.97
Dividend paid on equity shares	-	-	-	(33,955.33)	-	-	(33,955.33)
Tax on dividends	-	-	-	(5,939.70)	-	-	(5,939.70)
Remeasurement of defined benefit plan	-	-	-	-	-	(287.76)	(287.76)
Movement in cash flow hedge reserve (net of tax)	-	-	-	-	550.37	-	550.37
OCI balance transferred to retained earnings	-	-	-	(287.76)	-	287.76	-
Balance as at 31 March, 2020	26,579.52	1,925.74	16,189.27	3,13,656.46	987.76	-	3,59,338.75
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 balance transferred to retained earnings	**-**	**-**	**-**	**151.04**	**-**	**(151.04)**	**-**
Balance as at 31 March. 2021	**26,579.52**	**1,925.74**	**16,189.27**	**3,62,297.68**	**563.55**	**-**	**4,07,555.76**

Nature and purpose of reserves:

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

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

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

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

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

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

As per our report of even date attached

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

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

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 : Mumbai
Date : 25 May, 2021

Place : Ahmedabad
Date : 25 May, 2021

Place : Ahmedabad
Date : 25 May, 2021

STANDALONE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH, 2021

(₹ in Lakhs)

Particulars	For the Year ended 31 March, 2021	For the Year ended 31 March, 2020
A. Cash flow from operating activities:		
Profit before tax	64,801.29	95,741.03
Add / (less): adjustments		
Interest income	(4,777.15)	(1,588.24)
Dividend income	-	(33,974.07)
Profit on sale of current investments	(3,677.24)	(3,216.11)
Fair valuation of current investments	(1,228.20)	(3,831.49)
Unrealised loss / (gain) on foreign exchange fluctuation (net)	1,048.93	(1,577.22)
Loss / (profit) on sale / disposal of Property, plant and equipment and right of use assets (net)	216.37	(6.87)
Sundry balances (written back) / written off (net)	12.71	(117.56)
Bad debts	-	11.06
Depreciation and amortisation	9,097.06	9,551.24
Provision for doubtful receivables	3.26	127.09
Finance costs	398.52	519.89
Provision for product warranties	170.52	108.67
	66,066.07	**61,747.42**
Changes in working capital:		
(Increase) / Decrease in trade receivable	(12,948.98)	(2,205.43)
(Increase) / Decrease in loans	88.50	(43.43)
(Increase) / Decrease in other non-current assets	-	882.82
(Increase) / Decrease in inventories	1,554.21	2,267.44
(Increase) / Decrease in other financial assets	507.72	2,786.02
(Increase) / Decrease in other current assets	4,191.83	1,604.81
Increase / (Decrease) in provisions	(423.65)	35.13
Increase / (Decrease) in trade payables	3,161.58	(3,523.84)
Increase / (Decrease) in other financial liabilities	(36.38)	133.03
Increase / (Decrease) in other current liabilities	(521.27)	7.41
Cash generated from operations	**61,639.63**	**63,691.38**
Income taxes paid (net of refunds)	(18,601.00)	(14,539.84)
Net cash generated from operating activities (A)	**43,038.63**	**49,151.54**
B. Cash flow from investing activities:		
Acquisition of property, plant and equipment, capital work-in-progress and other intangibles	(12,357.24)	(12,860.93)
Proceeds from sale of property, plant and equipment	102.01	25.44
(Purchase of) / proceeds from sale of investments (net)	70,028.63	(27,138.61)
(Investment in) / Redemption of fixed deposits with bank (net)	(92,503.46)	59.48
Interest income	2,710.87	1,679.59
Dividend income	-	33,974.07
Net cash (used in) investing activities (B)	**(32,019.19)**	**(4,260.96)**
C. Cash flow from financing activities:		
Proceeds from / (Repayment) of current borrowings (net)	9,103.42	(2,291.51)
(Repayment) non-current borrowings	(1,500.00)	(21.87)
Dividends paid (including taxes on dividend)	-	(39,895.03)
Finance costs paid	(294.95)	(389.89)
(Repayment) of lease liabilities	(500.44)	(426.05)
Net cash (used in) / generated from financing activities (C)	**6,808.03**	**(43,024.35)**
D. Net Increase in cash and cash equivalents (A+B+C)	**17,827.47**	**1,866.23**
E. Add : Cash and cash equivalents at the beginning of the year	**3,881.10**	**2,066.48**
F. Less: Foreign exchange (loss) / gain on restatement of cash and cash equivalents	**0.10**	**(51.61)**
G. Cash and cash equivalents at the end of the year (refer note 1 below)	**21,708.67**	**3,881.10**

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

Note:

(₹ in Lakhs)

1 Cash and cash equivalents include:

Particulars	As at 31 March, 2021	As at 31 March, 2020
Balances with banks	21,701.76	3,870.44
Cash on hand	6.91	10.66
	21,708.67	3,881.10

2. Movement in financial liabilities and financial assets arising from financing activities: (₹ in Lakhs)

Particulars	Non-current borrowings (including current maturities of long-term debt)	Current borrowings (Note 25)	Lease liabilities (Note 23 and 26)	Dividends paid (including taxes) (Note 22)	Finance costs (Note 37)
Balance as at 1 April 2019	1,521.87	11,169.31	-	-	35.36
Recognised on adoption of Ind AS 116	-	-	1,325.66	-	-
Proceeds from borrowings	-	22,417.03	-	-	-
Repayment of borrowings	(21.87)	(24,708.54)	-	-	-
Dividends paid (including taxes)	-	-	-	(39,895.03)	-
Interest paid	-	-	-	-	(389.89)
Amount paid during the year (Rent Reversal)	-	-	(426.04)	-	-
Net cash outflows during the year	(21.87)	(2,291.51)	899.62	(39,895.03)	(389.89)
Interest accrued during the year	-	-	139.60	-	-
Remeasurement of lease liability (Addition)	-	-	369.19	-	-
Charge to statement of profit and loss	-	-	-	-	519.89
Foreign exchange fluctuation (gain)	-	416.86	-	-	
Balance as at 31 March, 2020	**1,500.00**	**9,294.66**	**1,408.41**	**-**	**165.36**
Proceeds from borrowings		49,928.04	-	-	-
Repayment of borrowings	(1,500.00)	(40,824.62)	-	-	-
Interest paid	-	-	-	-	(294.95)
Amount paid during the year (Rent Reversal)	-	-	(432.46)	-	-
Net movement during the year	(1,500.00)	9,103.43	(432.46)	-	(294.95)
Interest accrued during the year	-	-	113.10	-	-
Remeasurement of lease liability (Addition/Deletion)	-	-	(256.26)	-	-
Charge to statement of profit and loss	-	-	-	-	398.52
Foreign exchange fluctuation loss	-	(298.08)	-	-	-
Balance as at 31 March, 2021	**-**	**18,100.00**	**832.79**	**-**	**268.93**

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 2-53

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

RUPEN SHAH
Partner
Membership No: 116240

Place : Mumbai
Date : 25 May, 2021

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

VIREN K.THAKKAR
Chief Financial Officer

Place : Ahmedabad
Date : 25 May, 2021

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

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

Place : Ahmedabad
Date : 25 May, 2021

NOTES

TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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, 2021, 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, 2021.

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 recognized 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, 2021 is included in the following notes:

- **Note 4, 5 and 7 –** estimate of useful life used for the purposes of depreciation and amortization 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, 43 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 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 FOR THE YEAR ENDED 31 MARCH, 2021 (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 categorized 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 categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes 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.

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 recognized in statement of profit and loss However, foreign currency differences pertaining to qualifying cash flow hedges are recognized in other comprehensive Income to the extent the hedges are effective.

b) Financial instruments

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized 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

- amortized 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 amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

cash flows; and

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

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

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

At present the Company does not have investment in any debt securities classified as FVTOCI on initial recognition.

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 amortized 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 amortized 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 realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

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

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

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

Derecognition

Financial assets

The Company derecognizes 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 recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes 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 realize 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 amortized cost.

The Company formally establishes a hedge relationship between such forward currency contracts ('hedging instrument') and recognized financial assets ('hedged item') through a formal documentation at the inception of the hedge relationship in line with the 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 FOR THE YEAR ENDED 31 MARCH, 2021 (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 recognized in hedge reserve (under reserves and surplus) through other comprehensive income and the ineffective portion is recognized 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 recognized 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 recognized 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 capitalized 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 recognized in statement of profit and loss.

Subsequent measurement

Subsequent expenditure is capitalized 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 amortized 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.

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 derecognized 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 recognized 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 amortization 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 capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization

Goodwill is not amortized and is tested for impairment annually.

Amortization 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 recognized in Statement of profit and loss.

The estimated useful lives of intangibles are as per below:

Software - 6 years　　Patents - 20 years

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

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

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

g) Impairment

Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost.

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

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

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

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

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 recognizes 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 analyzed.

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 amortized 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 recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment loss recognized 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.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

Assets (other than goodwill) for which impairment loss has been recognized 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 amortization, if no impairment loss had been recognized.

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 recognized 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 recognized 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 recognized 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 recognized immediately in statement of profit and loss. The Company recognizes 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 recognized 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 recognized 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 recognized 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 recognized in statement of profit and loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognizes 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 recognized 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

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

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 recognized as finance cost. Expected future operating losses are not provided for.

Warranties

A provision for warranties is recognized 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 recognized 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 recognized and disclosed only when an inflow of economic benefits is probable.

j) Revenue

Sale of goods

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

Dividend income is recognized 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 has adopted Ind AS 116-Leases effective 1 April, 2019, using the modified retrospective method. The Company has applied the standard to its leases with the cumulative impact recognized on the date of initial application (1 April, 2019). Accordingly, previous period information has not been restated.

The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

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 recognizes 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 recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The ROU are initially recognized 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 recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognized 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 recognized in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognized 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 recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized.

Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized 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

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

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 capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

o) Operating segments

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

p) Cash and cash equivalents

Cash and Cash equivalents for the purpose of 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-utilizable is charged to the statement of profit and loss for the year.

t) Investments in subsidiaries

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

u) Recent pronouncements

On 24 March, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held, etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of standalone financial statements

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 4 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Freehold Land	Lease hold Land	Buildings	Plant and Equipment	Furniture and Fixture	Vehicles	Office Equipment	Others *	Total
Gross block:									
As at 1 April, 2019	3,210.30	2,998.62	34,427.79	63,941.91	1,392.36	196.92	293.16	1,065.20	1,07,526.26
Transfer on adoption of Ind AS 116	-	(2,998.62)	-	-	-	-	-	-	(2,998.62)
Additions during the year	525.88	-	1,218.50	9,945.90	61.10	34.20	61.75	133.56	11,980.89
Disposals / adjustments during the year	-	-	-	(104.78)	-	(5.34)	-	-	(110.12)
As at 31 March, 2020	3,736.18	-	35,646.29	73,783.03	1,453.46	225.78	354.91	1,198.76	1,16,398.41
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)
As at 31 March, 2021	**3,736.18**	**-**	**36,028.68**	**73,161.89**	**1,092.73**	**153.86**	**357.16**	**1,229.73**	**1,15,760.23**
Accumulated depreciation:									
As at 1 April, 2019	-	109.98	4,425.55	20,127.78	652.62	37.56	160.89	494.68	26,009.06
Transfer on adoption of Ind AS 116	-	(109.98)	-	-	-	-	-	-	(109.98)
Charge for the year	-	-	1,354.96	7,329.22	137.45	33.25	48.64	165.61	9,069.13
Disposals / adjustments during the year	-	-	-	(86.68)	-	(4.87)	-	-	(91.55)
As at 31 March, 2020	-	-	5,780.51	27,370.32	790.07	65.94	209.53	660.29	34,876.66
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)
As at 31 March, 2021	**-**	**-**	**7,126.90**	**32,511.70**	**579.79**	**49.58**	**215.91**	**775.10**	**41,258.98**
Net Block									
As at 31 March, 2020	3,736.18	-	29,865.78	46,412.71	663.39	159.84	145.38	538.47	81,521.75
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**

* Others include laboratory equipments and computer hardware.

Notes:

1. Till 31 March, 2020, Out of total assets, identified assets comprising factory land, buildings and plant and machineries of the Company are mortgaged / hypothecated to State Bank of India for availing various working capital facilities to the tune of ₹ 8,000.00 Lakhs. As on 31 March, 2021, 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.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 5 RIGHT OF USE ASSETS

(₹ in Lakhs)

Particulars	Leasehold Land	Buildings *	Total
Gross block:			
As at 1 April, 2019 (on adoption of Ind AS 116)	2,998.62	1,325.66	4,324.28
Additions duing the year	-	369.19	369.19
Deductions / adjustments during the year	-	-	-
As at 31 March, 2020	**2,998.62**	**1,694.85**	**4,693.47**
Additions duing the year	27.92	108.81	136.73
Deductions / adjustments during the year		(604.60)	(604.60)
As at 31 March, 2021	**3,026.54**	**1,199.06**	**4,225.60**
Accumulated depreciation:			
As at 1 April, 2019 (on adoption of Ind AS 116)	109.98	-	109.98
Depreciation for the year	16.86	395.18	412.04
Deductions / adjustments during the year	-	-	-
As at 31 March, 2020	**126.84**	**395.18**	**522.02**
Depreciation for the year	16.86	376.56	393.42
Deductions / adjustments during the year	-	(279.60)	(279.60)
As at 31 March, 2021	**143.70**	**492.14**	**635.84**
Net block:	-	-	-
As at 31 March, 2020	2,871.78	1,299.67	4,171.45
As at 31 March, 2021	**2,882.84**	**706.92**	**3,589.76**

1. Lease contracts entered by the Company majority pertains for land and buildings taken on lease to conduct business activity in ordinary course of business.
2. Lease rent of ₹ 2.44 Lakhs (PY ₹ 29.94 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, 2021 (Contd.)

NOTE - 6 CAPITAL WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Balance at the beginning of the year	3,234.93	5,975.34
Additions during the year	14,027.54	3,134.94
Capitalisation during the year	(1,167.60)	(5,875.35)
Balance at the end of the year	**16,094.87**	3,234.93

Note:

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

NOTE - 7 OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Other intangibles			Goodwill (refer note (a)
	Software	Patents and Copyrights	Total	
Gross block:				
As at 1 April, 2019	748.38	63.77	812.15	460.69
Additions during the year	154.58	9.10	163.68	-
Disposals / adjustments during the year	-	-	-	-
As at 31 March, 2020	902.96	72.87	975.83	460.69
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**
Amortisation:				
As at 1 April, 2019	546.84	14.17	561.01	-
Charge for the year	66.46	3.61	70.07	-
Disposal / Adjustments	-	-	-	-
As at 31 March, 2020	613.30	17.78	631.08	-
Charge for the year	80.60	3.97	84.57	-
Disposal / Adjustments	(1.41)	-	(1.41)	-
As at 31 March, 2021	**692.49**	**21.75**	**714.24**	**-**
Net Block				
As at 31 March, 2020	289.66	55.09	344.75	460.69
As at 31 March, 2021	**242.85**	**56.81**	**299.66**	**460.69**

Note (a):

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

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

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 8 INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Non-current investments		
A. Investment in equity instruments of		
Subsidiaries (measured at cost):		
(i) Fully paid equity shares (quoted)		
4,77,661 (previous year: 4,77,661) equity shares of Welcast Steels Limited of ₹10/- each fully paid up	1,341.05	1,341.05
(b) Fully paid equity shares (Unquoted)		
(a) 32,500 (previous year: 32,500) equity shares of Vega Industries (Middle East) F.Z.C., U.A.E. of face value US$ 10/- each	149.39	149.39
(b) 2,000 (previous year: 2,000) equity shares of PT. Vega Industries Indonesia of face value IDR 13,116/- each	1.30	1.30
(c) 10,000 (previous year: 10,000) equity shares of AIA CSR Foundation of face value ₹10/- each	1.00	1.00
Others companies (unquoted) (measured at FVTPL) #		
(a) 25 (previous year: 25) equity shares of Koramangala Properties Limited of face value ₹ 100/- each, fully paid up	0.03	0.03
(b) 8,57,919 (previous year: 8,57,919) equity shares of Arkay Energy (Rameswarm) Limited of face value ₹ 10/- each, fully paid up	85.79	85.79
B. Investment in Government Securities (unquoted) (measured at cost)		
National Savings Certificates (Unquoted)	0.06	0.06
C. Investments in bonds (quoted) (measured at amortised cost)	25,635.37	-
	27,213.99	1,578.62
Aggregate amount of quoted investments	26,976.42	1,341.05
Aggregate market value of quoted investments	27,688.31	1,443.97
Aggregate amount of unquoted investments	237.57	237.57

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

NOTE - 9 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Non-current trade receivables (unsecured)		
Considered good *	250.30	264.77
Significant increase in credit risk	-	-
Credit impaired	-	-
	250.30	264.77

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

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 10 LOANS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Non-current loans		
Security deposits (unsecured, considered good)	480.12	465.53
Loans to staff		
Secured, considered good	16.50	31.49
Unsecured, considered good	80.38	87.34
	577.00	584.36

NOTE - 11 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Balances with bank in fixed deposit accounts	50.00	-
	50.00	-

NOTE - 12 OTHER TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Advance income tax / tax deducted at source (net of provision for tax)	2,560.46	2,416.53
	2,560.46	2,416.53

NOTE - 13 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Capital advances	2,188.41	4,742.51
Others		
Balance with government authorities	56.41	56.41
Advance paid under protest	326.49	326.49
	2,571.31	5,125.41

NOTE - 14 INVENTORIES *
(valued at lower of cost or net realisable value)

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Raw materials	7,653.62	9,215.86
Raw materials in transit	444.15	2,348.92
Work-in-progress	14,674.00	15,940.02
Finished goods	10,536.01	8,026.88
Stores and spares	8,585.02	7,967.29
Stores and spares in transit	57.08	5.12
	41,949.88	43,504.09

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

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 15 INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Current investments		
Mesured at FVTPL		
Investments in mutual funds (quoted)	23,805.82	1,11,172.42
Investments in bonds (quoted)	13,622.74	20,591.13
Measured at Amortised cost		
Investment in Treasury Bills (quoted)	984.92	-
Investment in bonds (quoted)	13,612.60	-
Investment in non-convertible debentures (unquoted)		
Nil (previous year: 500) Nil (previous year: 6.60%) Debentures of ₹ 10,00,000 each	-	5,000.00
Nil (previous year: 500) Nil (previous year: 6.20%) Debentures of ₹ 10,00,000 each	-	5,000.00
	52,026.08	1,41,763.55
Aggregate amount of quoted investments	52,026.08	1,31,763.55
Aggregate market value of quoted investments	52,346.63	1,31,763.55
Aggregate amount of unquoted investments	-	10,000.00

NOTE - 16 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Current trade receivables (unsecured)		
Considered good * #	1,06,694.70	96,831.22
Significant increase in credit risk	193.36	190.10
Credit impaired	-	-
	1,06,888.06	97,021.32
Less: Provision for doubtful receivables	(193.36)	(190.10)
	1,06,694.70	96,831.22
* Trade receivables are hypothecated to secure working capital facilities from Banks (refer Note 25).		
# Includes trade receivable from related parties (refer Note 47 (d)).	93,386.03	84,786.54

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 17 CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Cash and cash equivalents		
Balances with banks	21,701.76	3,870.44
Cash on hand	6.91	10.66
	21,708.67	3,881.10
Other bank balances		
Balances with bank in fixed deposit accounts maturing after 3 months and within 12 months	93,069.73	566.27
Earmarked balances with bank (unpaid dividend) *	11.12	12.36
	93,080.85	578.63
	1,14,789.52	4,459.73

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

NOTE - 18 LOANS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Current loans		
Security deposits (unsecured, considered good)	56.85	108.12
Loans to staff		
Secured, considered good	19.24	27.56
Unsecured, considered good	75.80	97.35
	151.89	233.03

NOTE - 19 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Export incentives receivable	3,082.60	3,640.32
Interest accrued on fixed deposit and debentures	1,266.34	221.15
	4,348.94	3,861.47

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 20 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Advances other than capital advances		
Advances to related parties	3.40	10.75
Other advances		
Advances to suppliers	2,342.15	2,781.52
Advances to staff	18.97	47.16
Others		
Balance with government authorities	2,280.46	6,051.54
Prepaid expenses	170.14	190.93
Prepaid leave encashment	74.95	-
	4,890.07	9,081.90

NOTE - 21 SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Authorised share capital		
23,00,00,000 (previous year: 23,00,00,000) equity shares of face value ₹ 2/- each.	4,600.00	4,600.00
	4,600.00	4,600.00
Issued, subscribed and fully paid up share capital		
9,43,20,370 equity shares (previous year: 9,43,20,370) of face value ₹ 2/- each, fully paid up	1,886.41	1,886.41
	1,886.41	1,886.41

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

Particulars	31 March, 2021		31 March, 2020	
	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 are set out below :

Name of the shareholders	31 March, 2021		31 March, 2020	
	No. of shares	% holding	No. of shares	% 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, 2021 (Contd.)

NOTE - 22 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Reserves and surplus		
(a) Securities premium reserve		
Balance at the beginning and at the end of the year	26,579.52	26,579.52
(b) Capital redemption reserve		
Balance at the beginning and at the end of the year	1,925.74	1,925.74
(c) General reserve		
Balance at the beginning and at the end of the year	16,189.27	16,189.27
(d) Retained earnings		
Balance at the beginning of the year	3,13,656.46	2,70,586.28
Add: Profit for the year	48,490.18	83,252.97
Add / Less: Remeasurement of defined benefit plan transferred from OCI	151.04	(287.76)
Less: Dividend on equity shares #	-	(33,955.33)
Less: Tax on dividend #	-	(5,939.70)
Balance at the end of the year	**3,62,297.68**	3,13,656.46
Total reserves and surplus (A)	**4,06,992.21**	3,58,350.99
Other comprehensive income (OCI)		
(a) Cash flow hedge reserve:		
Balance at the beginning of the year	987.76	437.39
Recognised in statement of profit and loss		
Mark to market of hedging designated instruments and effective as hedges of future cash flow	1,179.63	(1,870.37)
Restatements of trade receivables to the extent of hedging	(1,746.51)	2,518.02
	(566.88)	647.65
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)]	(296.89)	568.15
Tax on Restatements of trade receivables to the extent of hedging	439.56	(665.43)
Net tax in OCI	142.67	(97.28)
Balance at the end of the year	563.55	987.76
(b) Remeasurement of defined benefit plan		
Balance at the beginning of the year	-	-
Recognised in statement of profit and loss (net of tax)	151.04	(287.76)
Less: Transferred to retained earnings	(151.04)	287.76
Balance at the end of the year	-	-
Total other comprehensive income (B)	**563.55**	987.76
Total other equity (A+B)	**4,07,555.76**	3,59,338.75
Refer standalone statement of changes in equity for nature and purpose of reserves.		

# Dividend on equity shares paid during the year:	**31 March, 2021**	**31 March, 2020**
Final dividend for the financial year 2018-19 [₹ 9 (previous year: nil) per equity share of ₹ 2 each]	-	8,488.83
Dividend distribution tax on final dividend	-	1,495.26
Interim dividend for the financial year 2019-20 [₹ 27 (previous year: nil) per equity share of ₹ 2 each]	-	25,466.50
Dividend distribution tax on interim dividend	-	4,444.45

Note:

Board of Directors of the Company have proposed final dividend of ₹ 9/- per equity share for the financial year 2020-21. 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, 2021. No interim dividend was declared and paid during the financial year 2020-21.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 23 LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Non current lease liabilities	575.02	1,044.54
	575.02	1,044.54

NOTE - 24 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Non-current provisions		
Provision for warranties	769.51	725.13
	769.51	725.13
Movement in provision for warranties		
Balance at the beginning of the year	781.48	680.22
Utilisation during the year	(37.63)	(7.41)
Provision for the year #	200.79	210.13
Written back during the year	(30.27)	(101.46)
Balance at the end of the year	**914.37**	781.48
Non-current	769.51	725.13
Current (refer note 30)	144.86	56.35
	914.37	781.48

'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 0.20% of domestic sales and at 0.05% of export sales for the year and is carried in the books for a year upto 5 years.

NOTE - 25 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Current borrowings		
Loans repayable on demand		
Secured loans from bank *	7,000.00	9,294.66
Unsecured from bank	11,100.00	-
	18,100.00	9,294.66

*** Nature of security**

1. Packing Credit in Foreign Currency ('PCFC') facility carrying interest rate ranging from 2.13% - 3.89% during previous year and Export Packing Credit ('EPC') facility carrying interest rate ranging from 1.00% to 3.50% (previous year 3.50%), both facilities from Citi bank N.A.are secured by :
   - Pari passu charge over inventories and book debts of the Company to the extent of ₹ 15,000 Lakhs, and
   - Demand Promissory Note and Letter of Continuity for ₹ 15,000 Lakhs.
2. Unsecured Export Packing Credit ('EPC') facilities are availed from JP Morgan carrying interest rate ranging from 1.00% to 3.50% in current year, no facility availed in last year from JP Morgan.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 26 LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Current lease liabilities	257.78	363.87
	257.78	363.87

NOTE - 27 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Total outstanding dues of micro enterprises and small enterprises #	3,600.54	1,354.62
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Due to related parties [refer Note 47 (d)]	987.50	979.03
Due to others	10,107.23	9,184.05
	11,094.73	10,163.08
	14,695.27	11,517.70

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):

Particulars	As at 31 March, 2021	As at 31 March, 2020
Principal amount due to micro and small enterprise	3,589.15	1,342.17
Interest due on above	11.39	12.45
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.	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	12.45
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 July, 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, 2021 (Contd.)

NOTE - 28 OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Current maturities of long term debt	-	1,500.00
Salary, wages and bonus payable	1,235.70	1,272.08
Unpaid dividends *	11.12	12.36
Interest accrued on borrowings	4.84	13.31
Capital creditors	850.80	945.77
Other payables	85.79	85.79
	2,188.25	3,829.31

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

NOTE - 29 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Customer advances	900.15	1,389.15
Others		
Security deposits	5.83	5.50
Statutory dues and other payables	344.15	376.75
	1,250.13	1,771.40

NOTE - 30 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Current provisions		
Provision for employee benefits (refer Note 42)		
Gratuity	51.99	478.92
Leave encashment	-	110.13
Provision for warranties (refer Note 24)	144.86	56.35
	196.85	645.40

NOTE - 31 CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Provision for income tax (net of advance tax and tax deducted at source)	109.80	378.16
	109.80	378.16

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 32 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Sale of products		
Export sales	1,90,226.76	1,93,303.97
Domestic sales	50,804.91	55,797.25
	2,41,031.67	2,49,101.22
Other operating revenue		
Exports incentives	5,601.20	8,956.00
Other sales	666.51	705.22
	2,47,299.38	2,58,762.44

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

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Reconciliation of revenue from operations with the contracted price:		
Contracted price	2,41,360.49	2,49,650.74
Adjustments :		
- Discounts	(57.34)	(160.92)
- Sales return	(271.48)	(388.60)
Sale of products	2,41,031.67	2,49,101.22
Other operating revenue	6,267.71	9,661.22
Revenue from operations	2,47,299.38	2,58,762.44
Revenue disaggregation by geography:		
India	57,072.62	65,458.47
Outside India:		
U.A.E.	1,88,077.22	1,89,799.46
Others	2,149.54	3,504.51
	2,47,299.38	2,58,762.44

Contract balances:

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

Particulars	As at 31 March, 2021	As at 31 March, 2020
Trade receivables	1,07,138.36	97,286.09
Contract assets	-	-
Contract liabilities		
Advance from customers	900.15	1,389.15

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 33 OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest income from financial assets	4,777.15	1,588.24
Dividend Income	-	33,974.07
Other non-operating income		
Profit on sale of mutual fund units	3,677.24	3,216.11
Gain on foreign exchange fluctuation (net)	4,723.31	5,733.40
Fair value of current investments	1,228.20	3,831.49
Profit on sale of assets (net)	-	6.87
Miscellaneous receipts	74.81	198.27
	14,480.71	48,548.45

NOTE - 34 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening stock at the beginning of the year	11,564.78	7,353.43
Add: Purchases during the year	1,04,611.02	1,11,907.06
Less: Closing stock at the end of the year	8,097.77	11,564.78
	1,08,078.03	1,07,695.71

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

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening stock		
Work-in-progress	15,940.02	19,262.80
Finished goods	8,026.88	9,159.36
	23,966.90	28,422.16
Closing stock		
Work-in-progress	14,674.00	15,940.02
Finished goods	10,536.01	8,026.88
	25,210.01	23,966.90
	(1,243.11)	4,455.26

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 36 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Salaries, wages and bonus	8,925.78	9,093.99
Contribution to provident and other funds	587.05	596.49
Expenses related to post employment defined benefit plans [refer Note 42 (iv)]	253.82	191.16
Staff welfare expenses	39.26	71.40
	9,805.91	9,953.04

NOTE - 37 FINANCE COSTS

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest on:		
Bank borrowings	284.27	343.59
Lease liabilities	113.10	139.60
Others	1.15	6.87
Foreign exchange adjustments to borrowing costs	-	29.83
	398.52	519.89

NOTE - 38 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Depreciation of property, plant and equipment (refer Note 4)	8,619.07	9,069.13
Depreciation of Right of Use assets (refer Note 5)	393.42	412.04
Amortisation of intangible assets (refer Note 7)	84.57	70.07
	9,097.06	9,551.24

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 39 OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Consumption of stores	21,124.36	20,980.97
Power and Fuel	26,941.01	27,492.89
Contract labour charges	6,685.11	7,159.08
Repairs and maintenance		
- Buildings	214.17	212.39
- Plant and machineries	825.79	753.00
- Others	824.84	612.13
Lease rent	2.44	29.94
Insurance	526.92	620.00
Rates and taxes	138.10	141.35
Excise expense [refer note 43 (iii)]	-	1,090.38
Security expenses	526.77	457.93
Printing, stationery and communication expenses	124.19	141.09
Travelling and conveyance expense	621.51	713.86
Advertisement and sales promotion	15.69	21.81
Bad debts	-	11.06
Clearing, forwarding and freight outward expenses	4,731.12	4,315.24
Royalty expenses	289.16	294.42
Commission expenses	348.84	545.05
Warranty expenses	170.52	108.67
Directors' sitting fees	5.40	5.75
Payments to auditors		
- Statutory audit fees	17.50	17.50
- Quarterly Limited reviews	22.50	19.50
- Certification and other services	1.39	1.29
- Reimbursement of expenses	1.08	0.67
Legal and professional consultancy fees	1,599.63	1,769.77
Bank commission charges	99.46	153.00
Donation	1.61	12.31
Corporate social responsibility expenses (refer Note 52)	1,144.69	977.82
Loss on sale / disposal of Property, plant and equipment and right of use assets (net)	216.37	-
Provision for doubtful trade receivables (net)	3.26	127.09
Other miscellaneous expenses	310.99	405.32
	67,534.42	69,191.28

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 40 TAX EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(a) Tax expense		
Provision for current tax	18,628.27	14,250.45
Net deferred tax [refer Note 40(c)]	(2,317.16)	(1,762.39)
Tax expense for the year	**16,311.11**	12,488.06
(b) Deferred tax		
Deferred tax liabilities		
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	5,053.01	5,103.14
Fair valuation of current investments	618.81	2,885.84
Hedge reserve balance	76.95	-
	5,748.77	7,988.98
Deferred tax assets		
Hedge reserve balance	-	219.94
	-	219.94
Deferred tax liabilities (net) [refer Note 40(c)]	**5,748.77**	7,769.04

(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
2020-21				
Deferred tax liabilities				
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	5,103.14	(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
	7,988.98	**(2,317.16)**	**76.95**	**5,748.77**
Deferred tax assets				
Hedge reserve balance	219.94	-	(219.94)	-
	219.94	-	(219.94)	-
Deferred tax liabilities (net)	**7,769.04**	**(2,317.16)**	**296.89**	**5,748.77**

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (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
2019-20				
Deferred tax liabilities				
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	6,676.64	(1,573.50)	-	5,103.14
Fair valuation of current investments	3,074.73	(188.89)	-	2,885.84
Hedge reserve balance	348.24	-	(348.24)	-
	10,099.61	**(1,762.39)**	**(348.24)**	**7,988.98**
Deferred tax assets				
Hedge reserve balance	-	-	219.94	219.94
	-	**-**	**219.94**	**219.94**
Deferred tax liabilities (net)	**10,099.61**	**(1,762.39)**	**(568.18)**	**7,769.04**

(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:

Particulars	31 March, 2021	31 March, 2020
Profit before tax for the year	64,801.29	95,741.03
Tax at statutory income tax rate of 25.168% in India	16,309.19	24,096.10
Adjustments:		
Tax on Foreign Dividend not charged to Profit & Loss	-	(8,550.44)
Income from long term investment taxed at lower rate	(288.04)	(1,140.02)
Non-deductible expenses for tax purposes	289.94	183.99
Income recognised as other comprehensive Income	-	(32.61)
Benefit from change in tax rate	-	(2,066.17)
Others	0.02	(2.79)
Tax expense reported in the statement of profit and loss	**16,311.11**	12,488.06

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, 2021 (Contd.)

NOTE - 41 EARNINGS PER SHARE

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Net profit attributable to the equity shareholders (₹ in Lakhs)	48,490.18	83,252.97
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 (₹)	51.41	88.27

NOTE - 42 EMPLOYEE BENEFITS

The Company has the following post-employment benefit plans:

A. Defined contribution plan

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

(₹ in Lakhs)

Particulars	31 March, 2021	31 March, 2020
Employer's contribution to provident fund	509.84	512.99

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:

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

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

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

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

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

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 42 EMPLOYEE BENEFITS (CONTD.)

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

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2020-21	2019-20
Defined benefit obligation at the beginning of the year	3,031.65	2,515.96
Recognised in statement of profit and loss:		
Current service cost	229.98	184.38
Interest cost	186.72	178.84
Actuarial (gain) / loss recognised in other comprehensive income:		
Due to change in financial assumptions	57.41	275.15
Due to change in demographic assumptions	-	0.12
Due to experience adjustments	(240.10)	2.37
Benefits paid	(160.27)	(125.17)
Defined benefit obligation at the end of the year	**3,105.39**	3,031.65

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

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2020-21	2019-20
Fair value of plan assets at the beginning of the year	2,552.72	2,334.52
Interest income	162.89	172.05
Return on plan assets excluding amounts included in interest income	19.14	(10.12)
Contributions by the employer	478.92	181.44
Benefits paid	(160.27)	(125.17)
Fair value of plan assets at the end of the year	3,053.40	2,552.72
Actual return on plan assets	**182.02**	161.93

(iv) Expense recognised during the year.

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2020-21	2019-20
Current service cost	229.98	184.38
Net interest cost	23.84	6.78
Net value of remeasurement on the obligation and plan assets	-	-
Net cost recognised in statement of profit and loss	**253.82**	191.16
Components of actuarial gains / (losses):		
Due to change in financial assumptions	57.41	275.15
Due to experience adjustments	(240.11)	2.37
Due to change in demographic assumptions	-	0.12
Return on plan assets excluding amounts included in interest income	(19.14)	10.12
Net (gain) / cost recognised in other comprehensive income	**(201.84)**	287.76

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 42 EMPLOYEE BENEFITS (CONTD.)

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

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2020-21	**2019-20**
Present value of obligation	3,105.39	3,031.65
Fair value of plan assets	3,053.40	2,552.72
Net defined benefit liability at end of the year	**51.99**	478.93

(vi) Composition of plan assets:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2020-21	**2019-20**
Debt instruments		
Government of India securities	**-**	-
High quality corporate bonds	**-**	-
State Government securities	**-**	-
Cash and cash equivalents		
Bank balances	0%	2%
Special deposit scheme	-	-
Investment funds		
Insurance policies	100%	98%
Others	**-**	-
Total	**100%**	100%

(vii) Key actuarial assumptions:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2020-21	**2019-20**
Financial assumptions		
Discount rate	6.35%	6.55%
Expected rate of return on plan assets	6.35%	6.55%
Salary growth rate	8.50%	8.50%
Demographic assumptions		
Withdrawal rate	**5% at younger ages reducing to 1% at older ages**	
Mortality table	**Indian assured lives mortality (2012-14)**	**Indian assured lives mortality (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, 2021 (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:

(₹ in Lakhs)

Particulars	Increase in assumption		Decrease in assumption	
	2020-21	2019-20	2020-21	2019-20
Discount rate				
Change in assumption by 0.50%	-4.51%	-4.51%	4.90%	4.90%
Salary growth rate				
Change in assumption by 0.50%	4.75%	4.76%	-4.42%	-4.43%
Withdrawal rate				
Change in assumption by 0.10%	-0.33%	-0.31%	0.33%	0.31%

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)	
	2020-21	2019-20
Age wise distribution of defined benefit obligation		
Age in years		
Less than 25	4.00	6.23
25 to 35	324.43	333.79
35 to 45	834.05	776.81
45 to 55	1,086.65	1,100.79
above 55	846.34	799.56
Accrued gratuity for left employees	9.92	14.47
	3,105.39	3,031.65
Past service wise distribution of defined benefit obligation		
Service year in years		
0 to 4	61.45	50.36
4 to 10	287.26	385.11
10 to 15	987.29	852.57
15 and above	1,759.47	1,729.14
Accrued gratuity for left employees	9.92	14.47
	3,105.39	3,031.65

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (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)	
	2020-21	2019-20
Financial assumptions		
Discount rate	6.35%	6.55%
Expected rate of return on plan assets	6.35%	6.55%
Salary growth rate	8.50%	8.50%
Demographic assumptions		
Withdrawal rate	5% at younger ages reducing to 1% at older ages	
Mortality table	Indian assured lives mortality (2012-14)	Indian assured lives mortality (2012-14)

Leave encashment recognised during the year in the standalone statement of profit and loss amounts to ₹ 84.98 Lakhs (previous year ₹ 239.44 Lakhs)

D. Company's estimate of contributions expected to be paid during financial year 2021-22 is as under.

(i) Defined contribution plan:	
(a) Employer's contribution to provident fund	12% of salary
(ii) Defined benefit plan:	
(a) Gratuity	51.99
(iii) Other long-term employee benefits	
(a) Leave encashment	-

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 43 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(₹ in Lakhs)

Particulars	31 March, 2021	31 March, 2020
(a) Contingent liabilities		
Claims against the Company not acknowledged as debts:		
Central Excise and Service tax	87.18	129.65
Income tax	6,784.68	16,754.71
Sales tax / VAT	89.62	85.77
Guarantees:		
Outstanding bank guarantees	15,998.39	15,432.21
Outstanding corporate guarantees given to customers	223.62	246.63
Letter of Credit	3,369.72	2,788.61
Others matters including claims related to ESIC, Electricity and Ex-employees	604.98	607.90
	27,158.19	36,045.48
(b) Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	8,703.94	6,893.94
	8,703.94	6,893.94

Notes:

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

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

(iv) The 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 period the Code becomes effective.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (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

The Canada Border Service Agency (CBSA) had initiated investigations with respect to alleged dumping and subsidizing of certain grinding media from India based on complaint filed by Magotteaux Limitee, located in Magog Quebec. CBSA is carrying out its review of submissions made by the company and the final determination on the matter is expected by July 2021. The applicable rules and regulations enable CBSA to levy an interim duty while the matter continues to be under investigation. Accordingly, CBSA has imposed interim duty of 32.2% duty on certain grades of grinding media exported from India into Canada with effect from 1 May, 2021. This duty will be applicable till the final determination is done which as explained above is expected to be concluded by July 2021.

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 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, 2021	% of holding as at 31 March, 2020
Direct subsidiaries				
1	Welcast Steels Limited	India	74.85%	74.85%
2	Vega Industries (Middle East) F.Z.C.	U.A.E.	100.00%	100.00%
3	AIA CSR Foundation	India	100.00%	100.00%
Indirect subsidiaries				
4	Vega Industries Limited *	U.K.	100.00%	100.00%
5	Vega Industries Limited **	U.S.A.	100.00%	100.00%
6	Vega Steel Industries (RSA) Proprietary Limited #	South Africa	74.63%	74.63%
7	Wuxi Vega Trade Co. Limited *	China	100.00%	100.00%
8	PT. Vega Industries Indonesia ***	Indonesia	100.00%	100.00%
9	Vega Industries Chile SpA *	Chile	100.00%	100.00%
10	AIA Ghana Limited *	Ghana	100.00%	100.00%
11	Vega Industries Australia Pty Ltd.*	Australia	100.00%	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, 2021 (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. Bhupesh P.Porwal	Chief Financial Officer (up to 31 July 2019)
6	Mr. Viren K.Thakkar	Chief Financial Officer (w.e.f. 12 August 2019)

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 Limited	
10	RNCA & Associates	

* Non-Executive Director of the Company.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 47 RELATED PARTY DISCLOSURES (CONTD.)

B. Details of related party transactions during the year.

(₹ in Lakhs)

Sr. no.	Nature of transaction	Subsidiaries		Key Managerial Personnel		Independent Directors		Enterprise over which key managerial personnel or close member of their family exercise control		Relatives of key managerial personnel		Post employment benefit plan of the Company	
		31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020
1	Sale of products (inclusive of taxes)	1,88,136.73	1,90,114.24	-	-	-	-	-	-	-	-	-	-
2	Recovery of freight charges	7,173.08	4,856.48	-	-	-	-	-	-	-	-	-	-
3	Miscellaneous receipt of Income	60.36	60.89	-	-	-	-	-	-	-	-	-	-
4	Insurance Premium on EPCG	253.96	-										
5	Purchase of goods (inclusive of taxes)	3,947.07	12,978.64	-	-	-	-	2,925.96	2,603.09	-	-	-	-
6	Recovery of travelling expenses	-	177.93	-	-	-	-	-	-	-	-	-	-
7	CSR expenses	600.00	300.00	-	-	-	-	-	-	-	-	-	-
8	Commission expense on purchases	-	-	-	-	-	-	121.53	77.34	-	-	-	-
9	Commission expense on sales	58.97	115.75	-	-	-	-	-	-	-	-	-	-
10	Legal and professional consultancy fees	-	-	-	-	-	-	12.87	10.48	-	-	-	-
11	SAP ERP functional and technical support	-	-	-	-	-	-	86.44	88.94	-	-	-	-
12	Salary, bonus and perquisites	-	-	144.07	145.30	-	-	-	-	1.54	1.54	-	-
13	Contribution to gratuity fund	-	-	-	-	-	-	-	-	-	-	478.92	181.44
14	Rent, rates and taxes	-	-	-	-	-	-	-	-	3.84	3.84	-	-
15	Travelling expenses	-	-	-	-	-	-	54.63	175.88	-	-	-	-
16	Telephone expenses	-	1.63	-	-	-	-	-	-	-	-	-	-
17	Professional tax	0.03	0.07	-	-	-	-	-	-	-	-	-	-
18	Interest & finance charges	-	0.02	-	-	-	-	-	-	-	-	-	-
19	Dividend received	-	33,973.45	-	-	-	-	-	-	-	-	-	-
20	Directors' remuneration and perquisites	-	-	96.16	125.85	-	-	-	-	-	-	-	-
21	Sitting fees paid	-	-	-	-	4.20	4.40	-	-	1.20	1.35	-	-
22	Commission to Director	-	-	-	-	22.50	22.50	-	-	-	-	-	-
	Total	**2,00,230.20**	2,42,579.10	**240.23**	271.15	**26.70**	26.90	**3,201.43**	2,955.73	**6.58**	6.73	**478.92**	181.44
Outstanding balance receivable at year end		93,386.03	84,786.54	-	-	-	-	2,417.88	2,487.13	-	-	-	-
Outstanding balance payable at year end		703.84	824.51	10.72	18.35	20.81	20.25	262.46	133.98	0.39	0.29	51.99	478.92

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 47 RELATED PARTY DISCLOSURES (CONTD.)

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

(₹ in Lakhs)

Sr. no.	Nature of transaction	Name of related party	31 March, 2021	31 March, 2020
1	Sale of products (inclusive of taxes)	Vega Industries (Middle East) F.Z.C.	1,88,077.22	1,89,799.46
		Welcast Steels Limited	59.51	314.78
2	Recovery of freight charges	Vega Industries (Middle East) F.Z.C.	7,173.08	4,856.48
3	Miscellaneous receipt of Income	Vega Industries (Middle East) F.Z.C.	18.29	18.51
		Vega Industries Limited, U.K.	18.29	18.51
		Vega Industries Limited, U.S.A.	5.49	5.36
		Wuxi Vega Trade Co. Limited	18.29	18.51
4	Insurance Premium on EPGC	Vega Industries (Middle East) F.Z.C.	253.96	-
5	Purchase of goods (inclusive of taxes)	Welcast Steels Limited	3,947.07	12,978.64
		Harsha Engineers Limited	2,925.96	2,603.09
6	Commission expense on sales	Vega Industries (Middle East) F.Z.C.	58.97	115.75
7	Recovery of travelling expenses	Vega Industries (Middle East) F.Z.C.	-	177.93
8	CSR expenses	AIA CSR Foundation	600.00	300.00
9	Commission expense on purchases	AB Tradelink Private Limited	121.53	77.34
10	Legal and professional consultancy fees	RNCA & Associates	12.87	10.48
11	SAP ERP functional and technical support	Discus IT Private Limited	86.44	88.94
12	Salary, bonus and perquisites	Mrs. Gitaben B. Shah	1.54	1.54
		Mr. S. N. Jetheliya	65.26	63.55
		Mr. Bhupesh Porwal (Up to 31 July, 2019)	-	30.57
		Mr. Viren K.Thakkar (w.e.f. 1 August, 2019)	78.81	51.18
13	Contribution to gratuity fund	AIA Employee's Gratuity Trust Fund	478.92	181.44
14	Rent, rates and taxes	Mrs. Giraben K. Shah	3.84	3.84
15	Travelling expenses	Vee Connect Travel Private Limited	53.02	175.88
		AB Tradelink Private Limited	1.61	-
16	Telephone expenses	Welcast Steels Limited	-	1.63
17	Interest to others	Welcast Steels Limited	-	0.02
18	Professional tax	Welcast Steels Limited	0.03	0.07
19	Dividend received	Vega Industries (Middle East) F.Z.C.	-	33,961.51
		Welcast Steels Limited	-	11.94
20	Directors' remuneration and perquisites	Mr. Bhadresh K. Shah	81.44	111.13
		Mr. Yashwant M. Patel	14.72	14.72
21	Sitting fees paid	Mr. Rajendra S. Shah	1.00	1.15
		Mr. Sanjay S. Majmudar	1.00	1.15
		Mr. Dileep C. Choksi	0.60	0.60
		Mr. Rajan Harivallabhdas	1.00	0.90
		Mrs. Janaki Udayanbhai Shah	0.60	0.60
		Mrs. Khushali Samip Solanki	0.60	0.60
		Mrs. Bhumika Shyamal Shodhan	0.60	0.75
22	Commission to Director	Mr. Sanjay S.Majmudar	22.50	22.50

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 47 RELATED PARTY DISCLOSURES (CONTD.)

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

(₹ in Lakhs)

Sr. no.	Particulars	Name of related party	31 March, 2021	31 March, 2020
1	**Trade receivables**			
	(a) Subsidiaries	Vega Industries (Middle East) F.Z.C.	93,343.38	84,743.41
		Wuxi Vega Trade Co., Limited	18.29	18.84
		Vega Industries Limited, U.K.	18.29	18.84
		Vega Industries Limited, U.S.A.	5.49	5.45
		Welcast Steels Limited	0.58	-
			93,386.03	84,786.54
2	**Trade payables**			
	(a) Subsidiaries	Vega Industries (Middle East) F.Z.C.	-	115.75
		Welcast Steels Limited	703.84	708.76
	(b) Enterprise over which key managerial personnel or close member of their family exercise control	AB Tradelink Private Limited	10.71	11.17
		RNCA & Associates	0.63	3.08
		Harsha Engineers Limited	251.12	119.73
	(c) Independent directors	Mr. Sanjay S. Majmudar	20.81	20.25
	(d) Relatives of key managerial personnel	Mrs. Giraben K. Shah	0.30	0.29
		Mrs. Gitaben B. Shah	0.09	-
			987.50	979.03
3	**Provision for employee benefits (Current)**			
	Post employment benefit plan of the Company	AIA Employee's Gratuity Trust Fund, India	51.99	478.92
			51.99	478.92
4	**Advances**			
	(a) Enterprise over which key managerial personnel or close member of their family exercise control	Discus IT Private Limited	0.74	0.74
		Vee Connect Travels Private Limited	2.66	10.01
			3.40	10.75
5	**Bank guarantees**			
	(a) Subsidiaries	Vega Industries Limited, U.K.	731.66	753.68
		Vega Industries (Middle East) F.Z.C.	731.66	753.68
		Wuxi Vega Trade Co. Limited	731.66	753.68
		Vega Industries Limited, U.S.A.	219.50	226.10
			2,414.48	2,487.13
6	**Other current liabilities**			
	(a) Key managerial personnel	Mr. Bhadresh K. Shah	4.00	6.00
		Mr. Yashwant M. Patel	1.16	1.20
		Mr. S. N. Jetheliya	3.01	4.93
		Mr. Viren K.Thakkar	2.55	6.21
			10.72	18.35

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 47 RELATED PARTY DISCLOSURES (CONTD.)

E. Breakup of compensation paid to key managerial personnel:

(₹ in Lakhs)

Sr. no.	Particulars	Name of key managerial personnel	31 March, 2021	31 March, 2020
1	Short-term employee benefits	Mr. Bhadresh K. Shah	81.44	111.13
		Mr. Yashwant M. Patel	14.72	14.72
		Mr. Bhupesh Porwal (Up to 31 July, 2019)	-	30.57
		Mr. Viren K.Thakkar (w.e.f. 1 August, 2019)	78.81	51.18
		Mr. S. N. Jetheliya	65.26	63.55
2	Post-employment benefits	Mr. Bhupesh Porwal (Up to 31 July, 2019)	-	0.51
		Mr. Viren K. Thakkar (w.e.f. 1 August, 2019)	1.58	1.06
		Mr. S. N. Jetheliya	1.66	1.66
			3.24	3.23
			243.47	274.38

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	31 March, 2021	31 March, 2020
(1). Revenues from external customers including operating revenue:		
India	57,072.62	65,458.47
U.A.E. [revenue from Vega Industries (Middle East) F.Z.C.]	1,88,077.22	1,89,799.46
Others	2,149.54	3,504.51
(2). Non-current assets:		
India	97,517.54	94,858.98
Others	-	-

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 48 OPERATING SEGMENTS (CONTD.)

(₹ in Lakhs)

Particulars	31 March, 2021	31 March, 2020
(a) Breakup of revenues :		
Revenue from operations	2,41,031.67	2,49,101.22
Other operating revenue	6,267.71	9,661.22
(b). Non-current assets		
Non-current assets (excluding financial instruments and tax assets). All non-current assets of the Company are located in India	**97,517.54**	94,858.98

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, 2020. The management believes that the Company's international transactions with associated enterprises post 31 March, 2020 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 2020-21 and the amount of provision for taxation as at 31 March, 2021.

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.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)

Nature of risk	Exposure arising from	Measurement	Management
Credit risk	Cash and Cash equivalents, trade receivables, financial assets measured at amortized cost	Aging analysis Credit rating	Credit limit set and aging analysis protect Company from potential losses due to excess credit to the customers. Further the Company has also obtained ECGC insurance cover for export sales.
Liquidity risk	Borrowing and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk - foreign exchange	Future commercial transactions recognized financial assets and liabilities not denominated in INR	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts.
Commodity risk	Purchase of raw material	Fluctuation in imported metal scrap and ferro chrome prices and currency rates	Procurement and inventory strategy

Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle the obligation as agreed. To manage this, the Company periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable. Customer wise limits are set accordingly.

The Company considers the probability of default of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

(i) Actual or expected significant adverse changes in business

(ii) Actual or expected significant changes in the operating results of the counterparty

(iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.

(iv) Significant increase in credit risk on other financial instruments of the same counterparty.

The Company categorizes financial assets based on the assumptions, inputs and factors specific to the class of financial asset into High-quality assets, negligible credit risk; Quality assets, low credit risk; Standard assets, moderate credit risk; Substandard assets, relatively high credit risk; Low quality assets, very high credit risk; Doubtful assets, credit impaired.

Financial assets are written off only when there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company considers a loan or receivable for write off review when it pasts greater than one year from due date. Where loans or receivables have been written off, the Company continues engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the standalone statement of profit and loss.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)

Provision for expected credit losses:

Description of category	Category	Basis for recognition of expected credit loss provision		
		Investments	Loans and deposits	Trade receivables
Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	High-quality assets, negligible credit risk	12 month expected credit losses	12 month expected credit losses	Life time expected credit losses (simplified approach)
Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.	Quality assets, low credit risk	12 month expected credit losses	12 month expected credit losses	
Assets where the probability of default is moderate, counter-party where the capacity to meet the obligations is not strong.	Standard assets, moderate credit risk	12 month expected credit losses	12 month expected credit losses	
Assets where there has been a significant increase in credit risk since initial recognition where payments are more than 360 days past due	Substandard assets, relatively high credit risk	Life time expected credit losses	Life time expected credit losses	
Assets where there is a high probability of default. It includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 360 days past due.	Low quality assets, very high credit risk	Life time expected credit losses	Life time expected credit losses	
Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company.	Doubtful assets, credit impaired	Asset is written off		

Expected credit loss for loans and deposits:

(₹ in Lakhs)

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
As at 31 March, 2021					
Loss allowance measured at 12 month expected credit losses:					
Financial assets for which credit risk has not increased significantly since initial recognition	Loans	191.92	-	-	191.92
	Deposits	536.97	-	-	536.97
Loss allowance measured at life time expected credit losses:					
Financial assets for which credit risk has increased significantly and not credit impaired or credit impaired	N.A.	-	-	-	-

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
As at 31 March, 2020					
Loss allowance measured at 12 month expected credit losses:					
Financial assets for which credit risk has not increased significantly since initial recognition	Loans	243.74	-	-	243.74
	Deposits	573.65	-	-	573.65
Loss allowance measured at life time expected credit losses:					
Financial assets for which credit risk has increased significantly and not credit impaired or credit impaired	N.A.	-	-	-	-

Expected credit loss for trade receivables under simplified approach:

Ageing of trade receivables as at year end:

(₹ in Lakhs)

Due from date of invoice	31 March, 2021	31 March, 2020
Not due	39,448.83	37,897.35
0 - 3 months	37,481.91	42,397.38
3 - 6 months	21,290.62	12,982.93
6 - 12 months	7,500.64	3,508.15
Beyond 12 months	1,417.05	500.28
Gross carrying amount	**1,07,139.05**	97,286.09
Expected credit loss	(193.36)	(190.10)
Net carrying amount	**1,06,945.69**	97,095.99

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows. Maturity groupings for Liquidity risk relating to lease liabilities as under:

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
0-1 Year	257.78	363.87
2-5 Years	575.02	924.51
Above 5 Years	-	120.03
Total	**832.80**	**1,408.41**

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)

Financing arrangements

The Company had access to following undrawn borrowing facilities as at year end:

(₹ in Lakhs)

Particulars	31 March, 2021	31 March, 2020
Fund and non-fund based facilities	44,331.89	59,284.52

The table below analyses derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Lakhs)

Particulars	0-1 years	1-5 years	Total
As at 31 March, 2021			
Non-derivative financial liabilities			
Long term borrowings (including current maturity of long term debt)	-	-	-
Short term borrowings	18,100.00	-	18,100.00
Trade payables	14,695.27	-	14,695.27
Other financial liabilities	2,188.25	-	2,188.25
Total	**34,983.52**	-	**34,983.52**
Derivative financial liabilities			
Forward exchange contracts used for hedging inflows	-	-	-
As at 31 March, 2020			
Non-derivative financial liabilities			
Long term borrowings (including current maturity of long term debt)	1,500.00	-	1,500.00
Short term borrowings	9,294.66	-	9,294.66
Trade payables	11,517.70	-	11,517.70
Other financial liabilities	2,329.31	-	2,329.31
Total	**24,641.67**	-	**24,641.67**
Derivative financial liabilities			
Forward exchange contracts used for hedging inflows	873.88	-	873.88

Note: Guarantees issued by the Company aggregating to ₹ 2,414.48 Lakhs (previous year: ₹ 2,487.13 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.

Exposure to interest rate risk

(₹ in Lakhs)

Particulars	31 March, 2021	31 March, 2020
Borrowings bearing fixed rate of interest	18,100.00	10,794.66
Borrowings bearing variable rate of interest	-	-

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)

Interest rate sensitivity

A change of 50 bps in interest rates would have following impact on profit before tax:

(₹ in Lakhs)

Movement - effects on profit before tax	31 March, 2021	31 March, 2020
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
As at 31 March, 2021:							
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	10,03,51,698	11,40,434	92,47,075	1,14,110	-
Trade payables (c)	-	5,47,621	-	-	-	-	5,068
Foreign currency loans (d)	-	-	-	-	-	-	-
Exposure to foreign currency risk (liabilities) (c+d)	-	5,47,621	-	-	-	-	5,068
As at 31 March, 2020:							
Trade receivables (net of hedge) (a)	4,02,90,746	1,02,82,015	10,15,54,709	9,40,015	34,26,198	25,49,630	-
Bank balances in EEFC accounts (b)	34,63,376	53,990	16,55,549	42	-	-	-
Exposure to foreign currency risk (assets) (a+b)	4,37,54,122	1,03,36,005	10,32,10,258	9,40,057	34,26,198	25,49,630	-
Trade payables (c)	2,893	1,08,011	-	-	-	-	39,964
Foreign currency loans (d)	87,50,000	-	-	-	-	-	-
Exposure to foreign currency risk (liabilities) (c+d)	87,52,893	1,08,011	-	-	-	-	39,964

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (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, 2021	31 March, 2020	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020
USD sensitivity						
INR / USD- increase by	1.00	1.00	346.90	263.80	-	-
INR / USD- decrease by	1.00	1.00	(346.90)	(263.80)	-	-
Euro sensitivity						
INR / Euro- increase by	1.00	1.00	80.96	84.98	-	-
INR / Euro- decrease by	1.00	1.00	(80.96)	(84.98)	-	-
ZAR sensitivity						
INR / ZAR- increase by	1.00	1.00	49.75	43.74	-	-
INR / ZAR- decrease by	1.00	1.00	(49.75)	(43.74)	-	-
CAD sensitivity						
INR / CAD- increase by	1.00	1.00	6.64	5.02	-	-
INR / CAD- decrease by	1.00	1.00	(6.64)	(5.02)	-	-
AUD sensitivity						
INR / AUD- increase by	1.00	1.00	51.51	15.86	-	-
INR / AUD- decrease by	1.00	1.00	(51.51)	(15.86)	-	-
RUB sensitivity						
INR / RUB- increase by	1.00	1.00	0.01	0.24	-	-
INR / RUB- decrease by	1.00	1.00	(0.01)	(0.24)	-	-
GBP sensitivity						
INR / GBP- increase by	1.00	1.00	(0.05)	(0.38)	-	-
INR / GBP- decrease by	1.00	1.00	0.05	0.38	-	-

The following significant exchange rates have been applied during the year

Rupees	Average rate		Year-end spot rate	
	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020
USD	74.32	70.54	73.17	75.37
EUR	86.60	78.46	85.92	83.08
ZAR	4.52	4.80	4.96	4.24
CAD	55.86	53.20	58.20	53.39
GBP	96.13	90.06	100.96	93.87
AUD	52.65	48.39	55.70	46.28
AED	20.24	19.21	19.92	20.52
CNY	10.93	10.16	11.17	10.65
RUB	0.99	1.10	0.97	0.97
CLP	0.10	0.10	0.10	0.09
IDR	0.01	0.00	0.01	0.00
GHS	12.83	12.99	12.65	13.06

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (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
31 March, 2021					
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)
					305.76
		Less : Deferred tax			76.95
		Balance in cash flow hedge reserve			**228.81**
31 March, 2020					
USD / INR		171	5,01,75,000	37,815.64	(1,168.67)
ZAR / INR		24	3,90,00,000	1,652.86	294.79
AUD/INR		0	-	-	-
					(873.88)
		Less : Deferred tax			(219.94)
		Balance in cash flow hedge reserve			**(653.94)**

The movement of cash flow hedges in other comprehensive income is as follows:

(₹ in Lakhs)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of the year (net of tax)	(653.94)	648.28
Change in the fair value of effective portion of cash flow hedges in Other comprehensive income (net of tax)	882.74	(1,302.22)
Balance at the end of the year (net of tax)	**228.80**	(653.94)

Commodity Risk

Principal raw material for Company's products are metal scrap and ferro chrome. Company sources its raw material requirement from domestic and international markets. Domestic market price generally remains in line with international market prices. Volatility in metal prices, currency fluctuation of rupee viz a viz other prominent currencies coupled with demand-supply scenario in the world market affect the effective price of scrap and ferrous metal. Company effectively manages availability of material as well as price volatility through:

(i) widening its sourcing base;

(ii) appropriate contracts with vendors and customers and commitments;

(iii) well planned procurement and inventory strategy.

Risk committee of the Company has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 50 FINANCIAL RISK MANAGEMENT (CONTD.)

Consumption details of Metal scrap and Ferro chrome:

Particulars	(Qty. in MT)	
	2020-21	2019-20
Metal scrap	2,02,896	1,94,755
Ferro chrome	55,652	59,956

Commodity price sensitivity:

Increase / (decrease) in prices of metal scrap / ferro chrome by Re. 1 per kg would have following impact on profit before tax:

(₹ in Lakhs)

Particulars	2020-21	2019-20
Re. 1 increase in commodity price	(2,585.48)	(2,547.11)
Re. 1 decrease in commodity price	2,585.48	2,547.11

(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	2020-21	2019-20
Debt *	18,100.00	10,794.66
Total equity	4,09,442.17	3,61,225.16
Debt to total equity	0.04	0.03

* Debt includes borrowings and current maturities of long term debt in other financial liabilities.

Company believes in conservative leverage policy. Company's capital expenditure plan over the medium term shall be largely funded through internal accruals.

B. The Company follows the policy of Dividend for every financial year as may be decided by the Board considering financial performance of the Company and other internal and external factors enumerated in the Company's dividend policy such as reinvestment of capital in business. Company's Dividend policy is to distribute 10-25% of its consolidated net profit as dividend (including dividend distribution tax if any).

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (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		
As at 31 March, 2021						
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	-	-	1,06,945.00	1,06,945.00	-
Loans	10,18	-	-	728.89	728.89	-
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	-	-	4,348.94	4,348.94	-
Total		**37,827.56**	**-**	**2,67,095.24**	**3,04,922.80**	**37,827.56**
As at 31 March, 2020						
Non-current investments #	8	85.82	-	-	85.82	85.82
Current investments	15	1,31,763.55		10,000.00	1,41,763.55	1,31,763.55
Trade receivables	9,16	-	-	97,095.99	97,095.99	-
Loans	10,18	-	-	817.39	817.39	-
Cash and cash equivalents	17	-	-	3,881.10	3,881.10	-
Bank balances other than above	11,17	-	-	578.63	578.63	-
Derivatives		-	-	-	-	-
Other financial assets	19	-	-	3,861.47	3,861.47	-
Total		**1,31,849.37**	**-**	**1,16,234.58**	**2,48,083.95**	**1,31,849.37**

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, 2021 (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		
As at 31 March, 2021						
Borrowings	25	-	-	18,100.00	18,100.00	-
Trade payables	27	-	-	14,695.27	14,695.27	-
Derivatives		-	-	-	-	-
Other financial liabilities	28	-	-	2,188.25	2,188.25	-
Total		**-**	**-**	**34,983.52**	**34,983.52**	**-**
As at 31 March, 2020						
Borrowings	25	-	-	9,294.66	9,294.66	-
Trade payables	27	-	-	11,517.70	11,517.70	-
Derivatives		873.88	-	-	873.88	873.88
Other financial liabilities	28	-	-	3,829.31	3,829.31	-
Total		**873.88**	**-**	**24,641.67**	**25,515.55**	**873.88**

The following table provides the fair value measurement hierarchy of the compnay's financial assets and financial liabilities:

(₹ in Lakhs)

Particulars	Note	Fair value	Level 1	Level 2	Level 3
As at 31 March, 2021					
Financial assets					
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	-
Financial liabilities					
Derivatives		-	-	-	-
As at 31 March, 2020					
Financial assets					
Current investments	15				
Investments in mutual funds (quoted)		1,11,172.42	1,11,172.42	-	-
Investments in bonds (quoted)		20,591.13	20,591.13	-	-
Derivatives		-	-	-	-
Financial liabilities					
Derivatives		873.88	-	873.88	-

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, 2021 (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 for the year ended 31 March:

(₹ in Lakhs)

Sr. no.	Particulars	31 March, 2021	31 March, 2020
1	Gross amount required to be spent by the Company during the year	1,144.69	1,121.83
2	Details of amount spent during the year:		
	Eradicating hunger, poverty and malnutrition	31.25	9.00
	Promoting healthcare including preventing health care	317.14	49.57
	Promoting education	160.00	239.00
	Heritage, art and culture	31.00	380.25
	Promoting sports	4.80	-
	Contribution to AIA CSR Foundation as per Schedule VII of the Companies Act, 2013 (refer 3 below)	600.00	300.00
	Total amount spent during the year	**1,144.19**	977.82
3	Related party transactions in relation to CSR expenses: Contribution to AIA CSR Foundation	600.00	300.00
4	Amount unspent, if any.	0.50	144.01
5	Provision movement during the year:		
	Opening provision	-	-
	Additions during the year	1,144.69	977.82
	Utilised during the year *	(1,144.19)	(977.82)
	Closing provision #	0.50	-

* Represents actual outflow during the year.

Balance amount required to be transferred to fund specified in Schedule VII on or before 30 September, 2021.

NOTES
TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 53 PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED / RECLASSIFIED WHEREVER NECESSARY TO CONFIRM TO CURRENT YEAR PRESENTATION.

During the year, the management has reclassified certain items of 'stores, spares and consumables' as 'raw materials'. Accordingly, the following amounts from the comparative year have been regrouped/reclassified to make them comparable with current year's figures:

(₹ in Lakhs)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Increase in raw material consumption / cost of material consumed	4,756.60	4,753.16
Decrease in stores, spares and consumable consumption / other expenses	4,756.60	4,753.16

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Increase in raw material inventories	1,817.62	2,505.19
Decrease in stores, spares and consumable inventories	1,817.62	2,505.19

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 : Mumbai
Date : 25 May, 2021

Place : Ahmedabad
Date : 25 May, 2021

Place : Ahmedabad
Date : 25 May, 2021

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, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash flows for the year then ended, and Notes to the Consolidated Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of such subsidiaries as were audited by the other auditors, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March, 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub paragraph (a) of the "Other Matters" paragraph below, is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

Key Audit Matters

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

Key Audit Matter : Revenue Recognition

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

Description of key audit matter	Our response and results
Revenue of the Group mainly comprises of sale of products (i.e. high chrome mill internals) to its customers. 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 contract / customer purchase order regarding timing of revenue recognition. Inappropriate assessment could lead to a risk of revenue being recognized on sale of goods before the control in the goods is transferred to the customer. Accordingly, timing of recognition of revenue is a key audit matter.	In view of the significance of the matter, we applied the following audit procedures in this area, among others to obtain sufficient appropriate audit evidence: • Assessing the Group's accounting policies for revenue recognition by comparing with the applicable accounting standards; • Testing the design, implementation and operating effectiveness of key internal controls over timing of recognition of revenue from sale of goods; • Performed testing on selected statistical samples of customer contracts / customer purchase orders. Checked terms and conditions related to acceptance of goods, acknowledged delivery receipts and tested the transit time to deliver the goods and its revenue recognition. Our tests of details focused on cut-off samples to verify only revenue pertaining to current year is recognized based on delivery documents alongwith terms and conditions set out in customer contracts / customer purchase orders.

INDEPENDENT AUDITORS' REPORT (Contd.)

Other Information

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

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

MANAGEMENT'S AND BOARD OF DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these Consolidated Financial Statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit / loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Financial Statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section

INDEPENDENT AUDITORS' REPORT (Contd.)

143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the Consolidated Financial Statements and the operating effectiveness of such controls based on our audit.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the Consolidated Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in sub-paragraph (a) of the section titled 'Other Matters' in this audit report.

We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

(a) We did not audit the financial statements of 10 subsidiaries, whose financial statements reflect total assets (before consolidation adjustments) of ₹ 187,557.70 Lakhs as at 31 March, 2021, total revenue (before consolidation adjustments) of ₹ 336,316.23 Lakhs and net cash inflows of ₹ 13,113.85 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 audit reports of the other auditors.

Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Holding Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and audited by us.

(b) The financial information of 1 subsidiary whose financial information reflect total assets (before consolidation adjustments) of ₹ 3,397.84 Lakhs as at 31 March, 2021, total revenue (before consolidation adjustments) of ₹ 2,113.91 Lakhs and net cash inflows of ₹ 68.19 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 have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, 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

A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the 'Other Matters' paragraph, we report, to the extent applicable, that:

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

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31 March, 2021 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 Holding Company and its subsidiary companies incorporated in India is disqualified as on 31 March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and

INDEPENDENT AUDITORS' REPORT (Contd.)

according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries as noted in the 'Other Matters' paragraph:

i. The Consolidated Financial Statements disclose the impact of pending litigations as at 31 March, 2021 on the consolidated financial position of the Group - Refer Note 43(a) to the Consolidated Financial Statements.

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March, 2021.

iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March, 2021.

iv. The disclosures in the Consolidated Financial Statements regarding holdings as well as dealings in specified bank notes during the period from 8 November, 2016 to 30 December, 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March, 2021.

C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies incorporated in India 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 incorporated in India is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

Rupen Shah
Partner
Membership No: 116240
ICAI UDIN: 21116240AAAABM9941

Mumbai
25 May, 2021

ANNEXURE "A"

TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AIA ENGINEERING LIMITED FOR THE YEAR ENDED 31 MARCH, 2021

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

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

Opinion

In conjunction with our audit of the Consolidated Financial Statements of the Holding Company as of and for the year ended 31 March, 2021, we have audited the internal financial controls with reference to financial statements of AIA Engineering Limited (hereinafter referred to as the "Holding Company") and such companies incorporated in India under the Companies Act, 2013 which are its subsidiary companies, as of that date.

In our opinion, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference financial statements and such internal financial controls were operating effectively as at 31 March, 2021, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies, which are the companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.

Meaning of Internal Financial controls with reference to financial statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements includes those policies and procedures that (1)

ANNEXURE "A"

TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AIA ENGINEERING LIMITED FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

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

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

pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent limitations of Internal Financial controls with reference to financial statements

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

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference financial statements insofar as it relates to two subsidiary companies, which are incorporated in India, is based on the corresponding report of the other auditors of such companies incorporated in India.

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

Rupen Shah
Partner
Membership No: 116240
ICAI UDIN: 21116240AAAABM9941

Mumbai
25 May, 2021

CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH, 2021

(₹ in Lakhs)

Particulars	Note	As at 31 March, 2021	As at 31 March, 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	75,249.24	82,383.85
(b) Right of use assets	5	3,602.90	4,236.89
(c) Capital work-in-progress	6	16,094.87	3,234.93
(d) Goodwill	7	460.69	460.69
(e) Goodwill on consolidation	7	1,528.79	1,535.88
(f) Other intangible assets	7	301.39	348.34
(g) Financial assets			
(i) Investments	8	25,721.25	85.88
(ii) Trade receivables	9	250.30	264.77
(iii) Loans	10	1,010.77	1,018.52
(iv) Other financial assets	11	79.26	-
(h) Deferred tax asset	40 (b)	21.36	68.61
(i) Other tax assets (net)	12	2,821.28	2,849.33
(j) Other non-current assets	13	2,759.71	5,313.81
Total non-current assets		**1,29,901.81**	**1,01,801.50**
Current assets			
(a) Inventories	14	75,477.62	77,812.22
(b) Financial assets			
(i) Investments	15	55,136.36	1,41,763.55
(ii) Trade receivables	16	63,847.10	64,818.58
(iii) Cash and cash equivalents	17	46,217.43	14,849.19
(iv) Bank balances other than (iii) above	17	93,327.43	632.98
(v) Loans	18	315.91	433.43
(vi) Derivatives		313.18	-
(vii) Other financial assets	19	4,420.13	3,889.41
(c) Other current assets	20	6,863.98	10,217.92
Total current assets		**3,45,919.14**	**3,14,417.28**
Total assets		**4,75,820.95**	**4,16,218.78**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	21	1,886.41	1,886.41
(b) Other equity	22	4,22,545.04	3,68,242.23
Equity attributable to owners of the Company		4,24,431.45	3,70,128.64
(c) Non-controlling interest		881.77	925.23
Total equity		**4,25,313.22**	**3,71,053.87**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	23	577.17	1,057.25
(b) Provisions	24	769.51	1,104.12
(c) Deferred tax liabilities (net)	40(b)	4,701.62	6,738.80
Total non-current liabilities		**6,048.30**	**8,900.17**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	25	18,447.30	9,694.66
(ii) Lease Liabilities	26	269.40	419.23
(iii) Trade payables	27		
Total outstanding dues of micro and small enterprises		3,601.33	1,360.72
Total outstanding dues of creditors other than micro and small enterprises		12,979.51	12,281.42
(iv) Other financial liabilities	28	2,273.05	3,939.89
(v) Derivatives		-	873.88
(b) Other current liabilities	29	5,193.67	4,863.86
(c) Provisions	30	1,517.08	2,424.68
(d) Current tax liabilities (net)	31	178.09	406.40
Total current liabilities		**44,459.43**	**36,264.74**
Total equity and liabilities		**4,75,820.95**	**4,16,218.78**

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

As per our report of even date attached

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

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

BHADRESH K. SHAH
Managing Director
(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 : Mumbai
Date : 25 May, 2021

Place : Ahmedabad
Date : 25 May, 2021

Place : Ahmedabad
Date : 25 May, 2021

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH, 2021

(₹ in Lakhs)

Particulars	Note	For the Year ended 31 March, 2021	For the Year ended 31 March, 2020
INCOME			
Revenue from operations	32	2,88,149.24	2,98,087.75
Other income	33	17,219.59	14,191.00
Total income		**3,05,368.83**	**3,12,278.75**
EXPENSES			
Cost of materials consumed	34	1,13,505.12	1,11,589.77
Changes in inventories of finished goods and work-in-progress	35	755.46	5,757.10
Employee benefits expense	36	13,350.47	13,438.76
Finance costs	37	429.31	558.75
Depreciation and amortisation expense	38	9,350.09	9,787.92
Other expenses	39	95,013.59	99,274.02
Total expenses		**2,32,404.04**	**2,40,406.32**
Profit before tax		**72,964.79**	**71,872.43**
Tax expense	40 (a)		
Current tax		18,683.22	14,294.75
Deferred tax		(2,289.07)	(1,454.33)
		16,394.15	12,840.42
Profit for the year		**56,570.64**	**59,032.01**
Other Comprehensive Income			
A (i) Items that will not be reclassified to consolidated statement of profit and loss	42 (iv)	223.38	(306.37)
(ii) Income tax relating to items that will not be reclassified to consolidated statement of profit and loss		(56.22)	4.68
B (i) Items that will be reclassified to consolidated statement of profit and loss	22	(2,607.95)	5.27
(ii) Income tax relating to items that will be reclassified to consolidated statement of profit and loss	22	142.67	(97.28)
Other comprehensive income for the year (net of taxes)		**(2,298.12)**	**(393.70)**
Total comprehensive income for the year (comprising profit and other comprehensive income for the year)		**54,272.52**	**58,638.31**
Profit for the year attributable to :			
- Owners of the Holding Company		56,612.19	59,035.80
- Non-controlling interests		(41.55)	(3.79)
Other comprehensive income for the year attributable to :			
- Owners of the Holding Company		(2,302.17)	(390.20)
- Non-controlling interests		4.05	(3.50)
Total comprehensive income for the year attributable to :			
- Owners of the Holding Company		54,310.02	58,645.60
- Non-controlling interests		(37.50)	(7.29)
Earnings per equity share of par value of ₹ 2 each:			
Basic and diluted	41	60.02	62.59

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

As per our report of even date attached

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

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

BHADRESH K. SHAH
Managing Director
(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 : Mumbai
Date : 25 May, 2021

Place : Ahmedabad
Date : 25 May, 2021

Place : Ahmedabad
Date : 25 May, 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH, 2021

(₹ in Lakhs)

A. EQUITY SHARE CAPITAL

Particulars	As at 31 March, 2021	As at 31 March, 2020
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	Reserves and Surplus					Other Comprehensive Income				Attributable to Non-controlling interests	Total
	Securities premium reserve	Capital redemption reserve	General reserve	Statutory reserve	Retained earnings	Cash flow hedge reserve	Exchange differences on translation of foreign operations	Remeasurement of defined benefit plan	Total attributable to owners of the Company		
Balance as at 1 April, 2019	26,831.75	1,925.74	16,467.61	8.46	3,05,675.71	437.39	(1,862.26)	-	3,49,484.40	929.63	3,50,414.03
Additions during the year:											
Adjustment on account of translating the financial statements of foreign operations	20.89	-	-	0.76	-	-	-	-	21.65	-	21.65
Profit for the year	-	-	-	-	59,035.80	-	-	-	59,035.80	(3.79)	59,032.01
Dividends paid on equity shares	-	-	-	-	(33,971.28)	-	-	-	(33,971.28)	(4.01)	(33,975.29)
Tax on dividends	-	-	-	-	(5,938.14)	-	-	-	(5,938.14)	(0.82)	(5,938.96)
Remeasurement of defined benefit plan	-	-	-	-		-	-	(298.19)	(298.19)	(3.50)	(301.69)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(642.38)	-	(642.38)	7.72	(634.66)
Net movement in cash flow hedge reserve (net of tax)	-	-	-	-	-	550.37	-	-	550.37	-	550.37
OCI balance transferred to retained earnings	-	-	-	-	(298.19)	-	-	298.19	-	-	-
Balance as at 31 March, 2020	**26,852.64**	**1,925.74**	**16,467.61**	**9.22**	**3,24,503.90**	**987.76**	**(2,504.64)**	**-**	**3,68,242.23**	**925.23**	**3,69,167.46**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

B. OTHER EQUITY (CONTD.)

Particulars	Reserves and Surplus					Other Comprehensive Income (OCI)				Attributable to Non-controlling interests	Total
	Securities premium reserve	Capital redemption reserve	General reserve	Statutory reserve	Retained earnings	Cash flow hedge reserve	Exchange differences on translation of foreign operations	Remeasurement of defined benefit plan	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
Additions during the year:											
Adjustment on account of translating the financial statements of foreign operations	(6.93)	-	-	(0.27)	-	-	-	-	(7.20)	-	(7.20)
Profit for the year	-	-	-	-	56,612.18	-	-	-	56,612.18	(41.55)	56,570.63
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-	-	-
Dividends paid on equity shares	-	-	-	-	-	-	-	-	-	-	-
Tax on dividends	-	-	-	-	-	-	-	-	-	-	-
Remeasurement of defined benefit plan	-	-	-	-	-	-	-	163.11	163.11	4.05	167.16
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(2,041.07)	-	(2,041.07)	(5.96)	(2,047.03)
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)	-	-	-
Balance as at 31 March, 2021	**26,845.71**	**1,925.74**	**16,467.61**	**8.95**	**3,81,279.19**	**563.55**	**(4,545.71)**	**-**	**4,22,545.04**	**881.77**	**4,23,426.81**

Nature and purpose of reserves:

(a) Securities premium reserve: 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 2-52

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 : Mumbai
Date : 25 May, 2021

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, 2021

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

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

Place : Ahmedabad
Date : 25 May, 2021

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH, 2021

(₹ in Lakhs)

Particulars	For the Year ended 31 March, 2021	For the Year ended 31 March, 2020
A. Cash flow from operating activities:		
Profit before tax	72,964.79	71,872.43
Add / (less): Adjustments		
Interest income	(5,004.28)	(2,132.32)
Profit on sale of current investments	(3,677.24)	(3,388.23)
Fair value of current investments	(1,291.19)	(3,823.28)
Unrealised gain / (loss) on foreign exchange fluctuation (net)	1,184.23	(1,740.44)
(Profit) / loss on sale of assets (net)	216.37	(57.25)
Sundry balances (written back)	(32.06)	(268.13)
Bad debts	-	11.06
Depreciation and amortisation	9,350.09	9,787.92
Finance costs	429.31	558.75
Provision for product warranties	234.82	242.06
Provision for doubtful trade receivables	3.26	127.09
Foreign currency fluctuation on translation of foreign operations	(2,043.09)	(633.35)
	72,335.01	70,556.31
Changes in working capital:		
Decrease / (Increase) in trade receivables	(2,225.60)	10,451.19
Decrease / (Increase) in loans	125.27	(62.60)
Decrease / (Increase) in other non-current assets	-	883.12
Decrease / (Increase) in inventories	2,334.60	779.72
Decrease / (Increase) in other financial assets	478.46	2,786.02
Decrease / (Increase) in other current assets	3,353.94	2,286.40
(Decrease) / Increase in provisions	(1,313.92)	194.30
(Decrease) / Increase in trade payables	2,953.15	(3,893.09)
(Decrease) / Increase in other financial liabilities	(82.87)	126.21
(Decrease) / Increase in other current liabilities	329.81	(1,265.50)
Cash generated from operations	**78,287.86**	**82,842.08**
Income taxes paid (net of refunds)	(18,441.67)	(14,929.03)
Net cash from operating activities (A)	**59,846.19**	**67,913.05**
B. Cash flow from investing activities:		
Acquisition of property, plant and equipment, capital work-in-progress and other intangibles	(12,417.20)	(13,180.77)
Proceeds from sale of property, plant and equipment	110.15	98.87
(Purchase of) / proceeds from sale of current investments	66,981.34	(20,448.91)
Interest income	2,894.75	2,304.05
(Investment in) / redemption of fixed deposits with bank (net)	(92,696.76)	171.53
Net cash (used in) investing activities (B)	**(35,127.72)**	**(31,055.23)**
C. Cash flow from financing activities:		
(Repayment) of / proceeds from current borrowings (net)	9,050.72	(2,011.51)
(Repayment) of non-current borrowings	(1,500.00)	(21.87)
Dividends paid (including dividend tax)	-	(39,909.42)
Finance costs paid	(306.75)	(424.33)
(Repayment) of Lease Liabilities	(590.15)	(512.28)
Net cash (used in) / generated from financing activities	**6,653.82**	**(42,879.41**
D. Net (decrease) / increase in cash and cash equivalents (A+B+C)	**31,372.29**	**(6,021.59)**
E. Add : Cash and cash equivalents at the beginning of the year	**14,849.19**	**20,830.85**
F. Less: Foreign exchange (loss) / gain on restatement of cash and cash equivalents	**(4.05)**	**39.93**
G. Cash and cash equivalents at the end of the year (refer note 1 below)	**46,217.43**	**14,849.19**

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

Note:

(₹ in Lakhs)

1 Cash and cash equivalents include:

	As at 31 March, 2021	As at 31 March, 2020
Balances with banks	46,208.07	14,735.44
Cash on hand	9.36	13.75
Balances with banks in fixed deposit accounts (with original maturity upto 3 months)	-	100.00
	46,217.43	14,849.19

2. Movement in financial liabilities and financial assets arising from financing activities as at 31 March, 2021: (₹ in Lakhs)

Particulars	Non-current borrowings (including current maturity of long term debt) (Note 22 and 28)	Current borrowings (Note 25)	Lease liabilities (Note 23 and 26)	Dividends paid (including taxes) (Note 21)	Finance costs (Note 37)
Balance as at 1 April, 2019	1,521.87	11,289.32	-	-	35.37
Recognised on adoption of Ind AS 116	-	-	1,441.79	-	-
Proceeds from borrowings	-	24,457.03	-	-	-
Repayment of borrowings	(21.87)	(26,468.54)	-	-	-
Dividends paid (including taxes)	-	-	-	(39,909.42)	-
Interest paid	-	-	-	-	(424.33)
Amount paid during the year (Rent Reversal)	-	-	(512.28)	-	-
Net cash outflows	(21.87)	(2,011.51)	(512.28)	(39,909.42)	(424.33)
Interest accrued during the year	-	-	144.03	-	-
Remeasurement of lease liability (Addition)	-	-	393.34	-	-
Foreign exchange difference	-	-	9.60	-	-
Charge to consolidated statement of profit and loss	-	-	-	-	558.75
Impact of foreign exchange fluctuations	-	416.86	-	-	
Balance as at 31 March, 2020	**1,500.00**	**9,694.67**	**1,476.48**	-	**169.79**
Recognised on adoption of Ind AS 116	-	-	-	-	-
Proceeds from borrowings	-	52,168.04	-	-	-
Repayment of borrowings	(1,500.00)	(43,117.32)	-	-	-
Interest paid	-	-	-	-	(306.75)
Amount paid during the year (Rent Reversal)	-	-	(520.29)	-	-
Net cash outflows during the year	(1,500.00)	9,050.72	(520.29)	-	(306.75)
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
Impact of foreign exchange fluctuations	-	(298.09)	-	-	-
Balance as at 31 March, 2021	-	**18,447.30**	**846.57**	-	**292.35**

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. 2-52

As per our report of even date attached

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

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

BHADRESH K. SHAH
Managing Director
(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 : Mumbai
Date : 25 May, 2021

Place : Ahmedabad
Date : 25 May, 2021

Place : Ahmedabad
Date : 25 May, 2021

NOTES

TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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, 2021. 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, 2021, 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, 2021.

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
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 recognized 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, 2021 is included in the following notes:

- **Note 4, 5 and 7** – estimate of useful life used for the purposes of depreciation and amortization on property plant and equipment and intangible assets, impairment of goodwill;
- **Note 40 (b) and (c)** recognition of deferred tax;
- **Note 42** measurement of defined benefit obligations: key actuarial assumptions;
- **Notes 24, 30, 43** 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.

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

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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 recognizes 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 recognized 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 recognized in assets, such as inventory and fixed assets, are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

(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 Incorpo-ration	Ownership interest held by the Group		Proportion of ownership interests and voting rights held by non-controlling interests	
		31 March, 2021	31 March, 2020	**31 March, 2021**	31 March, 2020
Direct subsidiaries					
Welcast Steels Limited	India	74.85%	74.85%	25.15%	25.15%
AIA CSR Foundation	India	100%	100%	-	-
Vega Industries (Middle East) F.Z.C	U.A.E.	100%	100%	-	-
Indirect subsidiaries					
Vega Industries Limited (1)	U.K.	100%	100%	-	-
Vega Industries Limited (2)	U.S.A.	100%	100%	-	-
Vega Steel Industries (RSA) Proprietary Limited (3)	South Africa	74.63%	74.63%	25.37%	25.37%
Wuxi Vega Trade Co., Limited (1)	China	100%	100%	-	-
PT. Vega Industries Indonesia (4)	Indonesia	100%	100%	-	-
AIA Industries Chile SPA (1)	Chile	100%	-	-	-
AIA Ghana Limited (1)	Ghana	100%	-	-	-
Vega Industries Australia Pty Limited (1)	Australia	100%	-	-	-

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

(2) Wholly owned subsidiary of Vega Industries Limited, U.K.

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

(4) 99% of shares are held by Vega Industries (Middle East) F.Z.C., U.A.E. and balance 1% is held by AIA Engineering Limited.

2.6 Functional and presentation currency

The functional currency and the presentation currency of the Company / Group is Indian rupees.

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 recognized in statement of profit and loss However, foreign currency differences pertaining to qualifying cash flow hedges are recognized in other comprehensive Income to the extent the hedges are effective.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

b) **Financial instruments**

Recognition and initial measurement

Trade receivables are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized 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

- amortized 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 amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

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

All financial assets not classified as measured at amortized 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 amortized cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

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

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

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

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

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

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

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

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

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

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

Derecognition

Financial assets

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

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

Financial liabilities

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

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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 amortized cost.

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

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

Recognition and measurement of cash flow hedge:

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

Subsequent measurement

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

Depreciation

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

Estimated useful life adopted by the Group:

Block of assets	Useful lives (years)
Buildings	30 – 60
Plant and equipments	5 – 15
Furniture and fixtures	4 – 10
Vehicles	4 – 10
Office equipments	4 – 5
Others – laboratory equipments	10
Others – computer hardware	3 – 6

Depreciation method followed by respective companies is as under:

Name of entity	Method of depreciation
AIA Engineering Limited, India	Depreciation on fixed assets is charged on Straight line method over the useful life of assets as prescribed by Schedule II of Companies Act, 2013.
Welcast Steels Limited, India	Depreciation on fixed assets is charged on written down value method over the useful life of assets as prescribed by Schedule II of Companies Act, 2013, except for plant and equipments for which useful life determined as per technical estimate.
Vega Industries (Middle East) F.Z.C, U.A.E.	Straight-line method over estimated useful lives of the assets.
Vega Industries Limited, U.S.A.	Straight-line method over estimated useful lives of the assets.
Vega Industries Limited, U.K.	Written Down Value Method over estimated useful lives of the assets.
Wuxi Vega Trade Co. 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.
AIA Ghana Limited	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 amortized 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 derecognized 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 recognized in the consolidated statement of profit and loss.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

e) Goodwill and Other intangible assets

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortization 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.

Amortization

Goodwill is not amortized and is tested for impairment annually.

Amortization 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 amortization in consolidated statement of profit and loss.

The estimated useful lives of intangibles are as per below:

Software - 6 years   Patents - 20 years

Amortization 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 amortized cost.

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

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

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

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

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. The Group follows 'simplified approach' 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 amortized 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 recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the consolidated statement of profit and loss. Impairment loss recognized 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 recognized 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 amortization, if no impairment loss had been recognized.

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 recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized as finance cost. Expected future operating losses are not provided for.

Warranties

Provision for warranties is recognized 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 recognized at the time the product is sold. The Group does not provide any extended warranties to its customers.

Onerous contracts

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

Contingent liability

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

Contingent assets

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

j) Revenue

Sale of goods

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

l) Leases

The Group has adopted Ind AS 116 - Leases effective 1 April, 2019, using the modified retrospective method. The Group has applied the standard to its leases with the cumulative impact recognized on the date of initial application (1 April, 2019). Accordingly, previous year's information has not been restated.

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

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

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

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

The ROU are initially recognized 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 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 recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognized 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 recognized in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognized 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 – unrecognized or recognized, are reviewed at each reporting date and are recognized/ 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 recognized as an expense in the period in which they are incurred.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021

o) Operating segments

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

p) Cash and cash equivalents

Cash and cash equivalents for the purpose of Consolidated 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-utilizable is charged to the statement of profit and loss for the year.

s) Recent pronouncements

On 24 March, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If Holding Company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held, etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of consolidated financial statements.

The amendments are extensive and the Holding Company will evaluate the same to give effect to them as required by law.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 4 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakhs)

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Others *	Total
Gross block:									
Balance as at 31 March, 2019	3,213.55	2,998.62	35,070.25	67,773.80	1,521.05	339.81	531.94	1,284.58	1,12,733.60
Transfer on adoption of Ind AS 116	-	(2,998.62)	-	-	-	-	-	-	(2,998.62)
Exchange differences on translation of foreign operations	-	-	-	-	3.36	10.26	10.11	6.78	30.51
Additions during the year	525.88	-	1,226.04	10,209.08	61.91	65.41	66.39	150.01	12,304.72
Disposal / adjustments during the year	-	-	(1.13)	(566.25)	-	(31.95)	-	-	(599.33)
Balance as at 31 March, 2020	3,739.43	-	36,295.16	77,416.63	1,586.32	383.53	608.44	1,441.37	1,21,470.88
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**
Accumulated depreciation / amortisation:									
Balance as at 31 March, 2019	-	109.98	4,923.02	23,476.43	760.55	175.61	383.00	668.76	30,497.35
Transfer on adoption of Ind AS 116	-	(109.98)	-	-	-	-	-	-	(109.98)
Exchange differences on translation of foreign operations	-	-	-	-	5.52	9.13	11.62	6.69	32.96
Charge for the year	-	-	1,368.80	7,436.94	141.10	39.88	57.52	180.17	9,224.41
Disposal / Adjustments	-	-	-	(525.52)	(1.44)	(27.42)	(2.26)	(1.07)	(557.71)
Balance as at 31 March, 2020	-	-	6,291.82	30,387.85	905.73	197.20	449.88	854.55	39,087.03
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	8,784.54
Disposal / Adjustments	-	-	(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**	**45,625.24**
Net block:									
As at 31 March, 2020	3,739.43	-	30,003.34	47,028.78	680.59	186.33	158.56	586.82	82,383.85
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**

* Others include laboratory equipments and computer hardware.

Notes:

1. Till 31 March, 2020, Out of total assets, identified assets comprising factory land, buildings and plant and machineries of the Company are mortgaged / hypothecated to State Bank of India for availing various working capital facilities to the tune of ₹ 8,000.00 Lakhs. As on 31 March, 2021, 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 equipment.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 5 RIGHT OF USE ASSETS

(₹ in Lakhs)

Particulars	Leasehold Land	Buildings	Total
Gross block:			
As at 1 April, 2019 (on adoption of Ind AS 116)	2,998.62	1,441.79	4,440.41
Exchange differences on translation of foreign operations	-	5.25	5.25
Additions during the year	-	393.34	393.34
Deductions / adjustments during the year			
As at 31 March, 2020	2,998.62	1,840.38	4,839.00
Exchange differences on translation of foreign operations	-	2.44	2.44
Additions during the year	27.92	139.31	167.23
Deductions / adjustments during the year	-	(604.60)	(604.60)
As at 31 March, 2021	**3,026.54**	**1,377.53**	**4,404.07**
Accumulated depreciation:			
As at 1 April, 2019 (on adoption of Ind AS 116)	109.98	475.27	585.25
Depreciation for the year	16.86	-	16.86
Deductions / adjustments during the year	-	-	-
As at 31 March, 2020	126.84	475.27	602.11
Exchange differences on translation of foreign operations	-	-	-
Depreciation for the year	16.86	461.80	478.66
Deductions / adjustments during the year		(279.60)	(279.60)
As at 31 March, 2021	**143.70**	**657.47**	**801.17**
Net block:			
As at 31 March, 2020	2,871.78	1,365.11	4,236.89
As at 31 March, 2021	**2,882.84**	**720.06**	**3,602.90**

Note

1. Lease contracts entered by the Group majority pertains for land and buildings taken on lease to conduct business activity in ordinary course of business with tenure of leases upto 99 years.
2. Lease rent of ₹ 55.85 Lakhs (PY: ₹ 75.38 Lakhs) is recognised in consolidated statement of profit and loss towards short-term lease and lease of low value assets. (Refer note 39)
3. Extension and termination options are included in some lease contracts. These are used to maximise operational flexibility in terms of managing assets and operations.
4. Lease Obigation, interest expense on lease maturity profile of lease obligation and payment of lease obligation are disclosed respectively in lease liabilities (refer note 23 & 26), Finance Costs (refer note 37), Liquidity risk (refer note 49) 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, 2021 (Contd.)

NOTE - 6 CAPITAL WORK-IN-PROGRESS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Balance at the beginning of the year	3,234.93	5,980.85
Additions during the year	14,027.54	3,134.97
Capitalisation during the year	(1,167.60)	(5,880.89)
Balance at the end of the year	**16,094.87**	3,234.93

Note:

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

NOTE - 7 GOODWILL AND OTHER INTANGIBLE ASSETS

(₹ in Lakhs)

Particulars	Other intangibles			Goodwill (refer note (a)	Goodwill on consolidation
	Software	Patents and Copyrights	Total		
Gross block:					
Balance as at 31 March, 2019	756.47	63.77	820.24	460.69	1,516.03
Exchange differences on translation of foreign operations	-	-	-	-	19.85
Additions during the year	158.55	9.10	167.65	-	-
Disposal / adjustments during the year	-	-	-	-	-
Balance as at 31 March, 2020	915.02	72.87	987.89	460.69	1,535.88
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**
Amortisation:					
Balance as at 31 March, 2019	554.00	14.17	568.17	-	-
Charge for the year	67.77	3.61	71.38	-	-
Disposal / adjustments during the year	-	-	-	-	-
Balance as at 31 March, 2020	621.77	17.78	639.55	-	-
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**	**-**	**-**
Net block:					
As at 31 March, 2020	293.25	55.09	348.34	460.69	1,535.88
As at 31 March, 2021	**244.58**	**56.81**	**301.39**	**460.69**	**1,528.79**

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, 2021	As at 31 March, 2020
Non-current investments (unquoted)			
A.	**Investment in equity instruments**		
	Others companies (measured at FVTPL) #		
(a)	25 (Previous year: 25) equity shares of Koramangala Properties Limited of face value ₹ 100/- each, fully paid up	0.03	0.03
(b)	8,57,919 (Previous year: 8,57,919) equity shares of Arkay Energy (Rameswarm) Limited of face value ₹ 10/- each, fully paid up	85.79	85.79
B.	**Investment in Government Securities (measured at cost)**		
	National Savings Certificate	0.06	0.06
C.	**Investment in Bonds (quoted) (measured at cost)**	25,635.37	-
		25,721.25	85.88
Aggregate amount of quoted investments		25,635.37	-
Aggregate market value of quoted investments		25,969.93	-
Aggregate amount of unquoted investments		85.88	85.88

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

NOTE - 9 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Non-current trade receivables		
Considered good *	250.30	264.77
Significant increase in credit risk	-	-
Credit impaired	-	-
	250.30	264.77

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

NOTE - 10 LOANS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Non-current loans		
Security deposits (unsecured, considered good)	913.59	898.89
Loans to staff		
Secured, considered good	16.50	31.49
Unsecured, considered good	80.68	88.14
	1,010.77	1,018.52

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 11 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Balances with bank in fixed deposit accounts	79.26	-
	79.26	-

NOTE - 12 OTHER TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Advance income tax / tax deducted at source (net of provision for tax)	2,821.28	2,849.33
	2,821.28	2,849.33

NOTE - 13 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Capital advances	2,376.81	4,930.91
Others		
Balance with government authorities	56.41	56.41
Advance paid under protest	326.49	326.49
	2,759.71	5,313.81

NOTE - 14 INVENTORIES *
(valued at lower of cost or net realisable value)

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Raw materials	7,768.84	9,716.90
Raw materials in transit	444.15	2,348.92
Work-in-progress	14,790.86	16,137.35
Finished goods	43,355.14	41,044.34
Stores and spares	9,061.55	8,559.59
Stores and spares in transit	57.08	5.12
	75,477.62	77,812.22

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

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 15 INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Current investments		
Measured at FVTPL		
Investment in mutual funds (quoted)	23,805.82	1,11,172.42
Investments in bonds (quoted)	16,733.02	20,591.13
Measured at amortised cost		
Investments in Treasury Bills (quoted)	984.92	-
Investment in bonds (quoted)	13,612.60	-
Investment in non-convertible debentures (unquoted)		
Nil (previous year: 500) Nil (previous year: 6.60%) Debentures of ₹ 1,000,000 each	-	5,000.00
Nil (previous year: 500) Nil (previous year: 6.20%) Debentures of ₹ 1,000,000 each	-	5,000.00
	55,136.36	1,41,763.55
Aggregate amount of quoted investments	55,136.36	1,31,763.55
Aggregate market value of quoted investments	55,456.91	1,31,763.55
Aggregate amount of unquoted investments	-	10,000.00

NOTE - 16 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Current trade receivables (unsecured)		
Considered good *	63,847.10	64,818.58
Significant increase in credit risk	296.56	273.05
Credit impaired	-	-
	64,143.66	65,091.63
Less: Provision for doubtful receivables	(296.56)	(273.05)
	63,847.10	64,818.58

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

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 17 CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Cash and cash equivalents		
Balances with banks	46,208.07	14,735.44
Cash on hand	9.36	13.75
Balances with banks in fixed deposit accounts (with original maturity up to 3 months)	-	100.00
	46,217.43	14,849.19
Other bank balances		
Balances with banks in fixed deposit accounts (maturiry within 3-12 months from reporting date)	93,313.30	616.54
Earmarked balances with banks (unpaid dividend) *	14.13	16.44
	93,327.43	632.98
	1,39,544.86	15,482.17

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

NOTE - 18 LOANS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Current loans		
Security deposits (unsecured, considered good)	116.45	204.45
Loan to a minority shareholder (unsecured, considered good)	99.21	93.02
Loans to staff		
Secured, considered good	19.24	27.56
Unsecured, considered good	81.01	108.40
	315.91	433.43

NOTE - 19 OTHER FINANCIAL ASSETS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Export incentives receivable	3,082.60	3,640.32
Interest accrued on fixed deposit and debentures	1,337.53	249.09
	4,420.13	3,889.41

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 20 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Advances other than capital advances		
Advance to a related party	3.40	10.75
Other Advances		
Advances to suppliers	2,635.02	3,436.18
Advances to staff	199.73	264.21
Others		
Balance with government authorities	3,683.55	6,232.07
Prepaid expenses	252.41	274.71
Prepaid leave encashment	74.95	-
Prepaid Gratuity	14.92	-
	6,863.98	10,217.92

NOTE - 21 EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Authorised share capital		
2,30,000,000 (previous year: 2,30,000,000) equity shares of face value ₹ 2/- each	4,600.00	4,600.00
	4,600.00	4,600.00
Issued , subscribed & fully paid up share capital		
94,320,370 equity shares (previous year: 94,320,370) of face value ₹ 2/- each, fully paid up	1,886.41	1,886.41
	1,886.41	1,886.41

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

Particulars	31 March, 2021		31 March, 2020	
	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 are set out below :

Name of the shareholders	31 March, 2021		31 March, 2020	
	No. of shares	% holding	No. of shares	% 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, 2021 (Contd.)

NOTE - 22 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Reserves and surplus		
(a) Securities premium reserve		
Balance at the beginning of the year	26,852.64	26,831.75
Additions during the year	-	-
Adjustment on account of translating the financial statements of foreign operations	(6.93)	20.89
Balance at the end of the year	26,845.71	26,852.64
(b) Capital redemption reserve		
Balance at the beginning and at end of the year	1,925.74	1,925.74
(c) Statutory reserve		
Balance at the beginning of the year	9.22	8.46
Adjustment on account of translating the financial statements of foreign operations	(0.27)	0.76
Additions during the year	-	-
Balance at the end of the year	8.95	9.22
(d) General reserve		
Balance at the beginning and at end of the year	16,467.61	16,467.61
(e) Retained earnings		
Balance at the beginning of the year	3,24,503.90	3,05,675.71
Add: Profit for the year	56,612.18	59,035.80
Add / Less: Remeasurement of defined benefit obligations transferred from OCI	163.11	(298.19)
Less: Dividend on equity shares #	-	(33,971.28)
Less: Tax on dividend #	-	(5,938.14)
Balance at the end of the year	**3,81,279.19**	3,24,503.90
Total reserves and surplus (A)	**4,26,527.20**	3,69,759.11
Other comprehensive income ('OCI')		
(a) Cash flow hedge reserve:		
Balance at the beginning of the year	987.76	437.39
Recognised in consolidated statement of profit and loss		
Mark to market of hedging designated instruments and effective as hedges of future cash flow	1,179.63	(1,870.37)
Restatements of trade receivables to the extent of hedging	(1,746.51)	2,518.02
	(566.88)	647.65
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)]	(296.89)	568.18
Tax on Restatements of trade receivables to the extent of hedging	439.56	(665.46)
Net tax in OCI	142.67	(97.28)
Balance at the end of the year	**563.55**	987.76

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 22 OTHER EQUITY (CONTD.)

Particulars	As at 31 March, 2021	As at 31 March, 2020
(b) Gain and losses on account of translating the financial statements of foreign operations		
Balance at the beginning of the year	(2,504.64)	(1,862.26)
Recognised in consolidated statement of profit and loss	(2,041.07)	(642.38)
Balance at the end of the year	(4,545.71)	(2,504.64)
(c) Remeasurement of defined benefit plan		
Balance at the beginning of the year	-	-
Recognised in consolidated statement of profit and loss	223.38	(306.37)
Tax impact on above [refer Note 40 (c)]	(56.22)	4.68
Less: Transferred to minority interest	(4.05)	3.50
Less: Transfer to retained earnings	(163.11)	298.19
Balance at the end of the year	-	-
Total other comprehensive income (B)	**(3,982.16)**	(1,516.88)
Total other equity (A + B)	**4,22,545.04**	3,68,242.23

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

# Dividend on equity shares paid during the year:	31 March, 2021	31 March, 2020
Interim dividend for the financial year 2018-19 [₹ 9 (previous year: nil) per equity share of ₹ 2 each]	-	8,488.83
Dividend distribution tax on interim dividend	-	1,495.26
Interim dividend for the financial year 2019-20 [₹ 27 (previous year: nil) per equity share of ₹ 2 each]	-	25,466.50
Dividend distribution tax on interim dividend	-	4,444.45

Note:

Board of Directors of the Company have proposed final dividend of ₹ 9/- per equity share for the financial year 2020-21. 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, 2021. No interim dividend was declared and paid during the financial year 2020-21.

NOTE - 23 LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Lease liabilities (Non-current)	577.17	1,057.25
Total	**577.17**	1,057.25

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 24 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Non-current provisions		
Provision for warranties	769.51	725.13
Provision for employee benifits (refer note 42)		
Gratuity	-	320.62
Leave Encashment	-	58.37
	769.51	1,104.12
Movement in provision for warranties		
Balance at the beginning of the year	2,509.88	2,138.85
Utilisation during the year	(673.60)	(7.41)
Provision for the year #(net of provision written back)	616.82	657.97
Exchange differences on translation of foreign operations	(51.82)	136.38
Written back during the period	(382.00)	(415.91)
Balance at the end of the year	**2,019.28**	2,509.88
Non-current	769.51	725.13
Current (refer note 30)	1,249.77	1,784.75
	2,019.28	2,509.88

'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 rate ranging from 0.05% to 0.20% of sales and is carried in the books for a period upto 5 years.

NOTE - 25 BORROWINGS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Current borrowings		
Loans repayable on demand		
Secured loans from banks *	7,347.30	9,694.66
Unsecured from banks	11,100.00	-
	18,447.30	9,694.66

Nature of security *

1. Packing Credit in Foreign Currency ('PCFC') facility carrying interest rate ranging from 2.13% - 3.89% during previous year and Export Packing Credit ('EPC') facility carrying interest rate ranging from 1.00% to 3.50% (previous year 3.50%), both facilities from citi bank NA are secured by:

   - Pari passu charge over inventories and book debts of the Group to the extent of ₹ 15,000 Lakhs, and

   - Demand Promissory Note and Letter of Continuity for ₹ 15,000 Lakhs.

2. Unsecured Export Packing Credit ('EPC') facilities are availed from JP Morgan carrying interest rate ranging from 1.00% to 3.50% in current year, no facility availed in last year from JP Morgan.

3. EPC facility from Canara Bank carrying interest rate around from 8.30% (previous year: 9.20%) is secured by hypothecation of identified plant and equipments, accessories, book debts and inventories of subsidiary Holding company and further secured by mortgage of land and buildings acquired out of subsidiary company's own funds.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 26 LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Lease liabilities (Current)	269.40	419.23
	269.40	419.23

NOTE - 27 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Total outstanding dues of micro enterprises and small enterprises #	3,601.33	1,360.72
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Due to related parties [refer note 47 (d)]	284.28	155.05
Due to others	12,695.23	12,126.37
	12,979.51	12,281.42
	16,580.84	13,642.14

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):

Particulars	As at 31 March, 2021	As at 31 March, 2020
Principal amount due to micro and small enterprise	3,589.94	1,348.27
Interest due on above	11.39	12.45
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.	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	12.45
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.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH, 2021 (Contd.)

NOTE - 28 OTHER FINANCIAL LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Current maturities of long term debt	-	1,500.00
Salary, wages and bonus payable	1,317.49	1,378.58
Unpaid dividends *	14.13	16.44
Interest accrued on borrowings	4.84	13.31
Capital creditors	850.80	945.77
Other payables	85.79	85.79
	2,273.05	3,939.89

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

NOTE - 29 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Contract liabilities		
Customer advances	4,154.47	3,710.45
Others		
Fund held in corpus donation	138.38	624.64
Security deposits	5.83	5.50
Statutory dues and other payables	894.99	523.27
	5,193.67	4,863.86

NOTE - 30 PROVISIONS

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Current provisions		
Provision for warranties (refer note 24)	1,249.77	1,784.75
Provision for employee benefits (refer note 42)		
Gratuity	195.99	502.53
Leave encashment	71.32	137.40
	1,517.08	2,424.68

NOTE - 31 CURRENT TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Provision for income tax (net of advance tax and tax deducted at source)	178.09	406.40
	178.09	406.40

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 32 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Sale of products		
Export sales	2,24,676.60	2,28,744.26
Domestic sales	57,201.27	59,682.27
	2,81,877.87	2,88,426.53
Other operating revenue		
Export incentives	5,601.20	8,956.00
Other sales	670.17	705.22
	6,271.37	9,661.22
	2,88,149.24	2,98,087.75

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

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Reconciliation of revenue from operations with the contracted price:		
Contracted price	2,82,458.81	2,88,773.41
Adjustments :		
- Discounts	(283.18)	(268.33)
- Sales return	(297.76)	(78.55)
Sale of products	2,81,877.87	2,88,426.53
Other operating revenue	6,271.37	9,661.22
Revenue from operations	2,88,149.24	2,98,087.75
Revenue disaggregation by geography:		
India	63,472.64	69,343.49
Outside India	2,24,676.60	2,28,744.26
	2,88,149.24	2,98,087.75

Contract balances:

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

Particulars	As at 31 March, 2021	As at 31 March, 2020
Trade receivables	64,097.40	65,083.35
Contract assets	-	-
Contract liabilities	-	**-**
Advance from customers	**4,154.47**	3,710.45

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 33 OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest income from financial assets	5,004.28	2,132.32
Other non-operating income		
Profit on sale of mutual fund units	3,677.24	3,388.23
Gain on foreign exchange fluctuation (net)	7,149.97	3,699.38
Fair value of current investments	1,291.19	3,823.28
Profit on sale of assets (net)	-	57.25
Miscellaneous receipts	96.91	1,090.54
	17,219.59	14,191.00

NOTE - 34 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening stock at the beginning of the year	12,065.82	8,194.68
Add: Purchases during the year	1,09,652.29	1,12,955.72
Less: Closing stock at the end of the year	(8,212.99)	(9,560.63)
	1,13,505.12	1,11,589.77

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

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Opening stock:		
Work-in-progress	16,137.35	19,453.72
Finished goods	41,044.34	40,216.83
	57,181.69	59,670.55
Closing stock:		
Work-in-progress	14,790.86	16,137.35
Finished goods	42,245.00	41,044.34
	57,035.86	57,181.69
Exchange differences on translation of foreign operations	(609.63)	(3,268.24)
	755.46	5,757.10

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 36 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Salaries, wages and bonus	12,099.39	12,247.52
Contribution to provident and other funds	651.51	652.20
Expenses related to post employment defined benefit plans [refer note 42 (iv)]	284.23	252.91
Staff welfare expenses	315.34	286.13
	13,350.47	13,438.76

NOTE - 37 FINANCE COSTS

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest on:		
Bank borrowings	312.21	377.94
Lease liabilities	115.57	144.03
Others	1.53	6.95
Foreign exchange adjustments to borrowing costs	-	29.83
	429.31	558.75

NOTE - 38 DEPRECIATION AND AMORTISATION

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Depreciation of property, plant and equipment (refer note 4)	8,784.54	9,224.41
Depreciation of Right of Use asset (refer note 5)	478.66	492.13
Amortisation of intangible assets (refer note 7)	86.89	71.38
	9,350.09	9,787.92

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 39 OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Consumption of stores	21,682.89	26,824.23
Power and fuel	28,669.96	30,094.86
Contract labour charges	6,994.48	7,654.18
Repairs and maintenance		
- Buildings	219.74	236.67
- Plant and machineries	866.51	845.70
- Others	859.41	656.19
Lease rent	55.85	75.38
Insurance	942.68	747.51
Rates and taxes	184.79	219.31
Excise expense (Refer Note : 43(iii))	-	1,090.38
Security expenses	562.55	488.32
Printing, stationery and communication expenses	289.94	329.41
Travelling and conveyance	937.30	2,150.55
Advertisement and sales promotion	114.05	131.95
Bad debts	-	11.06
Clearing, forwarding and freight outward expenses	22,946.08	18,753.73
Royalty expenses	289.16	291.52
Commission expenses	3,645.05	2,892.88
Warranty expenses	234.82	242.06
Directors' sitting fees	13.15	10.35
Payments to auditors		
- Statutory audit fees	100.92	88.39
- Quarterly Limited reviews	22.50	19.50
- Certification and other services	1.39	1.29
- Reimbursement of expenses	1.08	0.67
Legal and professional consultancy fees	3,178.84	3,299.93
Bank commission charges	389.21	448.08
Donation	1.61	12.36
Corporate social responsibility expenses	1,144.69	977.82
Loss on sale / disposal of Property, plant and equipment and right of use assets (net)	216.37	-
Provision for doubtful trade receivables (net)	3.26	127.09
Other miscellaneous expenses	445.31	552.65
	95,013.59	99,274.02

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 40 TAX EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(a) Tax expense		
Provision for current tax	18,683.22	14,300.02
Excess provision for current tax of earlier years written back	-	(5.27)
	18,683.22	14,294.75
Net deferred tax [refer note 40(c)]	(2,289.07)	(1,454.33)
Tax expense for the year	**16,394.15**	12,840.42
(b) Deferred tax		
Deferred tax liabilities		
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	5,058.55	5,108.20
Fair valuation of current investments	618.81	2,885.84
Hedge reserve balance	76.95	-
	5,754.31	7,994.04
Deferred tax assets		
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	7.16	7.00
Hedge reserve balance	-	219.94
Unrealised profit on intra group stock	1,050.87	1,035.30
Others	16.02	61.61
	1,074.05	1,323.85
Deferred tax liabilities (net) [refer Note 40(c)]	**4,680.26**	6,670.19

(c) Movement in deferred tax

(₹ in Lakhs)

Particulars	Opening balanceas at1 April	Consolidated statement of profit and loss	Other comprehensive income	Closing balance as at 31 March
2020-21				
Deferred tax liabilities				
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	5,108.20	(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
Others	-	-	-	-
	7,994.04	**(2,316.68)**	**76.95**	**5,754.31**
Deferred tax assets				
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	7.00	0.16	-	7.16
Unrealised profit on intra group inventory	1,035.30	15.57	-	1,050.87
Hedge reserve balance	219.94	-	(219.94)	-

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 40 TAX EXPENSES (CONTD.)

(₹ in Lakhs)

Particulars	Opening balanceas at1 April	Consolidated statement of profit and loss	Other comprehensive income	Closing balance as at 31 March
Others	61.61	(43.34)	(2.25)	16.02
	1,323.85	**(27.61)**	**(222.19)**	**1,074.05**
Deferred tax liabilities (net)	**6,670.19**	**(2,289.07)**	**299.14**	**4,680.26**
2019-20				
Deferred tax liabilities				
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	6,684.43	(1,576.23)	-	5,108.20
Fair valuation of current investments	3,074.73	(188.89)	-	2,885.84
Hedge reserve balance	348.24	-	(348.24)	-
Others	0.10	(0.10)	-	-
	10,107.50	**(1,765.22)**	**(348.24)**	**7,994.04**
Deferred tax assets				
Difference between written down value of property, plant and equipments and other intangible assets as per books of account and Income-tax, Act 1961	25.31	(18.31)	-	7.00
Unrealised profit on intra-group inventory	1,317.62	(282.32)	-	1,035.30
Foreign currency translation reserve	-	-	-	-
Hedge reserve balance	-	-	219.94	219.94
Others	65.90	(10.26)	4.68	61.61
	1,408.83	**(310.89)**	**224.62**	**1,323.85**
Deferred tax liabilities (net)	**8,698.67**	**(1,454.33)**	**(572.86)**	**6,670.19**

(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	31 March, 2021	31 March, 2020
Profit before tax for the year	72,964.79	71,872.43
Tax at statutory income tax rate of 25.168% (previous year: 25.168%) in India	18,363.78	18,088.85
Adjustments:		
Income from long term investment taxed at lower rate	(288.04)	(1,140.02)
Non-deductible expenses for tax purposes	331.77	197.85
Benefit from change in tax rate	-	(2,057.55)
Difference in tax rate of subsidiary companies	(2,033.10)	(2,494.89)
Tax impact on intra-group stock reserve	(15.57)	282.32
Tax of earlier years written back	-	(5.27)
Others	35.31	(30.87)
Tax expense reported in the consolidated statement of profit and loss	**16,394.15**	12,840.42

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 43).

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 41 EARNINGS PER SHARE

(₹ in Lakhs)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Net profit attributable to the equity shareholders (₹ in Lakhs)	56,612.19	59,035.80
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 (₹)	60.02	62.59

NOTE - 42 EMPLOYEE BENEFITS

The group has the following post-employment benefit plans:

A. Defined contribution plan

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

(₹ in Lakhs)

Particulars	31 March, 2021	31 March, 2020
Employer's contribution to provident and other funds	591.50	594.67

B. Defined benefit plan

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:

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

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

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

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

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

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 42 EMPLOYEE BENEFITS (CONTD.)

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

(₹ in Lakhs)

Particulars	Gratuity (funded)		Gratuity (unfunded) #	
	2020-21	2019-20	2020-21	2019-20
Defined benefit obligation at the beginning of the year	3,412.19	2,854.99	185.06	154.37
Recognised in consolidated statement of profit and loss:				
Current service cost	250.89	205.61	-	30.69
Past service cost	-	-	-	-
Interest cost	206.51	198.62	-	-
Actuarial (gain) / loss recognised in other comprehensive income:				
Due to change in financial assumptions	56.31	291.07	-	-
Due to change in demographic assumptions	-	0.09		
Due to experience adjustments	(253.77)	8.79	-	-
Benefits paid	(262.65)	(146.98)	(41.06)	-
Defined benefit obligation at the end of the year	3,409.48	3,412.19	144.00	185.06

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

(₹ in Lakhs)

Particulars	Gratuity (funded)		Gratuity (unfunded) #	
	2020-21	2019-20	2020-21	2019-20
Fair value of plan assets at the beginning of the year	2,774.09	2,525.56	-	-
Transfer in\(out) plan assets	(123.35)	-	-	-
Interest income	173.17	182.01	-	-
Return on plan assets excluding amounts included in interest income	25.92	(6.42)	-	-
Contributions by the employer	785.23	198.11	-	-
Benefits paid	(262.65)	(125.17)	-	-
Fair value of plan assets at the end of the year	3,372.41	2,774.09	-	-
Actual return on plan assets	199.09	175.59	-	-

(iv) Expense recognised during the year:

(₹ in Lakhs)

Particulars	Gratuity (funded)		Gratuity (unfunded) #	
	2020-21	2019-20	2020-21	2019-20
Current service cost	250.89	205.61	-	30.69
Net interest cost	33.34	16.61	-	-
Net value of remeasurements on the obligation and plan assets	-	-	-	-
Net cost recognised in consolidated statement of profit and loss	284.23	222.22	-	30.69
Components of actuarial gains / (losses):				
Due to change in financial assumptions	56.31	291.07	-	-
Due to change in demographic assumptions	-	0.09	-	-
Due to experience adjustments	(253.77)	8.79	-	-
Return on plan assets excluding amounts included in interest income	(25.92)	6.42	-	-
Net (gain) / cost recognised in other comprehensive income	**(223.38)**	306.37	-	-

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 42 EMPLOYEE BENEFITS (CONTD.)

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

(₹ in Lakhs)

Particulars	Gratuity (funded)		Gratuity (unfunded) #	
	2020-21	2019-20	2020-21	2019-20
Present value of obligation	3,409.48	3,412.19	144.00	185.06
Fair value of plan assets	3,372.41	2,774.09	-	-
Net defined benefit liability at end of the year	**37.07**	638.10	**144.00**	185.06

(vi) Composition of plan assets:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2020-21	2019-20
Debt instruments		
Government of India securities	-	-
High quality corporate bonds	0%	0%
State Government securities	-	0%
Cash and cash equivalents		
Bank balances	0%	0% - 2%
Special deposit scheme	0%	0%
Investment funds		
Insurance policies	**100%**	98% - 100%
Others	0%	0%

(vii) Key actuarial assumptions:

(₹ in Lakhs)

Particulars	Gratuity (funded)	
	2020-21	2019-20
Financial assumptions		
Discount rate	6.35% - 6.50%	6.45% - 6.55%
Expected rate of return on plan assets	6.35% - 6.50%	6.45% - 6.55%
Salary growth rate	7.00% - 8.50%	7.00% - 8.50%
Demographic assumptions		
Withdrawal rate	5% - 10% at younger ages reducing to 1% at older ages	
Mortality table	Indian assured lives mortality (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, 2021 (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 period, while holding all other assumptions constant.

Impact on defined benefit obligations - Gratuity:

(₹ in Lakhs)

Particulars	Increase in assumption		Decrease in assumption	
	2020-21	2019-20	2020-21	2019-20
Discount rate				
Change in assumption by 0.50%	-4.41%	-4.34%	4.79%	4.72%
Salary growth rate				
Change in assumption by 0.50%	4.64%	4.58%	-4.33%	-4.27%
Withdrawal rate				
Change in assumption by 0.10%	-0.31%	-0.28%	0.31%	0.29%

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)	
	2020-21	2019-20
Age wise distribution of defined benefit obligation		
Age in years		
Less than 25	4.21	6.81
25 to 35	330.73	352.45
35 to 45	930.90	871.18
45 to 55	1,214.99	1,223.80
above 55	918.73	943.48
Accrued gratuity for left employees	9.92	14.47
	3,409.48	3,412.19
Past service wise distribution of defined benefit obligation		
Service period in years		
0 to 4	62.71	53.98
4 to 10	302.24	415.15
10 to 15	1,047.40	934.80
15 and above	1,987.21	1,993.79
Accrued gratuity for left employees	9.92	14.47
	3,409.48	3,412.19

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 42 EMPLOYEE BENEFITS (CONTD.)

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)**	
	2020-21	**2019-20**
Financial assumptions		
Discount rate	6.35% - 6.50%	6.45% - 6.55%
Expected rate of return on plan assets	6.35% - 6.50%	6.45% - 6.55%
Salary growth rate	7.00% - 8.50%	7.00% - 8.50%
Demographic assumptions		
Withdrawal rate	5% - 10% at younger ages reducing to 1% at older ages	
Mortality table	Indian assured lives mortality (2012-14)	Indian assured lives mortality (2012-14)

Leave encashment recognised during the year in the consolidated statement of profit and loss amounts to ₹ 90.63 Lakhs (previous year ₹ 244.15 Lakhs)

D. Estimate of contributions expected to be paid during financial year 2021-22 is as under:

(i) Defined contribution plan:	
(a) Employer's contribution to provident fund	12% of salary
(ii) Defined benefit plan:	
(a) Gratuity (funded)	195.99
(iii) Other long-term employee benefits	
(a) Leave encashment	71.32

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 43 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(₹ in Lakhs)

Particulars	31 March, 2021	31 March, 2020
(a) Contingent liabilities		
Claims against the group not acknowledged as debts:		
Central excise and Service tax	275.96	309.60
Income tax	6,784.68	16,754.71
Sales tax / VAT	89.62	85.77
Guarantees:		
Outstanding bank guarantees	16,848.94	15,670.19
Outstanding corporate guarantees given to customers	223.62	246.63
Letter of Credit	3,369.72	2,788.61
Others matters including claims related to ESIC, Electricity and Ex-employees	795.86	774.42
	28,388.40	36,629.93
(b) Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	8,703.94	6,897.55
	8,703.94	6,897.55

Notes:

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

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

(iii) As on 31 March 2019, the Group carried an amount of INR 2,830.10 Lakhs in its books as contingent liability that may occur in the future as a result of pending indirect tax litigations between the tax authorities and respective Group companies. During the previous year, the Holding company has applied in Sabka Vishwas (Legacy Dispute Resolution) Scheme (SVLDRS) for full and final settlement of identified matters involving INR 2,523.04 Lakhs despite management's contention that those cases had strong merit in favour of the respective companies. Accordingly, the Holding company has paid INR 1,090.38 Lakhs (including earlier payments of INR 887 Lakhs) towards various tax demands and has received discharge certificates amounting to INR 1,090.38 Lakhs. The said amount is shown as Excise expense in Note 39.

(iv) The 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.

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.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

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

The Canada Border Service Agency (CBSA) had initiated investigations with respect to alleged dumping and subsidizing of certain grinding media from India based on complaint filed by Magotteaux Limitee, located in Magog Quebec. CBSA is carrying out its review of submissions made by the Holding Company and the final determination on the matter is expected by July 2021. The applicable rules and regulations enable CBSA to levy an interim duty while the matter continues to be under investigation. Accordingly, CBSA has imposed interim duty of 32.2% duty on certain grades of grinding media exported from India into Canada with effect from 1 May 2021. This duty will be applicable till the final determination is done which as explained above is expected to be concluded by July 2021.

NOTE - 46 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 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) Key managerial personnel ('KMP'):

KMP of Holding company:

Sr. no.	Name	Designation
1	Mr. Rajendra S. Shah	Chairman
2	Mr. Bhadresh K. Shah *	Managing Director
3	Mr. Yashwant M. Patel	Whole-Time Director
4	Mr. S. N. Jetheliya *	Company Secretary
5	Mr. Bhupesh P. Porwal	Chief Financial Officer (up to 31 July 2019)
6	Mr. Viren K.Thakkar	Chief Financial Officer (w.e.f. 12 August 2019)

KMP of subsidiary companies:

Sr. no.	Name	Designation
1	Mr. Vinod Narain	Chairman, Welcast Steels Limited
2	Mr. Mohona Rao VVR	Chief Executive Officer, Welcast Steels Limited
3	Mr. Yashraj	Chief Financial Officer, Welcast Steels Limited
4	Mr. Paryank R. Shah	Director, Vega Industries (Middle East) F.Z.C.
5	Mr. R. A. Gilani	
6	Mr. Himanshu K. Patel	
7	Mr. Vivek S. Rathaur (w.e.f. 4 November 2019)	

* Also a key managerial personnel in Welcast Steels Limited

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 47 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	
7	Pradip Shah & Co	Entity controlled by key managerial personnel
8	AB Tradelink Private Limited	Enterprise over which key managerial personnel or close member of their family exercise control
9	Vee Connect Travels Private Limited	
10	Discus IT Private Limited	
11	Harsha Engineers Limited	
12	RNCA & Associates	

* Non-Executive Director of the Company.

NOTE - 47 RELATED PARTY DISCLOSURES (CONTD.)

B Details of related party transactions during the year.

(₹ in Lakhs)

Sr. no.	Nature of transaction	Key Managerial Personnel		Independent Directors		Enterprise over which key managerial personnel have significant influence / entity controlled by key managerial personnel		Relatives of key managerial personnel		Post employment benefit plan of the Company	
		31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020
1	Purchase of goods (inclusive of taxes)	-	-	-	-	2,925.96	2,603.09	-	-	-	-
2	Commission expense on purchases	-	-	-	-	121.53	77.34	-	-	-	-
3	Legal and professional consultancy fees	1.20	1.20	-	-	14.99	12.52	-	-	-	-
4	SAP ERP functional and technical support	-	-	-	-	90.99	88.94	-	-	-	-
5	Salary, bonus and perquisites	200.63	201.86	-	-	-	-	1.54	1.54	-	-
6	Contribution to gratuity fund	-	-	-	-	-	-	-	-	478.92	181.44
7	Rent, rates and taxes	-	-	-	-	-	-	5.39	5.26	-	-
8	Commission to Director	-	-	22.50	22.50			-	-	-	-
9	Travelling expenses	-	-	-	0.75	54.63	176.06	-	-	-	-
10	Directors' remuneration and perquisites	401.27	416.26	-	-	-	-	-	-	-	-
11	Sitting fees paid	1.90	1.20	9.30	7.65	-	-	1.95	1.50	-	-
	Total	**605.00**	620.52	**31.80**	30.90	**3,208.10**	2,957.95	**8.88**	8.30	**478.92**	181.44
Outstanding balance receivable at year end		-	-	-	-	3.40	10.75	-	-	-	-
Outstanding balance payable at year end		13.20	20.90	20.81	20.25	262.95	134.39	0.52	0.41	51.99	478.92

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 47 RELATED PARTY DISCLOSURES (CONTD.)

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

(₹ in Lakhs)

Sr. no.	Nature of transaction	Name of related party	31 March, 2021	31 March, 2020
1	Purchase of goods (inclusive of taxes)	Harsha Engineers Limited	2,925.96	2,603.09
2	Commission expense on purchases	AB Tradelink Private Limited	121.53	77.34
3	Legal and professional consultancy fees	RNCA & Associates	12.87	10.48
		Pradip Shah & Co.	2.12	2.04
		Mr. Vinod Narain	1.20	1.20
4	SAP ERP functional and technical support	Discus IT Private Limited	90.99	88.94
5	Salary, bonus and perquisites	Mrs. Gitaben B. Shah	1.54	1.54
		Mr. S. N. Jetheliya	65.26	63.55
		Mr. Bhupesh Porwal (Up to 31 July, 2019)	-	30.57
		Mr. Viren K.Thakkar (w.e.f. 12 August, 2019)	78.81	51.18
		Mr. Mohona Rao VVRM	29.36	29.36
		Mr. Yashraj	27.20	27.20
6	Contribution to gratuity fund	AIA Employee's Gratuity Trust Fund	478.92	181.44
7	Rent, rates and taxes	Mrs. Giraben K. Shah	3.84	3.84
		Mrs. Tayaramma	1.55	1.42
8	Travelling expenses	Vee Connect Travel Private Limited	53.02	176.06
		AB Tradelink Private Limited	1.61	-
		Mr. Pradip R.Shah	-	0.75
9	Directors' remuneration and perquisites	Mr. Bhadresh K. Shah	81.44	111.13
		Mr. Yashwant M. Patel	14.72	14.72
		Mr. Paryank R. Shah	77.72	72.38
		Mr. R. A. Gilani	100.76	96.46
		Mr. Himanshu K. Patel	92.82	87.33
		Mr. Vivek S. Rathore	33.81	34.24
10	Sitting fees paid	Mr. Rajendra S. Shah	1.75	1.40
		Mr. Bhadresh K. Shah	1.15	0.75
		Mr. Sanjay S. Majmudar	1.90	1.40
		Mr. Dileep C. Choksi	0.60	0.60
		Mr. Rajan Harivallabhdas	1.00	0.90
		Mrs. Janaki Udayanbhai Shah	0.60	0.60
		Mrs. Khushali Samip Solanki	1.35	0.75
		Mrs. Bhumika Shyamal Shodhan	0.60	0.75
		Mr. D.P Dhanuka	1.15	1.00
		Mr. Pradip R.Shah	1.15	1.00
		Mr. Vinod Narain	0.75	0.45
		Mr. Ashok Nichani	1.15	0.75
11	Commission to Director	Mr.Sanjay S.Majmudar	22.50	22.50

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 47 RELATED PARTY DISCLOSURES (CONTD.)

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

(₹ in Lakhs)

Sr. no.	Particulars	Name of related party	31 March, 2021	31 March, 2020
1	**Other current liabilities**			
	Key managerial personnel	Mr. Bhadresh K. Shah	4.00	6.00
		Mr. Yashwant M. Patel	1.16	1.20
		Mr. S. N. Jetheliya	3.01	4.93
		Mr. Viren K.Thakkar	2.55	6.21
		Mr. Vinod Narain	0.28	0.27
		Mr. Mohona Rao VVRM	1.44	1.42
		Mr. Yashraj	0.76	0.87
			13.20	20.90
2	**Trade payables**			
	Enterprise over which key managerial personnel or close member of their family exercise control	AB Tradelink Private Limited	10.71	11.17
		Pradip Shah & Co.	0.49	0.41
		RNCA & Associates	0.63	3.08
		Harsha Engineers Limited	251.12	119.73
	Relative of Key managerial personnel	Mrs. Tayaramma	0.13	0.12
		Mrs. Giraben K. Shah	0.30	0.29
		Mrs. Gitaben B. Shah	0.09	-
	Independent director	Mr. Sanjay S. Majmudar	20.81	20.25
			284.28	155.05
3	**Provision for employee benefits (Current)**			
	Post employment benefit plan of the Company	AIA Employee's Gratuity Trust Fund, India	51.99	478.92
			51.99	478.92
4	**Advances**			
	Enterprise over which key managerial personnel or close member of their family exercise control	Discus IT Private Limited	0.74	0.74
		Vee Connect Travels Private Limited	2.66	10.01
			3.40	10.75

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 47 RELATED PARTY DISCLOSURES (CONTD.)

E. Breakup of compensation paid to key managerial personnel:

(₹ in Lakhs)

Sr. no.	Particulars	Name of key managerial personnel	31 March, 2021	31 March, 2020
1	Short-term employee benefits	Mr. Bhadresh K. Shah	81.44	111.13
		Mr. Yashwant M. Patel	14.72	14.72
		Mr. Bhupesh Porwal (Up to 31 July 2019)	-	30.57
		Mr. Viren K.Thakkar (w.e.f. 12 August 2019)	78.81	51.18
		Mr. S. N. Jetheliya	65.26	63.55
		Mr. Mohona Rao VVRM	29.36	29.36
		Mr. Yashraj	27.20	27.20
		Mr. Paryank R. Shah	77.72	72.38
		Mr. R. A .Gilani	100.76	96.46
		Mr. Himanshu K. Patel	92.82	87.33
		Mr. Vivek S. Rathaur	33.81	34.24
			601.90	618.12
2	Post-employment benefits	Mr. Bhupesh P. Porwal	-	0.51
		Mr. Viren K.Thakkar (w.e.f. 12 August 2019)	1.58	1.06
		Mr. S. N. Jetheliya	1.66	1.66
			3.24	3.23
			605.14	621.35

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

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

NOTE - 48 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	31 March, 2021	31 March, 2020
(1). Revenues from external customers including operating revenue		
India	63,472.64	69,343.49
Outside India	2,24,676.60	2,28,744.26
(2). Non-current assets		
India	99,653.53	97,131.01
Outside India	344.06	383.38

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 48 OPERATING SEGMENTS (CONTD.)

(₹ in Lakhs)

Particulars	31 March, 2021	31 March, 2020
(a) Breakup of revenues :		
Revenue from operations	2,81,877.87	2,88,426.53
Other operating revenue	6,271.37	9,661.22
(b). Non-current assets		
Non-current assets (excluding financial instruments and tax assets)	99,997.59	97,514.39

There are no transactions with a single external customer or in any single country outside India which amounts to 10% or more of the group's total revenue.

NOTE - 49 FINANCIAL RISK MANAGEMENT

The group's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk, market risk and commodity risk. The group's senior management has overall responsibility for the establishment and oversight of the group's risk management framework. The Company has constituted a Risk Management Committee which is responsible for developing and monitoring the group's risk management policies. The key risks and mitigating actions are also placed before the Audit Committee of the Company. The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The Risk Management Committee of the Company is supported by the Finance team and experts who provide assurance that the group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the group's policies and risk objectives. The activities are designed to protect the group's financial results and position from financial risks, maintain market risks within the acceptable parameters while optimising returns and protect the group's financial investments while maximising returns.

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

Nature of risk	Exposure arising from	Measurement	Management
Credit risk	Cash and Cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis, Credit rating	Credit limit set and aging analysis protect group from potential losses due to excess credit to the customers. Further the group has also obtained ECGC insurance cover for export sales.
Liquidity risk	Borrowing and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk - foreign exchange	Future commercial transactions recognised financial assets and liabilities not denominated in INR	Cash flow forecasting, Sensitivity analysis	Forward foreign exchange contracts.
Commodity risk	Purchase of raw material	Fluctuation in imported metal scrap and ferro chrome prices and currency rates	Procurement and inventory strategy

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 49 FINANCIAL RISK MANAGEMENT (CONTD.)

Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle the obligation as agreed. To manage this, the group periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable. Customer wise limits are set accordingly.

The group considers the probability of default of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the group compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

(i) Actual or expected significant adverse changes in business;

(ii) Actual or expected significant changes in the operating results of the counterparty;

(iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;

(iv) Significant increase in credit risk on other financial instruments of the same counterparty.

The group categorises financial assets based on the assumptions, inputs and factors specific to the class of financial asset into High-quality assets, negligible credit risk; Quality assets, low credit risk; Standard assets, moderate credit risk; Substandard assets, relatively high credit risk; Low quality assets, very high credit risk; Doubtful assets, credit impaired.

Financial assets are written off when there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the group. The group consideres a loan or receivable for write off review when contratual payments pasts greater than one year from due date. Where loans or receivables have been written off, the group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the consolidated statement of profit and loss.

Provision for expected credit losses:

<table>
<tr><th rowspan="2">Description of category</th><th rowspan="2">Category</th><th colspan="3">Basis for recognition of expected credit loss provision</th></tr>
<tr><th>Investments</th><th>Loans and deposits</th><th>Trade receivables</th></tr>
<tr><td>Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.</td><td>High-quality assets, negligible credit risk</td><td>12 month expected credit losses</td><td>12 month expected credit losses</td><td rowspan="5">Life time expected credit losses (simplified approach)</td></tr>
<tr><td>Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.</td><td>Quality assets, low credit risk</td><td>12 month expected credit losses</td><td>12 month expected credit losses</td></tr>
<tr><td>Assets where the probability of default is moderate, counter-party where the capacity to meet the obligations is not strong.</td><td>Standard assets, moderate credit risk</td><td>12 month expected credit losses</td><td>12 month expected credit losses</td></tr>
<tr><td>Assets where there has been a significant increase in credit risk since initial recognition where payments are more than 360 days past due</td><td>Substandard assets, relatively high credit risk</td><td>Life time expected credit losses</td><td>Life time expected credit losses</td></tr>
<tr><td>Assets where there is a high probability of default. It includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 360 days past due.</td><td>Low quality assets, very high credit risk</td><td>Life time expected credit losses</td><td>Life time expected credit losses</td></tr>
<tr><td>Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the group.</td><td>Doubtful assets, credit impaired</td><td colspan="3">Asset is written off</td></tr>
</table>

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 49 FINANCIAL RISK MANAGEMENT (CONTD.)

Expected credit loss for loans and deposits:

(₹ in Lakhs)

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
As at 31 March, 2021					
Loss allowance measured at 12 month expected credit losses:					
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
Loss allowance measured at life time expected credit losses:					
Financial assets for which credit risk has increased significantly and not credit impaired or credit impaired	N.A.	-	-	-	-
As at 31 March, 2020					
Loss allowance measured at 12 month expected credit losses:					
Financial assets for which credit risk has not increased significantly since initial recognition	Loans	348.61	-	-	348.61
	Deposits	1,103.34	-	-	1,103.34
Loss allowance measured at life time expected credit losses:					
Financial assets for which credit risk has increased significantly and not credit impaired or credit impaired	N.A.	-	-	-	-

Expected credit loss for trade receivables under simplified approach:

Ageing of trade receivables as at year end:

(₹ in Lakhs)

Due from date of invoice	31 March, 2021	31 March, 2020
Not due	44,622.77	39,704.77
0 - 3 months	17,865.35	22,704.51
3 - 6 months	627.71	1,265.74
6 - 12 months	162.39	901.69
Beyond 12 months	765.98	779.69
Gross carrying amount	**64,044.20**	65,356.40
Expected credit loss	(296.56)	(273.05)
Net carrying amount	**63,747.64**	65,083.35

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related such risks are overseen by senior management. Management monitors the group's net liquidity position through rolling forecasts on the basis of expected cash flows. Maturity for Liquidity risk relating to lease liabilities as under:

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 49 FINANCIAL RISK MANAGEMENT (CONTD.)

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
0-1 Year	269.40	419.25
2-5 Years	577.17	937.21
Above 5 Years	-	120.02
Total	**846.57**	**1,476.48**

Financing arrangements

The group had access to following undrawn borrowing facilities as at year end:

(₹ in Lakhs)

Particulars	31 March, 2021	31 March, 2020
Fund and non-fund based facilities	**48,767.93**	64,226.56

The table below analyses derivative and non-derivative financial liabilities of the group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Lakhs)

Particulars	0-1 years	1-5 years	Total
As at 31 March, 2021			
Non-derivative financial liabilities			
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
Total	**37,301.19**	**-**	**37,301.19**
Derivative financial liabilities			
Forward exchange contracts used for hedging inflows	**-**	**-**	**-**
As at 31 March, 2020			
Non-derivative financial liabilities			
Long term borrowings (including current maturity of long term debt)	1,500.00	-	1,500.00
Short term borrowings	9,694.66	-	9,694.66
Trade payables	13,215.42	-	13,215.42
Other financial liabilities	1,061.31		1,061.31
Total	**25,471.39**	**-**	**25,471.39**
Derivative financial liabilities			
Forward exchange contracts used for hedging inflows	873.88	-	873.88

Note: Guarantees issued by the Company aggregating to ₹ 2,414.48 Lakhs (previous year: ₹ 2,487.13 Lakhs) on behalf of subsidiaries are with respect to borrowing limits obtained by the respective entity. These amounts will be payable on default by the concerned entity. As of the reporting date, none of the subsidiaries have any outstanding borrowing and hence the Company does not have any present obligation to third parties in relation to such guarantees.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 49 FINANCIAL RISK MANAGEMENT (CONTD.)

Market risk - interest rate

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimise the group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Interest rate sensitivity

(₹ in Lakhs)

Particulars	31 March, 2021	31 March, 2020
Borrowings bearing fixed rate of interest	18,447.30	11,194.66
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	2020-21	2019-20
50 bp increase-decrease in profits	-	-
50 bp decrease-increase in profits	-	-

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
As at 31 March, 2021:							
USD	4,96,01,618	5,22,46,355	42,50,988	10,60,98,961	-	-	-
EURO	45,94,512	19,91,388		65,85,899	5,47,621	-	5,47,621
ZAR	3,94,87,901	1,77,88,557		5,72,76,458	-	-	-
GBP	-	34,398		34,398	5,068	-	5,068
CAD	2,94,885	6,43,795		9,38,680	-	-	-
AUD	86,46,623	22,36,737		1,08,83,359	-	-	-
AED	-	1,87,320		1,87,320	1,26,624	-	1,26,624
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	-	-	-
IDR	12,61,41,40,000	1,75,04,04,071		14,36,45,44,071	-	-	-
GHC	-	43,90,775		43,90,775	-	-	-

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 49 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
As at 31 March, 2020:							
USD	4,91,38,703	80,89,561		5,72,28,264	2,893	87,50,000	87,52,893
EURO	58,57,165	26,28,366		84,85,531	1,08,011	-	1,08,011
ZAR	4,55,88,427	3,13,79,830		7,69,68,257	-	-	-
GBP	-	2,26,394		2,26,394	39,964	-	39,964
CAD	1,66,449	1,48,338		3,14,787	-	-	-
AUD	1,22,59,590	27,45,692		1,50,05,282	-	-	-
AED	-	90,293		90,293	600	-	600
CNY	-	39,93,745		39,93,745	1,35,485	-	1,35,485
RUB	25,69,560	12,762		25,82,322	-	-	-
CLP	61,63,40,755	22,44,14,298		84,07,55,053	-	-	-
IDR	4,11,40,000	55,67,40,590		59,78,80,590	-	-	-
GHC	-	61,57,832		61,57,832	-	-	-

Foreign currency risk sensitivity

(₹ in Lakhs)

Particulars	Movement (%)		Effect on profit before tax	
	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020
USD sensitivity				
INR / USD- increase by	1.00	1.00	776.28	365.35
INR / USD- decrease by	1.00	1.00	(776.28)	(365.35)
Euro sensitivity				
INR / Euro- increase by	1.00	1.00	51.88	69.60
INR / Euro- decrease by	1.00	1.00	(51.88)	(69.60)
ZAR sensitivity				
INR / ZAR- increase by	1.00	1.00	28.40	32.62
INR / ZAR- decrease by	1.00	1.00	(28.40)	(32.62)
GBP sensitivity				
INR / GBP- increase by	1.00	1.00	0.30	1.75
INR / GBP- decrease by	1.00	1.00	(0.30)	(1.75)
CAD sensitivity				
INR / CAD- increase by	1.00	1.00	5.46	1.68
INR / CAD- decrease by	1.00	1.00	(5.46)	(1.68)
AUD sensitivity				
INR / AUD- increase by	1.00	1.00	60.62	69.44
INR / AUD- decrease by	1.00	1.00	(60.62)	(69.44)

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 49 FINANCIAL RISK MANAGEMENT (CONTD.)

Particulars	Movement (%)		Effect on profit before tax	
	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020
AED sensitivity				
INR / AED- increase by	1.00	1.00	0.12	0.18
INR / AED- decrease by	1.00	1.00	(0.12)	(0.18)
CNY sensitivity				
INR / CNY- increase by	1.00	1.00	5.38	4.11
INR / CNY- decrease by	1.00	1.00	(5.38)	(4.11)
RUB sensitivity				
INR / RUB- increase by	1.00	1.00	0.02	0.25
INR / RUB- decrease by	1.00	1.00	(0.02)	(0.25)
CLP sensitivity				
INR / CLP- increase by	1.00	1.00	5.88	7.42
INR / CLP- decrease by	1.00	1.00	(5.88)	(7.42)
IDR sensitivity				
INR / IDR- increase by	1.00	1.00	7.18	0.28
INR / IDR- decrease by	1.00	1.00	(7.18)	(0.28)
GHS sensitivity				
INR / GHC- increase by	1.00	1.00	5.56	8.04
INR / GHC- decrease by	1.00	1.00	(5.56)	(8.04)

The following significant exchange rates have been applied during the year:

Rupees	Average rate		Year-end spot rate	
	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020
USD	74.32	70.54	73.17	75.37
EUR	86.60	78.46	85.92	83.08
ZAR	4.52	4.80	4.96	4.24
CAD	55.86	53.20	58.20	53.39
GBP	96.13	90.06	100.96	93.87
AUD	52.65	48.39	55.70	46.28
AED	20.24	19.21	19.92	20.52
CNY	10.93	10.16	11.17	10.65
RUB	0.99	1.10	0.97	0.97
CLP	0.10	0.10	0.10	0.09
IDR	0.01	0.00	0.01	0.00
GHC	12.83	12.99	12.65	13.06

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 49 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
31 March, 2021					
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)
					305.76
		Less : Deferred tax			76.95
		Balance in cash flow hedge reserve			**228.81**
31 March, 2020					
USD / INR	Sell	171	5,01,75,000	37,815.64	(1,168.67)
ZAR / INR		24	3,90,00,000	1,652.86	294.79
AUD/INR		-	-	-	-
					(873.88)
		Less : Deferred tax			(219.94)
		Balance in cash flow hedge reserve			**(653.94)**

The movement of cash flow hedges in other comprehensive income is as follows:

(₹ in Lakhs)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Balance at the beginning of the year (net of tax)	(653.94)	648.28
Change in the fair value of effective portion of cash flow hedges in Other comprehensive income (net of tax)	882.75	(1,302.22)
Balance at the end of the year (net of tax)	**228.81**	(653.94)

Commodity Risk

Principal raw materials for Group's products are metal scrap and ferro chrome. Group sources its raw material requirement from domestic and international markets. Domestic market price generally remains in line with international market prices. Volatility in metal prices, currency fluctuation of rupee viz a viz other prominent currencies coupled with demand-supply scenario in the world market affect the effective price of metal scrap and ferrous metal. The group effectively manages availability of material as well as price volatility through:

(i) widening its sourcing base;

(ii) appropriate contracts with vendors and customers and commitments;

(iii) well planned procurement and inventory strategy.

Risk committee has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 49 FINANCIAL RISK MANAGEMENT (CONTD.)

Consumption details of metal scrap and ferro chrome:

Particulars	(Qty. in MT)	
	2020-21	2019-20
Metal scrap	2,13,756	2,12,575
Ferro chrome	58,801	66,517

Commodity price sensitivity:

Increase / (decrease) in prices of metal scrap / ferro chrome by Re. 1 per kg would have following impact on profit before tax:

(₹ in Lakhs)

Particulars	2020-21	2019-20
Re. 1 increase in commodity price	(2,725.57)	(2,790.92)
Re. 1 decrease in commodity price	2,725.57	2,790.92

(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	2020-21	2019-20
Debt *	18,447.30	11,194.66
Total equity	4,24,431.45	3,70,128.64
Debt to total equity	0.04	0.03

* Debt includes borrowings and current maturities of long term debt in other financial liabilities.

Group believes in conservative leverage policy. Group's capital expenditure plan over the medium term shall be largely funded through internal accruals and suppliers' credit.

B. The Company follows the policy of Dividend for every financial year as may be decided by the Board considering financial performance of the Company and other internal and external factors enumerated in the Company's dividend policy such as reinvestment of capital in business. Company's Dividend policy is to distribute 10-25% of its consolidated net profit as dividend (including dividend distribution tax if any).

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 50 FAIR VALUE MEASUREMENTS

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable input).

A. Financial assets :

(₹ in Lakhs)

Particulars	Note	Instruments carried at			Total carrying value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
As at 31 March, 2021						
Non-current investments #	8	85.82	-	25,635.37	25,721.19	85.82
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	-	-	1,326.68	1,326.68	-
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	-	-	4,420.13	4,420.13	-
Total		**40,937.84**	**-**	**2,49,701.22**	**2,90,639.06**	**40,937.84**
As at 31 March, 2020						
Non-current investments #	8	85.82	-	-	85.82	85.82
Current investments	15	1,31,763.55	-	10,000.00	1,41,763.55	1,31,763.55
Trade receivables	9,16	-	-	65,083.35	65,083.35	-
Loans	10,18	-	-	1,451.95	1,451.95	-
Cash and cash equivalents	17	-	-	14,849.19	14,849.19	-
Bank balances other than above	17	-	-	632.98	632.98	-
Other financial assets	19	-	-	3,889.41	3,889.41	-
Total		**1,31,849.37**	**-**	**95,906.88**	**2,27,756.25**	**1,31,849.37**

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, 2021 (Contd.)

NOTE - 50 FAIR VALUE MEASUREMENTS (CONTD.)

B. Financial liabilities :

(₹ in Lakhs)

Particulars	Note	Instruments carried at			Total carrying value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
As at 31 March, 2021						
Borrowings	25	-	-	18,447.30	18,447.30	-
Trade payables	27	-	-	16,580.84	16,580.84	-
Derivatives	-	-	-	-	-	-
Other financial liabilities	28	-	-	2,273.05	2,273.05	-
Total		-	-	**37,301.19**	**37,301.19**	-
As at 31 March, 2020						
Borrowings	25	-	-	9,694.66	9,694.66	-
Trade payables	27	-	-	13,215.42	13,215.42	-
Derivatives	-	873.88	-	-	873.88	873.88
Other financial liabilities	28	-	-	2,561.31	2,561.31	-
Total		**873.88**	-	**25,471.39**	**26,345.27**	**873.88**

The following table provides the fair value measurement hierarchy of the group's financial assets and financial liabilities:

(₹ in Lakhs)

Particulars	Note	Fair value	Level 1	Level 2	Level 3
As at 31 March, 2021					
Financial assets					
Current investments	15	-	-	-	-
Investments in mutual funds (quoted)		23,805.82	23,805.82	-	-
Investments in bonds (quoted)		16,733.02	16,733.02	-	-
Derivatives		313.18	-	313.18	-
As at 31 March, 2020		-	-	-	-
Financial assets		-	-	-	-
Current investments	15	-	-	-	-
Investments in mutual funds (quoted)		1,11,172.42	1,11,172.42	-	-
Investments in bonds (quoted)		20,591.13	20,591.13	-	-
Financial liabilities		-	-	-	-
Derivatives		873.88	-	873.88	-

Note: During the year, there has not been transfer of any financial assets or financial liabilitlies between level 1 and level 2.

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
31 March, 2021									
Holding Company									
AIA Engineering Limited	India	4,09,442.17	96.47%	48,490.18	85.65%	(273.17)	11.87%	48,217.01	88.78%
Indian subsidiaries (direct)									
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%	-	-	-	-	-	-
Foreign subsidiaries (direct)									
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%
Foreign subsidiaries (indirect)									
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%
Add / (less):									
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%)
Total		**4,24,431.45**	**100.00%**	**56,612.19**	**100.00%**	**(2,302.17)**	**100.00%**	**54,310.02**	**100.00%**

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
31 March, 2020									
Holding Company									
AIA Engineering Limited	India	3,61,225.16	97.59%	83,252.97	141.02%	262.61	(67.30%)	83,515.58	142.41%
Indian subsidiaries (direct)									
Welcast Steels Limited	India	3,441.95	0.93%	(26.29)	(0.04%)	(13.93)	3.57%	(40.22)	(0.07%)
AIA CSR Foundation	India	1.00	0.00%	-	-	-	-	-	-
Foreign subsidiaries (direct)									
Vega Industries (Middle East) F.Z.C.	U.A.E	10,068.85	2.72%	10,744.32	18.20%	-	-	10,744.32	18.32%
Foreign subsidiaries (indirect)									
Vega Industries Limited	U. K.	1,034.05	0.28%	47.55	0.08%	-	-	47.55	0.08%
Vega Industries Limited	U. S. A.	1,046.46	0.28%	47.72	0.08%	-	-	47.72	0.08%
Vega Steel Industries (RSA) Proprietary Limited	South Africa	210.46	0.06%	(6.26)	(0.01%)	-	-	(6.26)	(0.01%)
Wuxi Vega Trade Co. Limited	China	197.84	0.05%	(23.85)	(0.04%)	-	-	(23.85)	(0.04%)
PT. Vega Industries Indonesia	Indonesia	(86.21)	(0.02%)	(53.63)	(0.09%)	-	-	(53.63)	(0.09%)
Vega Industries Chile SpA	Chile	(293.39)	(0.08%)	(273.92)	(0.46%)	-	-	(273.92)	(0.47%)
AIA Ghana Limited	Ghana	593.52	0.16%	93.95	0.16%	-	-	93.95	0.16%
Vega Industries Australia PTY Limited	Australia	(0.22)	0.00%	1.30	0.00%		-	1.30	0.00%
Add / (less):									
Adjustment arising out of consolidation		(6,385.60)	(1.73%)	(34,771.85)	(58.90%)	-	-	(34,771.85)	(59.29%)
Exchange differences on translation of foreign operations		-	-	-	-	(642.38)	164.63%	(642.38)	(1.10%)
Non-controlling interests in:									
Welcast Steels Limited		(865.68)	(0.23%)	6.61	0.01%	3.50	(0.90%)	10.11	0.02%
Vega Steel Industries (RSA) Proprietary Limited		(59.55)	(0.02%)	(2.82)	0.00%	-	-	(2.82)	0.00%
Total		3,70,128.64	100.00%	59,035.80	100.00%	(390.20)	100.00%	58,645.60	100.00%

NOTES
TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

NOTE - 52 PREVIOUS YEAR'S FIGURES HAVE BEEN REGROUPED / RECLASSIFIED WHEREVER NECESSARY TO CONFIRM TO CURRENT YEAR PRESENTATION

During the year, the management has reclassified certain items of 'stores, spares and consumables as 'raw materials'. Accordingly, the following amounts from the comparative periods have been regrouped/reclassified to make them comparable with current period's figures:

(₹ in Lakhs)

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Increase in raw material consumption / cost of material consumed	4,756.60	4,753.16
Decrease in stores, spares and consumable consumption / other expenses	4,756.60	4,753.16

(₹ in Lakhs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Increase in raw material inventories	1,817.62	2,505.19
Decrease in stores, spares and consumable inventories	1,817.62	2,505.19

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 : Mumbai
Date : 25 May, 2021

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, 2021

Place : Ahmedabad
Date : 25 May, 2021

NOTES

NOTICE

Notice is hereby given that the **THIRTY FIRST ANNUAL GENERAL MEETING** of the Members of **AIA ENGINEERING LIMITED** will be held on Friday, the 3 September, 2021 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 2021 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 2021.
3. To appoint a Director in place of Mrs. Bhumika S. Shodhan (DIN: 02099400), who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as 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 to the re-appointment of Mr. Bhadresh K. Shah (DIN: 00058177) as the Managing Director of the Company for a period of 5 years with effect from 1 October, 2021 on the terms and conditions of appointment and remuneration as contained in the draft Agreement 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. Bhadresh K. Shah.

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

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take such steps as may be necessary to give effect to this resolution."

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

   "RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI LODR Regulations") the approval of the members be and is hereby accorded to the material related party transactions entered/to be entered into and carried out in the ordinary course of business and at arm's length price to the tune of ₹ 29,000.00 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, 2021 to 31 March, 2022 for an aggregate amount, which may exceed the threshold limit of 10 percent of annual consolidated turnover of the Company for the Financial Year 2020-21 on the terms and conditions as mentioned in the Contract Manufacturing Agreement entered into by the Company with WSL on 1 January, 2014.

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

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 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 2021-2022.

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

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

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 197, 198, other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Regulation 17 and other applicable provisions, if any, of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of members of the Company be and is hereby accorded to pay remuneration by way of commission to Non-Executive Directors of the Company (i.e. Directors other than the Managing Director and/or the Whole-Time Directors), of such sum in such proportion and in such manner as may be determined by the Board of Directors from time to time provided that such commission in aggregate shall not exceed, one per cent (1.00%) of the net profits of the Company for each Financial Year from 1 April, 2021 onwards as computed in the manner laid down in Section 198 of the Companies Act, 2013, or any statutory modification(s) or re-enactment thereof.

RESOLVED FURTHER THAT approval of the Company be and is hereby accorded to the Board of Directors of the Company (including any Committee thereof) to do all such acts, deeds, things, matters and to take all such steps as may be required in this connection including seeking all necessary approvals to give effect to this resolution."

By Order of the Board of Directors,

Place : Ahmedabad
Date : 25 May, 2021

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 April 8, 2020, April 13, 2020, May 5, 2020 and January 13, 2021 ("MCA Circulars for General Meetings") and SEBI vide its Circulars dated May 12, 2020 and January 15, 2021 ("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 Authorized Representative to attend AGM through VC/OAVM and participate thereat 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 Saturday, the 28 August, 2021 to Friday, the 3 September, 2021 (both days inclusive) for annual closing and determining the entitlement of the members to the Dividend for the Financial Year 2020-21.

4. A Dividend of ₹ 9/- per share (450%) has been recommended by the Board of Directors for the year ended 31 March 2021 for the approval of members at the ensuing AGM and if approved by members, it will be paid on or before 2 October, 2021.

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 email communication to all the members of the Company on June 1, 2021 with regard to deduction of tax on dividend as per the amendment introduced by the Finance Act, 2020 in the IT Act.

   Said email 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 email 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 July 31, 2021. Any communication received after July 31, 2021 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 August 27, 2021and 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 dematerialized mode, are requested to update their records such as Tax Residential Status, PAN and register their email 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.

The Company has sent necessary intimation with regard to TDS on dividend with all details to all the shareholders through email, whose email 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 April 20, 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 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 F.Y. 2020-21 will be sent to all the members whose email 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 Fnancial 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 Name, your Demat Account No. [DP ID No. and Client ID No.].

   Email ID for reply :ric@aiaengineering.com.

9. The Ministry of Corporate Affairs has notified provisions relating to unpaid/unclaimed dividend under Section 124 and 125 of the Companies Act, 2013 and Investor Education Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016.

   Those members who 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.	2013-14	Final Dividend	18.10.2021
2.	2014-15	Final Dividend	31.10.2022
3.	2015-16	Interim & Special Interim Dividend	16.04.2023
4.	2016-17	Interim Dividend	22.03.2024
5.	2016-17	Final Dividend	20.09.2024
6.	2017-18	Interim Dividend	28.04.2025
7.	2018-19	Final Dividend	18.09.2026
8.	2019-20	Interim Dividend	15.04.2027

   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. Re-appointment / Appointment of Directors:

   Mrs. Bhumika S. Shodhan (DIN: 02099400), Director of the Company will retire by rotation at the ensuing 31st Annual General Meeting of the members of the Company and being eligible, has offered herself for re-appointment.

   Mr. Bhadresh K. Shah (DIN: 00058177) had been appointed as a Managing Director for a period of 5 years from 1 October, 2016 to 30 September, 2021. The Board, on the recommendation of Nomination and Remuneration Committee, has re-appointed him as a Managing Director for a further period of 5 years from 1 October 2021 and proposed a 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.

11. 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 the members to cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services [India] Limited (CDSL) to facilitate e-voting.

   (i) Mr. Tushar M. Vora, Practicing Company Secretary [Membership No. FCS 3459] has been appointed as the Scrutinizer to scrutinize the e-voting and remote e-voting process in a fair and transparent manner.

   (ii) Members who have cast their vote by remote e-voting prior to the Meeting can also attend the Meeting but shall not be entitled to cast their vote again.

   (iii) The voting rights of members shall be in proportion to their shares in the paid up Equity Share Capital of the Company as on cut-off date. A person, whose 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. 27 August, 2021 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 shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 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 April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an Agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as 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 atleast 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 April 08, 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 April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at 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 and 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.
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 April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of this Ministry's **General Circular No. 20/2020**, dated 05 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 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA Circular No. 02/2021 dated January 13, 2021.

THE INTRUCTIONS TO SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

(i) The voting period begins on 30 August, 2021 at 9.00 a.m. and ends on 2 September, 2021 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. 27 August, 2021 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 December 9, 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.

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.

(iv) In terms of **SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 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 email Id in their Demat Accounts in order to access e-Voting facility.

Pursuant to abovesaid 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 **CDSL**	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 https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by Company. On clicking the evoting 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 & 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. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. 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 www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with **NSDL**	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: https://eservices.nsdl.com 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 & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp. 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ 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.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants**	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 **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542-43.
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free No.: 1800 1020 990 and 1800 22 44 30.

(v) Login method for e-Voting and joining virtual meeting for **shareholders other than individual shareholders holding shares in Demat form & physical shareholders.**

1) The shareholders should log on to the e-voting website 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 and voted on an earlier e-voting of any Company, then your existing password is to be used.
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	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • 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.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat Account or in the Company records in order to login. • If both the details are not recorded with the depository or Company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

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 - 210723005 - 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.

(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 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.

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; ric@aiaengineering.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer 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, email id, mobile number at viren.thakkar@aiaengineering.com, snj@aiaengineering.com, 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, email id, mobile number at viren.thakkar@aiaengineering.com, snj@aiaengineering.com, paresh.shukla@aiaengineering.com. These queries will be replied to by the Company suitably by email.

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 Aadhar Card) by email to ric@aiaengineering.com.
2. For Demat shareholders - Please update your email id & Mobile No. with your respective Depository Participant (DP).
3. For Individual Demat shareholders – Please update your email 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 email to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

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 email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

REQUEST TO THE MEMBERS

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

EXPLANATORY STATEMENTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 SETTING OUT ALL MATERIAL FACTS RELATING TO SPECIAL BUSINESSES MENTIONED IN THE ACCompanyING NOTICE:

ITEM NO. 4

The Members at the 26th Annual General Meeting of the Company held on 12 August, 2016 re-appointed Mr. Bhadresh K. Shah as Managing Director for a period of 5 years with effect from 1 October, 2016 on a remuneration of ₹ 6.00 lakhs per month. The term of his present appointment will expire on 30 September, 2021.

The Nomination and Remuneration Committee of the Company at its meeting held on 24 May, 2021 and subsequently, the Board at its meeting held on 25 May, 2021 has re-appointed Mr. Bhadresh K. Shah as Managing Director unanimously for a further period of 5 years on a remuneration of ₹ 8.50 Lakhs per month with effect from 1 October, 2021 subject to the approval of Members in the Annual General Meeting. The other terms and conditions are set out in the draft Agreement to be entered into by the Company with him, 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. to 5.00 p.m. till the date of Annual General Meeting.

Mr. Bhadresh K. Shah, is B. Tech (Metallurgy) from Indian Institute of Technology, Kanpur. He has a career spanning over 50 years in the manufacturing and design of various kinds of value added, impact, abrasion and corrosion resistant high chrome castings. These components include products like Grinding Media, Liners, Diaphragms, Vertical Mill Parts etc. all manufactured in High Chrome Metallurgy. The main application of these products is in the grinding operation in the mills in the Cement, Thermal Power and Mining Industries. He is very well versed in all aspects of production, cost and technical administration. His emphasis on manufacturing process improvements, new product development, quality and adhering to international manufacturing standards has ensured that Company's products are recognized domestically as well as internationally.

The excellent growth and reputation enjoyed by the Company is attributable to the concentrated efforts and hard work put in by Mr. Bhadresh K. Shah. The Board of Directors felt that it is in the best interest of the Company to continue to avail the services of Mr. Bhadresh K. Shah as Managing Director. The Board recommends the resolution to the members for their approval. The brief particulars of his terms and conditions of re-appointment and remuneration are mentioned herein below:

1. The Managing Director shall be subject to the superintendence, control and direction of the Board of Directors and he will be entrusted with substantial powers of management and will also perform such other duties as may be entrusted to him, from time to time.
2. Period of appointment: Five years with effect from 1 October, 2021.
3. Remuneration payable to Mr. Bhadresh K. Shah:
   (a) Salary : ₹ 8.50 lakhs on per month with effect from 1 October, 2021 with such increment/revision as may be approved by the Board of Directors.
   (b) Perquisites and allowances :
      i) Housing
         1. Expenses pertaining to electricity bill of his residence will be borne/ reimbursed by the Company.
         2. Company shall provide furniture, fixtures and furnishings at the residence of Managing Director.
         3. Expenses pertaining to repairs, maintenances & cleaning of the house, furniture and fixtures or other appliances etc. will be borne/ reimbursed by the Company.
      ii) Medical Expenses

         Reimbursement of actual medical expenses incurred in India and/or abroad including hospitalization, nursing home and surgical charges for himself and family.
      iii) Leave Travel Concession

         Leave Travel Concession (LTC) in respect of himself and family not exceeding one month's salary per annum. The LTC entitlement for any one year to the extent not availed shall be allowed to be accumulated up to the next two years.
      iv) Club Fees

         Reimbursement of membership fees for 3 clubs in India including admission and life membership fee.
      v) Personal Accident Insurance

         Personal Accident Insurance Policy of such amount, premium of which shall not exceed ₹ 50,000/- per annum.
      vi) Gratuity

         Gratuity at a rate of half month's salary for each completed year of service.

vii) Leave

Leave with full pay or encashment thereof as per the Rules of the Company.

viii) Other Perquisites

Subject to overall ceiling on remuneration mentioned herein below, the Managing Director may be given other allowances, benefits and perquisites as the Board of Directors may decide from time to time.

Explanation:

Perquisites shall be evaluated as per Income-Tax Rules, wherever applicable and in absence of any such Rule, perquisites shall be evaluated at actual cost.

(c) Amenities:

i) Conveyance facilities

Company shall provide suitable conveyance facilities as may be required by the Managing Director.

ii) Communication facilities

Company shall provide telephone and other communication facilities at the Managing Director's residence.

Notwithstanding anything contained to the contrary herein contained, where in any Financial Year during the tenure of the Managing 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 Managing 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. Bhadresh K. Shah shall not be liable to retire by rotation under Section 152 of the Companies Act, 2013, so long as he is the Managing Director 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 Managing Director from such date.

Mr. Bhadresh K. Shah is deemed to be interested in the said resolution as it relates to his re-appointment. Except Mrs. Bhumika S. Shodhan and Mrs. Khushali S. Solanki, none of the other Directors is in any way concerned or interested in the above resolution.

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 Managing Director of a Company, unless his appointment is approved by a Special Resolution passed by the Company in General Meeting.

During his new tenure as a Managing Director, Mr. Bhadresh K. Shah will attain the age of seventy years, hence, 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.

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. 5:

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

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

Transactions to be entered into / carried out with WSL are of Purchase of Goods. Omnibus approval of the Audit Committee has been obtained at its Meeting held on 9 February, 2021.

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

Further, Regulation 23 of SEBI LODR Regulations (as amended with effect from 01.04.2019) requires that the entities/persons falling under the definition of Related Party shall not vote to approve the relevant transaction irrespective of whether the entity/person is a party to the transaction or not. Accordingly, all the above persons being related shall not vote to approve this Resolution of the Notice.

The annual consolidated turnover of the Company as per the Audited Financial Statements for the year ended 31 March, 2021 is ₹ 2,88,149.24 Lakhs. It is presumed that the transactions to be entered with WSL in the Current Financial Year 2021-22 may exceed the threshold limit which is more than 10% of annual consolidated turnover of the Company for the Financial Year 2020-21.

The approval of the members for the transactions proposed to be entered into and carried out with WSL during the Financial Year 2021-22, in the ordinary course of business and at arm's length price, is being sought by way of abundant caution and as a proactive measure.

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

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

ITEM NO. 6:

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 2021-22 and fixed remuneration of ₹ 4.00 Lakhs plus applicable tax and out of pocket expenses.

As per the provisions of Section 148 of the Companies Act, 2013 read with the Companies [Audit and Auditors] Rules, 2014, the remuneration fixed by the Board of Directors shall be ratified by the members by passing an Ordinary 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 2021-22.

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

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

ITEM NO. 7

As on 31 March, 2021 the Board of Directors of the Company consisted of Two Executive and Seven Non-Executive Directors including Five Independent Directors. The Non-Executive Directors bring relevant knowledge and expertise and provide required diversity in Board's decision making process. The role played by the Directors in Company's governance and performance is very important for sustainable growth of the Company.

Pursuant to Section 197(1) of the Companies Act, 2013, Non-Executive Directors (other than the Managing Director and/or the Whole-Time Directors) can be paid (a) sitting fee for Board/Committee meetings as may be prescribed under Second Proviso in Section 197(5) of the Companies Act, 2013; (b) reimbursement of expenses for attending the Board/Committee meetings; (c) remuneration by way of commission as may be approved by the Members.

To enable the Company, to pay remuneration by way of commission to Non-Executive Directors, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee and subject to the approval of the members, has approved to pay remuneration by way of Commission within the permissible limits under the Companies Act, 2013 provided that such commission in aggregate does not exceed one per cent (1.00%) of the net profits of the Company for each Financial Year from 1 April, 2021 onwards. This remuneration can be distributed amongst all or some of the Non-Executive Directors as may be determined by the Board of Directors from time to time.

As required by Regulations 17(6) of the SEBI LODR Regulations and Article 83 (b) of Articles of Association of the Company, payment of remuneration by way of commission to Non-Executive Directors requires approval of members by way of an Ordinary Resolution.

In view of the above, the resolution at Item No. 7 of the Notice is placed before the members for their approval as an Ordinary Resolution.

Except the Non-Executive Directors of the Company, none of the Directors, Key Managerial Personnel or their relatives are interested or concerned, financially or otherwise, in the Resolution set out at Item No. 7.

By Order of the Board of Directors,

Place : Ahmedabad
Date : 25 May, 2021

S. N. Jetheliya
Company Secretary

Regd. Office:
115, G.V.M.M. Estate,
Odhav Road, Odhav,
Ahmedabad 382 410
CIN: L29259GJ1991PLC015182

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 & 4)

Name of the Director	Mrs. Bhumika S. Shodhan
Age	41 years
Date of first appointment on the Board of the Company	7 November, 2014
Qualification	Diploma in Fashion Designing
Experience (brief resume)	She possesses rich and varied experience in Marketing, Administration and Accounts.
Disclosure of Relationship	She is a daughter of Mr. Bhadresh K. Shah (MD) and sister of Mrs. Khushali S. Solanki (Non-Executive Director).
No. of shares in listed Company	10,005
Terms and Conditions of Re-appointment	As per Resolution at Item No. 3 of the Notice convening this Annual General Meeting, Mrs. Bhumika S. Shodhan is liable to retire by rotation and is proposed to be re-appointed as a Director of the Company.
Remuneration last drawn (including sitting fee if any)	₹ 0.60 Lakh (Sitting Fee)
Remuneration proposed to be paid	She shall be paid remuneration by way of sitting fee.
Number of Meetings of the Board attended during the Financial Year	Please refer Corporate Governance Report Section of the Annual Report of F.Y.2020-21.
Directorship held in other Public Companies	
Chairmanship/Membership of Committees of other Boards	

NOTICE (Contd.)

Name of the Director	Mr. Bhadresh K. Shah
Age	69 years
Date of first appointment on the Board of the Company	11 March, 1991
Qualification	B. Tech (Mettallurgy)
Experience (brief resume)	He is B. Tech (Metallurgy) from Indian Institute of Technology, Kanpur. He has a career spanning over 50 years in the manufacturing and design of various kinds of value added, impact, abrasion and corrosion resistant high chrome castings. These components include products like Grinding Media, Liners, Diaphragms, Vertical Mill Parts etc. all manufactured in High Chrome Metallurgy. The main application of these products is in the grinding operation in the mills in the Cement, Thermal Power and Mining Industries. He is very well versed in all aspects of production, cost and technical administration. His emphasis on manufacturing process improvements, new product development, quality and adhering to international manufacturing standards has ensured that Company's products are recognized domestically as well as internationally.
Disclosure of Relationship	He is a father of Mrs. Khushali S. Solanki and Mrs. Bhumika S. Shodhan, Non-Executive Directors of the Company.
No. of shares in listed Company	5,51,28,901
Terms and Conditions of Re-appointment	As per Resolution at Item No. 4 of the Notice convening this Annual General Meeting read with Explanatory Statement thereto, Mr. Bhadresh K. Shah is proposed to be re-appointed as a Managing Director of the Company for a period of Five (5) years from 1 October, 2021.
Remuneration last drawn	₹ 6.00 Lakhs Per Month since 1 October, 2011.
Remuneration proposed to be paid	₹ 8.50 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 F.Y.2020-21.
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, 2021

S. N. Jetheliya
Company Secretary

Contact Details:

Company	**AIA Engineering Limited**	
Regd. Office	115, GVMM Estate, Odhav Road, Odhav, Ahmedabad-382 410, Gujarat, India E-mail : snj@aiaengineering.com, ric@aiaengineering.com	
Corporate Office	11/12, Sigma Corporates, B/h. HOF Showroom, Off. S. G. Highway, Sindhu Bhavan Road, Bodakdev, Ahmedabad – 380 054 E-mail : snj@aiaengineering.com, ric@aiaengineering.com	
Registrar and Share Transfer Agent	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083. Phone : +91-22-49186270 Fax : +91-22-49186060 Phone: +91-22-25946970 Fax: +91-22-2594 6969	Link Intime India Private Limited 5th Floor 506 to 508, Amarnath Business Centre -1 Nr. St. Xavier's College Corner, Off. C. G. Road, Navrangpura, Ahmedabad 380 006, Phone – 079-26465179 Email: ahmedabad@linkintime.co.in
e-Voting Agency	Central Depository Services (India) Limited E-mail :helpdesk.evoting@cdslindia.com	
Scrutinizer	CS Tushar Vora, Practicing Company Secretary E-mail :cstusharvora@gmail.com	

CORPORATE INFORMATION

Board of Directors

Mr. Rajendra S. Shah
Chairman : Independent - Non - Executive

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

Mrs. Bhumika S. Shodhan
Non-Executive– Non-Independent

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

Bankers
State Bank of India
Citi Bank N.A.
JPMorgan Chase Bank, N.A.
AXIS Bank Ltd.
IDBI Bank Ltd.
HSBC Bank Ltd.
HDFC Bank Ltd.

Registered Office

115, GVMM Estate, Odhav Road, Odhav
Ahmedabad - 382 410

Corporate Office

11-12, Sigma Corporates, B/h. HOF Show Room,
Off. S.G. Highway, Sindhu Bhavan Road, Bodakdev,
Ahmedabad – 380 054

Registrar & Share Transfer Agent

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

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: +91-79-66047848
E-mail: snj@aiaengineering.com, Website: www.aiaengineering.com
CIN: L29259GJ1991PLC015182