DELTA MANUFACTURING LIMITED
(Formerly known as Delta Magnets Limited)

DMG
DELTA MANUFACTURING GROUP

Registered Office : B-87, MIDC Ambad, Nashik - 422 010, Maharashtra, India Tel.: +91 253 2382238 / 67 | Fax : +91 253 2382926
Corporate Office : Bayside Mall, 2nd Floor, Tardeo Road, Haji Ali, Mumbai - 400 034, Maharashtra, India | Tel.: +91 22 4079 4700 | Fax : +91 22 4079 4777
E-mail : secretarial@deltamagnets.com | Web. : www.deltamagnets.com | CIN : L32109MH1982PLC028280

05th September, 2020

National Stock Exchange of India Ltd. Listing Department. Exchange Plaza, C-1, Block- G, Bandra Kurla Complex, Bandra (East) Mumbai–400 051. Fax No. 26598235/8237/8347. **Symbol: DELTAMAGNT**	**BSE Ltd.,** Corporate Relation Department, Listing Department, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001. Facsimile No. 22723121/22722037/2041 **Scrip Code: 504286**

Dear Sir/Madam,

Sub: Submission of Annual Report pursuant to Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In compliance with provisions of Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith a copy of Annual Report of the Company for the year ended 31st March, 2020.

You are requested to take the same in your record.

Thanking You.

Yours Sincerely,
For Delta Manufacturing Limited
(formerly known as Delta Magnets Limited)

Anannya Godbole
Company Secretary
ACS No.: 23112
Encl: As above

DMG

DELTA MANUFACTURING GROUP

DELTA MANUFACTURING LIMITED

(Formerly known as Delta Magnets Limited)

38th Annual Report 2019-20

THE BOARD OF DIRECTORS

Mr. Jaydev Mody	Non-Executive Chairman
Dr. Ram H. Shroff	Managing Director
Ms. Anjali Mody	Non-Executive Director
Mr. Darius Khambatta	Independent Director
Mr. Javed Tapia	Independent Director
Mr. Rajesh Jaggi	Independent Director
Dr. Vrajesh Udani	Independent Director

CHIEF FINANCIAL OFFICER

Mr. Abhilash Sunny

COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Anannya Godbole

REGISTERED OFFICE

B-87, MIDC, Ambad, Nasik - 422 010, Maharashtra.

PLANT LOCATION

1. B-87, MIDC, Ambad, Nashik-422010, Maharashtra
2. Plot No. 101-103, 19th Street, MIDC, Satpur, Nashik 422 207, Maharashtra
3. Ganapathipuram, Survey No.21/2d, Tambaram East, 80 MES Road, Irumbuliyur, Chennai 600 059, Tamil Nadu

STATUTORY AUDITORS

M/s. M H S & Associates
Chartered Accountants

BANKERS

Axis Bank Limited

SHARE TRANSFER AGENTS

Freedom Registry Limited
Plot No. 101/102, MIDC, 19th Street,
Satpur, Nasik - 422 007, Maharashtra.
Phone : (0253) 2354032, 2363372
Facsimile : (0253) 2351126
e-mail : support@freedomregistry.in

SHARES LISTED ON

BSE Limited
National Stock Exchange of India Limited

CONTENTS

NOTICE

Notice is hereby given that the 38th Annual General Meeting (AGM) of Members of Delta Manufacturing Limited (formerly known as Delta Magnets Limited) (the 'Company') will be held on Monday, 28th September, 2020 at 4.00 p.m. through Video Conferencing (VC) / Other Audio Visual Means (OAVM) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement (including the Consolidated Financial Statement) for the Financial Year ended 31st March, 2020 together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Dr. Ram H. Shroff (DIN: 00004865), who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

3. To appoint Ms. Anjali Mody (DIN: 02784924) as Non – Executive Non- Independent Director of the Company.

   To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to provisions of Section 152, 160 and any other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder, (including any statutory modification(s), clarification(s), exemption (s) or re-enactment(s) thereof for the time being in force) and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), Ms. Anjali Mody (DIN: 02784924), who was appointed as an Additional Director of the Company in terms of Section 161 of the Act, to hold office up to the date of this AGM, be and is hereby appointed as Non-Executive Non- Independent Director of the Company under the Act, liable to retire by rotation."

4. To approve remuneration payable to Dr. Ram H. Shroff (DIN: 00004865), Managing Director of the Company.

   To consider and if thought fit, to pass the following resolution as Special Resolution:

   "**RESOLVED THAT** pursuant to the recommendation of the Nomination and Remuneration Committee, applicable provisions of Sections 196, 197, 198 and 203 read with Schedule V and other applicable provisions of the Companies Act, 2013, (the Act) rules framed there under (including any statutory modification(s), clarification(s), exemption(s) or re-enactment(s) thereof for the time being in force) and pursuant to the provisions of Article of Association of the Company and subject to such other approval as may be required, consent of the Members of the Company be and is hereby accorded for payment of remuneration to Dr. Ram H. Shroff (DIN: 00004865) as the Managing Director of the Company w.e.f. 20th January, 2020 upon such terms and conditions as specified below:

   A) Salary:

      Basic ₹ 3,00,000/- per month with power of the Board of Directors to increase the same as it may in its absolute discretion determine from time to time provided that the salary does not exceed ₹ 5,00,000/- per month during the tenure.

   B) Allowances:

      i. House Rent Allowance at the rate of 50% of Basic Salary

      ii. Special Allowance of ₹ 52,244/- per month

C) Perquisites & Other Benefits:

The appointee shall be entitled to perquisites, allowances, benefits, facilities and amenities (collectively called "perquisites") such as medical reimbursement, leave travel assistance/allowance, hospitalization and accident insurance, transport allowance, self-development allowance, uniform allowance, education allowance, books and periodicals allowance and any other perquisites as per the policy/ rules of the Company in force or as may be approved by the Board from time to time.

In addition to the above, the appointee shall also be entitled to the following benefits/re-imbursements as per policy/rules of the Company in force or as may be approved by the Board from time to time:

i. Telecommunication / Internet Charges;

ii. Company's contribution to Provident Fund and Superannuation Fund;

iii. Payment of gratuity and other retiral benefits;

iv. Driver and Fuel Reimbursement;

v. Business Promotion Expenses and

vi. Such other allowable/applicable expenses.

The total remuneration payable shall not exceed ₹ 8,500,000/- per annum.

Over and above the aforesaid total remuneration he shall be entitled for following:

i. Company maintained two cars;

ii. Company paid abroad vacation with spouse every Financial Year.

D) The Board is authorised to fix actual remuneration and revise it from time to time within the aforesaid ceilings.

RESOLVED FURTHER THAT the Board be and is hereby authorized at its discretion from time to time to fix the actual remuneration and/or perquisites of Dr. Ram H. Shroff and revise such remuneration and/ or perquisites from time to time within the Statutory limits and to vary/ modify/ amend the terms and conditions of the appointment from time to time as may be agreed to by the Board and Dr. Ram H. Shroff.

RESOLVED FURTHER THAT the aforesaid remuneration shall be revised with the approval of the members of the Company or such authority as may be required."

NOTES:

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated 08th April, 2020, Circular No.17/2020 dated 13th April, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated 05th May, 2020, physical attendance of the Members to the AGM venue is not required and AGM 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 Circular No. 14/2020 dated 08th April, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the Members is not available for this AGM. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/ OAVM and participate thereat and cast their votes through e-voting. Corporate Members are required to send, (before e-voting/ attending AGM) a duly certified copy of the Board Resolution authorizing

their representative to attend and vote at the AGM, pursuant to section 113 of the Act on the e-mail id secretarial@deltamagnets.com.

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 for 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 Chairman 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 reckoning the quorum under Section 103 of the Companies Act, 2013 (the Act).

5. Pursuant to the provisions of Section 108 of the Act, 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 (Listing Regulations) (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated 08th April, 2020, 13th April, 2020 and 05th May, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.

6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated 13th April, 2020, the Notice calling the AGM has been uploaded on the website of the Company at www.deltamagnets.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 and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

   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 08th April, 2020 and MCA Circular No. 17/2020 dated 13th April, 2020 and MCA Circular No. 20/2020 dated 05th May, 2020.

7. An Explanatory Statement pursuant to Section 102(1) of the Act, relating to the Special Business to be transacted at the AGM is annexed hereto.

8. In terms of Section 152 of the Act, Dr. Ram H. Shroff (DIN: 00004865), Director, shall retire by rotation at the ensuing AGM. Dr. Ram H. Shroff (DIN: 00004865), being eligible, offers himself for re-appointment.

   The Board of Directors of the Company recommends re-appointment of Dr. Ram H. Shroff (DIN: 00004865).

9. Details of Dr. Ram H. Shroff (DIN: 00004865), Director, proposed to be appointed/re-appointed at the ensuing AGM, as required by Regulation 26 of Listing Regulations and Secretarial Standards on General Meetings (SS – 2) are forming part of this Notice. Requisite declarations have been received from the Directors for their appointment/ re-appointment.

10. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 22nd September, 2020 to Sunday, 27th September, 2020 (both days inclusive), for the purpose of the AGM of the Company.

11. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under section 170 of the Act, The Register of Contracts or Arrangements in which the Directors are interested under section 189 of the Act and all other documents referred to the Notice will be available for inspection in electronic mode. Members can inspect the same by sending email to secretarial@deltamagnets.com.

12. Unclaimed Dividends:

    a) Members are requested to note that pursuant to the Scheme of Amalgamation between the Company, Arrow Textiles Limited (First Transferor Company or ATL) and MMG India Private Limited (Second Transferor Company or MMG) and respective shareholders as approved by Hon'ble National Company Law Tribunal, Mumbai bench (NCLT) by its order dated 27th December, 2019 (the Scheme), ATL amalgamated with the Company. As per the provisions of Section 124(5) and Section 124(6) of the Act, dividends declared by ATL not encashed / claimed by the Members, within a period of seven years from the date of declaration of dividend, shall be transferred by the Company to the Investor Education and Protection Fund (IEPF), also all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to the Demat Account of IEPF Authority notified by the Ministry of Corporate Affairs ('IEPF Demat Account').

       Members/ claimants whose shares, unclaimed dividend have been transferred to the IEPF, as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF- 5 (available on iepf.gov. in) along with requisite fees, if any, as decided by the IEPF Authority from time to time. The Member/ Claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules.

    b) Details of Unclaimed Dividend and Shares attached thereto on Website:

       The details of the unpaid/unclaimed dividend are available on the website of the Company i.e. www.deltamagnets.com.

13. In compliance with the aforesaid MCA Circulars and SEBI Circular dated 12th May, 2020, Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website www.deltamagnets.com, 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, and on the website of NSDL https://www.evoting.nsdl.com.

    Members are requested to register/update their e-mail addresses with the DP (in case of shares held in dematerialized form) or with Share Transfer Agent (STA) (in case of shares held in physical form) which will help us in prompt sending of Notices, annual reports and other shareholder communications in electronic form.

14. Members are requested to:

    (a) intimate to the Company's STA, changes, if any, in their registered addresses at an early date, in case of shares held in physical form;

    (b) intimate to the respective DP, changes, if any, in their registered addresses/email ID or bank mandates to their DP with whom they are maintaining their demat accounts.

    (c) quote their Folio Numbers/Client ID/DP ID and contact details in all correspondence; and

    (d) consolidate their holdings into one Folio in case they hold shares under multiple Folios in the identical order of names.

15. SEBI has mandated the submission of the Permanent Account Number (PAN) by every participants in securities market. Members holding shares in electronic form are therefore requested to submit their PAN to DP. Members holding shares in physical forms are required to submit their PAN details to STA.

16. SEBI has mandated that securities of listed companies can be transferred only in dematerialised form from 01st April, 2019, except in case of transmission and transposition of securities. In view of the same and to avail various benefits of dematerialisation, Members are advised to dematerialise shares held by them in physical form and for ease in portfolio management.

17. As per the provisions of Section 72 of the Act, and Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014, Members holding shares in physical form may file nomination in the prescribed Form SH-13 with STA. In respect of shares held in dematerialize form, the nomination may be filed with the respective Depository Participants.

18. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

19. The Board of Directors has appointed Mr. Ashish Jain (Membership No. 6058 and CP No. 6124) of M/s A.K. Jain & Co. as the Scrutinizer to scrutinize the voting during the AGM and remote e-voting process in a fair and transparent manner.

20. The venue of the meeting shall be deemed to be the Registered Office of the Company.

21. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote.

22. Voting through electronic means:

    In compliance with the provisions of Section 108 of the Act read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s), clarification(s), exemption (s) or re-enactment(s) thereof for the time being in force), Regulation 44 of the Listing Regulations and SS – 2, the Company is providing to its Members with the facility to cast their vote electronically ("remote e-Voting") using an electronic voting system provided by NSDL, on all the business items set forth in the Notice of AGM and the business may be transacted through such remote e-voting. The instructions for remote e-Voting explain the process and manner for generating/receiving the password and for casting of vote(s) in a secure manner. However, the Members are requested to take note of the following items:

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-

The remote e-voting period commences on Thursday, 24th September, 2020 (IST 9.00 a.m.) and ends on Sunday, 27th September, 2020 (IST 5.00 p.m.) During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date of Monday, 21st September, 2020 may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. 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.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

      (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:
   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
   d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to akjaincs@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request to Ms. Pallavi Mhatre at evoting@nsdl.co.in.

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice :

1. In case shares are held in physical mode please provide 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 www.deltamagnets.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to secretarial@deltamagnets.com.

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be 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 in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the EGM/AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at https://www.evoting.nsdl.com under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN of Company will be displayed. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further Members can also use the OTP based login for logging into the e-Voting system of NSDL.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Computers 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. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request, along with the questions, from their registered e-mail id mentioning their name, DP ID and Client ID / Folio No., PAN, Mobile No. at secretarial@deltamagnets.com at least 7 days before i.e Monday, 21st September, 2020. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers/questions depending on the availability of time for the AGM.

In case of any grievances connected with facility for e-voting, please contact:

A. **Ms. Pallavi Mhatre, Manager**
E-voting Helpdesk
National Securities Depositories Limited
Email : evoting@nsdl.co.in
Phone : 022-24994545

B. **Ms. Anannya Godbole, Company Secretary**
Delta Manufacturing Limited (formerly known as Delta Magnets Limited)
Corporate Office: Bayside Mall, 2nd Floor, Tardeo Road, Haji Ali, Mumbai – 400 034
Email: secretarial@deltamagnets.com
Phone: 022-40794700

C. **Mr. Bhushan Chandratre**
Freedom Registry Limited (STA)
Registered Office : Plot No. 101 / 102, 19th Street, MIDC, Satpur, Nasik - 422 007
Email : support@freedomregistry.in
Phone : 0253-2354032, 2363372

By Order of the Board of Directors,

ANANNYA GODBOLE
Company Secretary
ACS No: 23112

Mumbai, 14th August, 2020

Registered Office:

B-87, MIDC, Ambad,
Nashik-422 010, Maharashtra.
CIN : L32109MH1982PLC028280
Email ID : secretarial@deltamagnets.com
Website : www.deltamagnets.com

Tel. No. : 91-22-40794700
Fax No. : 91-22-40794777

Explanatory Statement pursuant to Section 102 of the Act

Pursuant to Regulation 36(3) of Listing Regulations read with Section 102 of the Act, the following explanatory statement sets out all material facts relating to Item No. 3 and 4 of the Notice.

Item No. 3:

Pursuant to applicable provisions of the Act read with the Articles of Association of the Company, the Board of Directors of the Company ("Board") had, on recommendation of the Nomination and Remuneration Committee of the Board, appointed Ms. Anjali Mody (DIN: 02784924) as Additional Director of the Company with effect from 13th February, 2020, subject to the approval of Members of the Company. Pursuant to the provisions of Section 161 of the Act, Ms. Anjali Mody will hold office upto the date of the ensuing AGM.

Accordingly, it is proposed to appoint her as Non-Executive Non-Independent Director of the Company, liable to retire by rotation.

Ms. Anjali Mody is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given her consent to act as Director.

The Company has received notice in writing from a member as per Section 160 of the Act proposing the candidature of Ms. Anjali Mody for the office of Director of the Company.

In the opinion of the Board, Ms. Anjali Mody fulfills the conditions for appointment as Director as specified in the Act and the Listing Regulations. Ms. Anjali Mody is a daughter of Mr. Jaydev Mody, Chairman of the Company.

Details of Ms. Anjali Mody whose appointment as Director is proposed at Item No. 3 is provided in the Annexure-B to this Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings (SS-2), issued by the Institute of Company Secretaries of India.

Ms. Anjali Mody is interested in the resolution set out at Item No. 3 of the Notice with regard to her appointment. The relatives of Ms. Anjali Mody may be deemed to be interested in the resolution to the extent of their shareholding, if any, in the Company.

Copy of documents relating to the item can be made available electronically for inspection without any fees to the Members on a prior request by sending an email from their registered email id mentioning their name, DP ID and Client ID / Folio No., PAN, Mobile No. to secretarial@deltamagnets.com.

None of the other Directors and Key Managerial Personnel of the Company and their respective relatives are, in anyway, concerned or interested, financially or otherwise, in the aforesaid Ordinary Resolution set out at Item No. 3 of this Notice.

The Board recommends the Ordinary Resolution set out in Item No. 3 of this Notice for the approval of the Members.

Item No. 4

The Board, based on the recommendation of the Nomination and Remuneration Committee, at its meeting held on 13th February, 2020, gave their consent for payment of remuneration to Dr. Ram H. Shroff, (DIN: 00004865), the Managing Director of the Company w.e.f. 20th January, 2020 upon such terms and conditions as specified in the resolution.

The statement as required under Section II of Part II of the Schedule V to the Act with reference to Special Resolution at Item No.4 is annexed hereto as Annexure-A.

The other details of Dr. Ram H. Shroff as required under SS 2 issued by the Institute of company Secretaries of India and Regulation 36(3) of the Listing Regulation are set out in the Annexure-B forming a part of this Notice.

The resolution seeks the approval of the Members in terms of Sections 197, 198 read with Schedule V and other applicable provisions of the Act (including any statutory modification(s), clarification(s), exemption(s) or re-enactment(s) thereof for the time being in force) for payment of remuneration to Dr. Ram H. Shroff.

Dr. Ram H. Shroff is interested in the resolution set out at Item No. 4 of the Notice with regard to his appointment. The relatives of Dr. Ram H. Shroff may be deemed to be interested in the resolution to the extent of their shareholding, if any, in the Company.

Copy of documents relating to the item can be made available electronically for inspection without any fees to the Members on a prior request by sending an email from their registered email id mentioning their name, DP ID and Client ID / Folio No., PAN, Mobile No. to secretarial@deltamagnets.com.

None of the other Directors and Key Managerial Personnel of the Company and their respective relatives are, in anyway, concerned or interested, financially or otherwise, in the aforesaid Special Resolution set out at Item No. 4 of this Notice.

The Board recommends the Special Resolution set out in Item No. 4 of this Notice for the approval of the Members.

STATEMENT AS REQUIRED UNDER SECTION II, PART II OF THE SCHEDULE V TO THE ACT WITH REFERENCE TO THE [Annexure-A]

I. GENERAL INFORMATION

1. **Nature of Industry:**
   Delta Manufacturing Limited (formerly known as Delta Magnets Limited) ("the Company") is into Manufacturing Industry.

2. **Date or Expected Date of Commencement of Commercial Production:**
   The Company was incorporated on 23rd September, 1982 under the Companies Act, 1956 and it started commercial production thereafter.

3. **In Case of New Companies, Expected Date of Commencement of Activities As per Project Approved by Financial Institutions appearing in the Prospectus:**
   Not Applicable.

4. **Financial Performance For The Last 3 Years**

(₹ in '000)

Particulars	2019-20*	2018-19	2017-18
Income for the year	916,445.48	576,193.65	249,185.42
Profit before Interest, Depreciation and Tax	(14,443.09)	30,094.97	21,077.82
Net Profit/(Loss) for the Current Year	(135,876.75)	(33,396.25)	584.86
Other Comprehensive income (net of tax)	131.93	(294.57)	1,201.75
Earlier Years Balance Brought forward	(82,678.19)	48,725.15	46,938.53
Depreciation reversed on Capital Subsidy received	-	-	-
Balance carried to Balance Sheet	(219,216.89)	(82,678.19)	48,725.15
Dividend and Tax thereon	-	-	-
Net Profit available for Appropriation	(136,538.70)	(131,403.34)	1,786.61

* As per Ind AS

5. **Foreign Investments or Collaborations, if any:**

   The Company has foreign subsidiary namely MagDev Limited and Pilamec Limited.

II. INFORMATION ABOUT THE APPOINTEE

1. **Background Details:**

   Dr. Ram H. Shroff is a qualified medical doctor. Dr. Shroff has an experience of more than 17 years in Charak Pharma where he is a Director. Charak is one of the leading Herbal and Ayurvedic Company in India. Through his initiatives the Company has grown its market share substantially and has introduced several new products which have helped bring a new dimension in medical treatment of patients. Dr. Shroff has also initiated Charak Pharma's international presence. Charak is now available in more than 45 countries around the world. In addition, Dr. Shroff has participated in several local and international medical conferences impressing the need of alternative medicines for the treatment of patients.

   Dr. Shroff is the Managing Director of Delta Manufacturing Limited (formerly Delta Magnets Limited) (DML) since 2012, he has been instrumental in the turn around of the company. Dr. Shroff has streamlined the operation of the company by consolidating its resources like spearheading expansion of soft ferrite facility from 7 MT per month to 70 MT p.m. and improving hard ferrite production from 70 MT p.m to 125 MT p.m. with incremental investment etc. His customer oriented approach coupled with his zeal for innovation has enabled the company to win many new customers and gain foot print in the industry. Under his leadership the Company caters to varied industries ranging from Automobiles, Railways and Telecommunication amongst others. Today DML is one of the leading players in the Industry and poised to grow further.

2. **Past remuneration:**

   ₹ 1,117.74 ('000) from 20th January, 2020 till 31st March, 2020 which is subject to approval of Members at ensuing AGM.

3. **Recognition & Awards:**

   Nil

4. **Job Profile and his Suitability:**

   Dr. Ram H. Shroff is the Managing Director of Delta Manufacturing Limited since 2012, he has been instrumental in the turn around of the company. Dr. Shroff has streamlined the operation of the company by consolidating its resources like spearheading expansion of soft ferrite facility from 7 MT per month to 70 MT p.m. and improving hard ferrite production from 70 MT p.m to 125 MT p.m. with incremental investment etc. Today Delta Manufacturing Limited is one of the leading players in the Industry and poised to grow further.

5. **Remuneration proposed :**

   As per details given in Resolution above.

6. **Comparative Remuneration Profile with respect to Industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):**

   Taking into consideration the size of the Company, the profile assigned to Dr. Ram H. Shroff, the responsibilities that would be shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level incumbents, in other companies.

7. **Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any:**

   Beside the remuneration proposed, Dr. Ram H. Shroff, do not have any other pecuniary relationship with the Company and he is not related to any of the Managerial Personnel of the Company.

III. OTHER INFORMATION:

1. **Reasons for loss or inadequacy of profits:**

   The Industry has been facing a tough competition with lot of players in the field. The Company has been trying to expand its business and has been focusing on marketing aggressively. There has been a continuous increase in raw material cost and the overheads. We are also affected due to the weaker growth experienced across developed and emerging economies of the world, given the COVID-induced disruptions and associated value chain impacts.

2. **Steps taken by the company to improve performance:**

   i. Optimal utilization of the resources available with the Company, by using technologically advanced machines to achieve optimum production mix.

   ii. New product development to capture untapped areas of Textile Industry. The Company is working on enhancing its R & D activity, wherein the main thrust will be developing new products and where by the existing infrastructure of the Company can be utilized to its optimum level without having to make new investments.

   iii. With the help of innovative and extensive technology and integrated manpower resources, the Company has acquired an edge over its competitors. The Company has the ability to process multiple deliveries daily and offer real-time information along with quick turnaround of samples and perfect color matching which has helped to provide a range of innovative products.

3. **Expected increase in productivity and profits in measurable terms:**

   With the above mentioned steps taken by the Company, the Company will be able to improve its sales and profit. Increased production capacity is expected to increase turnover of the Company.

IV. DISCLOSURES:

Disclosures in the Board of Directors' report as required under the heading 'Corporate Governance' are forming part of the Directors Report.

By Order of the Board of Directors,

ANANNYA GODBOLE
Company Secretary
ACS No: 23112

Mumbai, 14th August, 2020

Registered Office:

B-87, MIDC, Ambad,
Nashik-422 010, Maharashtra.
CIN : L32109MH1982PLC028280
Email ID : secretarial@deltamagnets.com
Website : www.deltamagnets.com

Tel. No. : 91-22-40794700
Fax No. : 91-22-40794777

ANNEXURE B

DETAILS OF DIRECTORS PROPOSED TO BE APPOINTED / RE-APPOINTED AT THE FORTHCOMING AGM AS REQUIRED BY REGULATION 26 AND REGULATION 36(3) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ("LISTING REGULATIONS") AND SECRETARIAL STANDARDS ON GENERAL MEETINGS (SS – 2)

Name of Director

Dr. Ram H. Shroff

Date of 1st Appointment:

01st August, 2011

Age: 49

Qualification:

Qualified Medical Doctor

Experience:

Dr. Ram H. Shroff is a qualified medical doctor. Dr. Shroff has an experience of more than 17 years in Charak Pharma where he is a Director. Charak is one of the leading Herbal and Ayurvedic Company in India. Through his initiatives the Company has grown its market share substantially and has introduced several new products which have helped bring a new dimension in medical treatment of patients. Dr. Shroff has also initiated Charak Pharma's international presence. Charak is now available in more than 45 countries around the world. In addition, Dr. Shroff has participated in several local and international medical conferences impressing the need of alternative medicines for the treatment of patients.

Dr. Shroff is the Managing Director of Delta Manufacturing Limited (formerly Delta Magnets Limited) (DML) since 2012, he has been instrumental in the turn around of the company. Dr. Shroff has streamlined the operation of the company by consolidating its resources like spearheading expansion of soft ferrite facility from 7 MT per month to 70 MT p.m. and improving hard ferrite production from 70 MT p.m to 125 MT p.m. with incremental investment etc. His customer oriented approach coupled with his zeal for innovation has enabled the company to win many new customers and gain foot print in the industry. Under his leadership the Company caters to varied industries ranging from Automobiles, Railways and Telecommunication amongst others. Today DML is one of the leading players in the Industry and poised to grow further.

Terms and conditions of re-appointment along with details of remuneration sought to be paid:

Managing Director designated as Executive Vice Chairman liable to retire by rotation with a proposed remuneration as mentioned in Item No. 4 of the notice.

Last Drawn Remuneration:

₹ 1,117.74 ('000) from 20th January, 2020 till 31st March, 2020 which is subject to approval of Members at ensuing AGM.

Relationship with Other Directors, Manager and Other Key Managerial Personnel of the Company:

None

Shareholding in the Company (Individually or Jointly):

2,115 Equity Shares of ₹ 10/- each

Number of Meetings of the Board Attended during the Year:

05

Directorship and Committee Memberships (Excluding Delta Manufacturing Limited - formerly known as Delta Magnets Limited)

i) **Directorships held in other Companies:**

Creme-De-La-Creme Private Limited

Charak Healthcare Private Limited

Charak Animal Healthcare Private Limited (under liqudation)

Charak Pharma Private Limited

Stride Livestock Private Limited

ISS Trading Private Limited

Royal Western India Turf Club Limited

Digi Med Network Private Limited

SSI Trading Private Limited

SI Agro Private Limited

Vedistry Private Limited (formerly known as Charak Herbalcare Private Limited)

Young Presidents Organisation (Mumbai Chapter)

ii) **Chairman of Board Committees:**

Nil

iii) **Member of Board Committees:**

Nil

Name of Director

Ms. Anjali Mody

Date of 1st Appointment:

13th February, 2020

Age: 34

Qualification:

Bachelors of Fine Arts in Industrial Design from the Rhode Island School of Design (RISD).

Experience:

Ms. Anjali is a serial entrepreneur with a passion for design .She kindled her love for design under the incomparable guidance of Interior Guru Pinakin Patel and the Late Shri Dashrat Patel. After earning her degree in Industrial Design from RISD she honed her skills in Providence and New York before returning to Mumbai in 2010.

Over the past 10 years Ms. Anjali has co-founding the acclaimed creative agency Skarma in 2010 as well as a bespoke design practice- Josmo in Late 2010 where she remains Founder and Creative Director.

Josmo- her current focus has been on growing her 10 year old design practice that specialises in bringing good design within reach to a larger Indian audience. Her 6000 sq ft retail store and 30,000 sq ft factory are the recent feather in her hat making her overall dream of “Good design within reach”, a beautiful reality.

After 10 years of professional success including glowing features in Elle Decor, Architectural Digest and Good Homes; Caravan, as well as humbling accolades and awards from Forbes, Good Homes, Elle Décor and Acetech Alpha, Ms. Anjali expanded her practice to Goa where she now resides.

Throughout her career Ms. Anjali has established a philosophy centered on blending necessity with imagination. Through her efforts, Ms. Anjali is transforming the arena of design in India by adopting best practices, environmentally sound manufacturing and expression through design.

Apart from her day job as furniture fanatic, she is an avid animal activist and provides support to animal shelters, animal rescue enthusiasts and the world of stray animals as a full time job.

Terms and conditions of re-appointment along with details of remuneration sought to be paid:

Non-Executive, Non-Independent Director liable to retire by rotation.

Last Drawn Remuneration:

Nil

Relationship with Other Directors, Manager and Other Key Managerial Personnel of the Company:

Daughter of Mr. Jaydev Mody

Shareholding in the Company (Individually or Jointly):

Nil

Number of Meetings of the Board Attended during the Year:

Nil

Directorship and Committee Memberships (Excluding Delta Manufacturing Limited - formerly known as Delta Magnets Limited)

i) **Directorships held in other Companies:**

Delta Holdings (USA) Inc. (Foreign Company)

Skarma Consultancy Private Limited

J M Holdings Limited (U A E) (Foreign Company)

J M Livestock Private Limited

J M Holdings (USA) Inc. (Foreign Company)

ii) **Chairperson of Board Committees:**

Nil

iii) **Member of Board Committees:**

Nil

DIRECTORS' REPORT

TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Thirty Eighth (38th) Directors' Report of your Company along with the financial statements for the Financial Year ended 31st March, 2020.

1. OPERATING RESULTS

Certain key aspects of your Company's performance during the Financial Year ended 31st March, 2020 as compared to the previous Financial Year are summarised below:

(₹ in '000)

Particulars	Standalone Year Ended		Consolidated Year Ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Income for the year	916,445.48	576,193.65	1,249,282.87	1,011,910.61
Profit before Interest, Depreciation and Tax	(14,443.09)	30,094.97	7,401.51	50,132.80
Finance Charges	61,130.95	31,171.15	61,163.63	46,441.97
Profit before Depreciation and Taxes	(75,574.04)	(1,076.18)	(53,762.12)	3,690.83
Depreciation & Amortization	59,607.40	31,732.09	66,472.33	39,753.07
Provisions for Taxation/ Deferred Tax	695.31	587.98	2,839.18	(2,735.16)
Prior Period Items / Exceptional Items	-	-	-	-
Minority Interest & Profit from Associate Company	-	-	-	-
Net Profit for the Current Year	(135,876.75)	(33,396.22)	(1,23,073.67)	(33,327.05)
Add: Other Comprehensive Income (OCI)	131.93	(294.57)	10,945.00	(2,226.59)
Total Comprehensive Income for the Year	(135,744.82)	(33,690.79)	(112,128.67)	(35,553.64)
Earlier Years Balance Brought Forward	(82,678.16)	48,725.15	41,909.38	1,940.84
Net Profit available for Appropriation	(136,538.71)	(131,403.31)	(113,426.65)	39,968.54
Transfer to/from General Reserves	-	-	-	-
Balance carried to Balance Sheet (including OCI)	(219,216.87)	(82,678.16)	(71,517.27)	41,909.38

The Standalone Gross Revenue from operations for Financial Year 2019-20 was ₹ 916,445.48 ('000) (Previous Year: ₹ 576,193.65 ('000)). The Operating Loss before tax stood at ₹ 135,181.44 ('000) as against loss of ₹ 32,808.24 ('000) in the Previous Year. The Net Loss after tax for the year stood at ₹ 135,876.75 ('000) against ₹ 33,396.22 ('000) reported in the Previous Year.

The Consolidated Gross Revenue from operations for Financial Year 2019-20 was ₹ 1,249,282.87 ('000) (Previous Year: ₹ 1,011,910.61 ('000). The Consolidated Operating Loss before tax stood (for continued operations) at ₹ 120,234.46 ('000) (Previous Year: ₹ 36,062.21 ('000)). The Consolidated Loss after tax stood at ₹ 123,073.67 ('000) (Previous Year: ₹ 33,327.05 ('000)).

2. DIVIDEND

The Directors do not recommend any dividend for the Financial Year ended 31st March, 2020.

3. **SHARE CAPITAL**

During the year under review the Company had issued and allotted 4,380,106 Equity Shares of the face value of ₹ 10/- each pursuant to the Scheme of Amalgamation between the Company, Arrow Textiles Limited (First Transferor Company or ATL) and MMG India Private Limited (Second Transferor Company or MMG) and their respective shareholders as approved by Hon'ble National Company Law Tribunal, Mumbai bench (NCLT) vide its order dated 27th December, 2019 (the Scheme). Accordingly, as on 31st March, 2020, the issued, paid up share capital of the Company stood at ₹ 108,511,200/- (Rupees Ten Crores Eighty Five Lacs Eleven Thousand Two Hundred only) comprising of 1,08,51,120 Equity Shares of ₹10/- each. The authorized capital of the Company increased from ₹ 100,000,000/- (Rupees Ten Crores only) comprising of 1,00,00,000 Equity Shares of ₹ 10/- each to ₹ 460,000,000/- (Rupees Forty Six Crores only) comprising of 46,000,000 Equity Shares of ₹ 10/- each on account of clubbing of authorized share capital of ATL and MMG with that of the Company pursuant to the scheme.

Further, the Company had applied for listing of shares to BSE Limited and National Stock Exchange of India Limited (the Stock Exchanges) and received the listing permission for 4,295,623 Equity Shares held in dematerialised mode from the Stock Exchanges on 27th April, 2020. The 84,483 Equity Shares held in physical mode are held in abeyance as the Share Certificates could not be dispatched due to nationwide lockdown due to COVID-19 Pandemic. The Company is in process of dispatching share certificates. Once share certificates are dispatched, the Company will apply for listing of these shares.

4. **EXTRACT OF ANNUAL RETURN**

The Extract of Annual Return as provided under Section 92(3) of the Companies Act, 2013 (the Act) and as prescribed in Form No. MGT-9 of the Companies (Management and Administration) Rules, 2014, is appended as **Annexure I** to this Report and is also available on the Company's website www.deltamagnets.com.

5. **NUMBER OF MEETINGS OF THE BOARD**

The Board met Five (5) times in Financial Year 2019-20 viz., on 22nd May, 2019, 09th August, 2019, 13th November, 2019, 20th January, 2020 and 13th February, 2020. The particulars of meetings held and attended by each Director are detailed in the Corporate Governance Report, which forms part of this Annual Report.

6. **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors hereby confirm that:

i. In the preparation of the annual accounts for Financial Year ended 31st March, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31st March, 2020 and of the loss of the Company for that period.

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

iv. The Directors have prepared the annual accounts for Financial Year ended 31st March, 2020 on a 'going concern' basis.

v. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and have been operating efficiently.

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

7. DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors of the Company have submitted the declaration of Independence as required under Section 149(7) of the Act and Regulation 25(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), confirming that they meet the criteria of independence under Section 149(6) of the Act and Regulation 16 (1)(b) of Listing Regulations as amended from time to time. The Independent Directors have also confirmed that they have complied with the Company's Code of Business Conduct & Ethics.

8. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Policy of the Company on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and other matters provided under sub-section (3) of Section 178 of the Act and Regulation 19 of Listing Regulations is appended as **Annexure II** to this Report.

9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE ACT

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act, read with Companies (Meetings of Board and Its Powers) Rules, 2014 are given in the notes to the financial statements forming part of this Annual Report.

10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the Financial Year 2019-20, your Company has entered into transactions with related parties as defined under Section 2(76) of the Act, Rules made thereunder and Regulation 23 of the Listing Regulations. During the Financial Year 2019-20, the Company has not entered into transactions with related parties which qualify as material transactions as per Listing Regulations. The Form AOC - 2 pursuant to Section 134 (3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is appended as **Annexure III** to this Report.

The details of related party transactions as required under IND AS-24 are set out in notes to accounts to the Standalone financial statements forming part of this Annual Report.

The Policy on Related Party Transactions may be accessed on the Company's website at the link:

http://www.deltamagnetsgroup.com/dml/downloads/policies/Related-Party-Transaction-Policy.pdf.

11. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the financial statements relate and the date of this Report.

12. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 is appended as **Annexure IV** to this Report**.**

13. BUSINESS RISK MANAGEMENT

The Board of Directors of the Company has constituted a Risk Management Committee to frame, implement and monitor the risk management plan for the Company. The Company has a robust Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

The business risk framework defines the risk identification and its management approach across the enterprise at various levels including documentation and reporting. The framework helps in identifying risks trend, exposure and potential impact analysis on a Company's business.

14. VIGIL MECHANISM

The Company has adopted Vigil Mechanism and Whistle Blower Policy for Directors and Employees in compliance with the provisions of Section 177(10) of the Act and Regulation 22 of the Listing Regulations, to report genuine concerns and to provide for adequate safeguards against victimization of persons who may use such mechanism. During the year no personnel of the Company was denied access to the Audit Committee. The said policy is also available on the Company's website www.deltamagnets.com

15. ANNUAL EVALUATION OF PERFORMANCE OF THE BOARD

Pursuant to the provisions of the Act and Regulation 19 of the Listing Regulations, the Board has carried out an annual evaluation of performance of the Board, its Committees and Individual Directors.

The Nomination and Remuneration Committee has defined the evaluation criteria for the Board, its Committees and Individual Directors.

The Board's functioning was evaluated after taking inputs from the Directors on various aspects, including inter alia degree of fulfillment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning.

The Committees of the Board were evaluated after taking inputs from the Committee members on the basis of criteria such as degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual directors on aspects such as attendance and contribution at Board/ Committee Meetings and guidance/support to the management outside Board/ Committee Meetings. In addition, the Chairman was also evaluated on key aspects of his role, including setting the strategic agenda of the Board, encouraging active engagement by all Board members.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Board as a whole.

In a separate meeting of independent directors, performance of Non-Independent Directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors.

16. SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

During the year under review MMG India Private Limited ceased to be subsidiary of the Company pursuant to the Scheme. No company has become subsidiary, joint venture and associate company during the year.

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Act, the Company has prepared consolidated financial statements of the Company and all its subsidiaries, which form part of the Annual Report. A report on the performance and financial position of each of the subsidiaries, associate and joint venture company as per the Act and Rules made thereunder, is provided in the financial statement and hence not repeated here for the sake of brevity.

In accordance with Section 136 of the Act, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiaries, are available on Company's website www.deltamagnets.com. These documents will also be available for inspection during working hours at our Registered Office of the Company.

The Policy for determining material subsidiaries as approved may be accessed on the Company's website at the link:

http://www.deltamagnetsgroup.com/dml/downloads/policies/Policy-for-Determining-Material-Subsidiaries.pdf.

17. DETAILS RELATING TO DEPOSITS, COVERED UNDER CHAPTER V OF THE ACT

The Company has neither accepted nor renewed any deposits during the Financial Year 2019-20 in terms of Chapter V of the Act.

18. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

19. SIGNIFICANT EVENTES DURING THE FINANCIAL YEAR 2019-20

1. Scheme of Amalgamation

The Hon'ble National Company Law Tribunal, Mumbai Bench, vide it's order dated 27th December, 2019 had approved the Scheme of Amalgamation between the Company, Arrow Textiles Limited (First Transferor Company or ATL) and MMG India Private Limited (Second Transferor Company or MMG) and their respective shareholders (the Scheme). The appointed date of the Scheme was 01st October, 2018 and the Scheme became effective from 20th January, 2020. The allotment made to erstwhile shareholders of ATL in the exchange ratio of 23 (Twenty Three) fully paid-up Equity Shares of ₹ 10/- each of the Company for every 100 (Hundred) fully paid up Equity Shares of ₹ 10/- each held by the shareholders of ATL on the record date i.e. 07th February, 2020.

The amalgamation has been accounted for under the "pooling of interest" method referred to in Appendix C of Ind AS 103 - Business Combinations and the previously issued financial statements of the Company for the year ended 31st March, 2019 have been restated to give effect to the Scheme. All the assets and liabilities of the ATL & MMG have been transferred to and vested in the Company at it's carrying value w.e.f. 01st October, 2018 and the amount of ₹ 208,486.14 ('000) is recorded as Capital Reserve on account of the Scheme.

2. Change of Name and Object Clause of the Company

Pursuant to the Scheme the name of the Company was changed from Delta Magnets Limited to Delta Manufacturing Limited w.e.f. 20th February, 2020 as well as main object clause of the Memorandum of Association of the Company amended pursuant to the Scheme.

20. INTERNAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has in place adequate internal financial control with reference to financial statements.

The Company has adopted accounting policies which are in line with the Indian Accounting Standards notified under Section 133 and other applicable provisions, if any, of the Act read together with the Companies (Indian Accounting Standards) Rules, 2015.

The Company in preparing its financial statements makes judgments and estimates based on sound policies and uses external agencies to verify/ validate them as and when appropriate. The basis of such judgments and estimates are also approved by the Statutory Auditors and Audit Committee.

The Internal Auditor evaluates the efficacy and adequacy of internal control system, accounting procedures and policies adopted by the Company for efficient conduct of its business, adherence to Company's policies, safeguarding of Company's assets, prevention and detection of frauds and errors and timely preparation of reliable financial information etc. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

21. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Section 152(6)(e) of the Act, Dr. Ram H. Shroff, will retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment.

The Board, on recommendation of the Nomination and Remuneration Committee has appointed Ms. Anjali Mody (DIN: 02784924) as an Additional Director with effect from 13th February, 2020. Accordingly, Ms. Anjali Mody holds office as Additional Director up to the date of the ensuing AGM and is eligible to be appointed as a Director of the Company, liable to retire by rotation in accordance with the provisions of Section 161 of the Act and Rules made thereunder. The Company has received a notice from a member, proposing her appointment at the ensuing AGM, as an Non-Executive Non-Independent Director of the Company, in accordance with provisions of the Act and the Rules made thereunder,

Mr. Samir Chinai (DIN: 00112601) and Ms. Ambika Kothari (DIN: 01162900) resigned as Directors of the Company w.e.f. 13th February, 2020. The Board places on record its appreciation for the valuable services and guidance given by Mr. Samir Chinai and Ms. Ambika Kothari to the Company during their tenure as Director of the Company.

22. AUDITORS

1. Statutory Auditor

M/s. M.H.S & Associates, Chartered Accountants (Firm Registration No: 141079W) were appointed as Statutory Auditors of the Company at 36th AGM till the conclusion of 41st AGM.

Your Company has received a confirmation from M/s. M.H.S & Associates, Chartered Accountants (Firm Registration No: 141079W) to the effect that they are not disqualified within the meaning of Section 141 and other applicable provisions of the Act and Rules made thereunder.

There are no qualifications, reservations or adverse remarks or disclaimers made by Statutory Auditors of the Company.

2. Secretarial Auditor

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company have appointed M/s. A. K. Jain &

Co., Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the year ended 31st March, 2020. The Secretarial Audit Report is appended as **Annexure V** to this Report.

There are no qualifications, reservations or adverse remarks or disclaimers made by Secretarial Auditor of the Company.

Maintenance of cost records and Cost Audit as specified by the Central Government under Section 148(1) of the Act is not required by the Company.

23. REPORTING OF FRAUDS

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder.

24. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As per Regulation 34(2) read with Schedule V of the Listing Regulations, Management and Discussion and Analysis Report is provided in a separate section and forms an integral part of this Annual Report.

25. CORPORATE GOVERNANCE

As per Regulation 34(3) read with Schedule V of the Listing Regulations, a separate section on corporate governance practices followed by the Company, together with a certificate from the practicing Company Secretary confirming compliance with the conditions of Corporate Governance forms an integral part of this Annual Report.

26. AUDIT COMMITTEE OF THE COMPANY

The Audit Committee of the Company comprises of the following Directors:

1. Mr. Rajesh Jaggi (Chairman);
2. Mr. Javed Tapia;
3. Dr. Ram H. Shroff and
4. Dr. Vrajesh Udani

The composition of the Audit Committee is in compliance with the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations.

27. PARTICULARS OF EMPLOYEES

A statement comprising the names of top 10 employees in terms of remuneration drawn and every persons employed throughout the year, who were in receipt of remuneration in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not being sent alongwith this annual report to the members of the Company in line with the provisions of Section 136 of the Act. Members who are interested in obtaining these particulars may write email to the Company Secretary on secretarial@deltamagnets.com.

The disclosures in terms of the provisions of Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014 are provided in **Annexure VI** to this Report.

28. COMPLIANCE OF THE SECRETARIAL STANDARDS

During the Financial Year, the Company has complied with the applicable Secretarial Standards i.e SS-1 and SS-2 as issued by the Institute of the Company Secretaries of India.

29. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has complied with the provisions relating to constitution of Internal Complaints Committee and has Anti-Sexual Harassment policy pursuant to the provisions of The Sexual Harassment of Woman at Workplace (Prevention, Prohibition & Redressal) Act 2013. The Company has Anti-Sexual Harassment policy pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company did not receive any such complaints during the Financial Year 2019-20.

30. ACKNOWLEDGEMENTS

Your Directors express their sincere appreciation for the co-operation received from shareholders, bankers and other business constituents during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in the successful performance of the Company during the year.

Due to COVID-19 pandemic and the consequent lock down announced by the Government of India, the operations of the Company have been suspended since the third week of March, 2020. The Government has also been announcing phased lifting of lock down and the general expectations are that normalcy could be gradually restored during the Financial Year ending 31st March, 2021. The management has also evaluated the possible impact of this pandemic on the business operations and the financial position of the Company and based on its initial assessment of the current indicators of the future economic conditions, believes that there is no significant impact on the financial results of the Company, as at and for the year ended 31st March, 2020. In view of the outbreak of the pandemic, the Company undertook timely and essential measures to ensure the safety and wellbeing of all its employees at all its locations. The Company observed all the government advisories and guidelines thoroughly and in good faith.

For and on behalf of the Board of Directors

Jaydev Mody
Chairman
DIN: 00234797

Place: Mumbai
Date: 14th August, 2020

ANNEXURE I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31st MARCH, 2020

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

I. REGISTRATION AND OTHER DETAILS

i.	CIN	L32109MH1982PLC028280
ii.	Registration Date	23rd September, 1982
iii.	Name of the Company	Delta Manufacturing Limited (formerly Delta Magnets Limited)
iv.	Category/ Sub-category of the Company	Category: Company Limited by Shares Sub Category: Indian Non-Government Company
v.	Address of the Registered Office and contact details	B-87, MIDC, Ambad, Nashik-422 010, Maharashtra Tel No : 91-253-2382238 Fax No: 91-253-2382926 Email ID : secretarial@deltamagnets.com
vi.	Whether listed	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Freedom Registry Limited Share Transfer Agent Plot No. 101/102, 19th Street, MIDC, Satpur, Nashik-422 007, Maharashtra. Tel No : 91-253-2354032 Fax No: 91-253-2351126 Email ID: support@freedomregistry.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company, on standalone basis, are as under:

Sr. No.	Name and Description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1.	Manufacturing of Hard Ferrites	31904	22.52
2.	Manufacturing of Soft Ferrites	31904	33.39
3.	Manufacturing of Woven Labels	2679	19.33
4.	Manufacturing of Fabric Printed labels	2699	13.17

III. PARTICULARS OF HOLDING, SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	MagDev Limited Unit 23 Ash Industrial Estate Kembrey Park, Swindon SN2 8UN	NA	Subsidiary	100%	2(87)
2.	Pilamec Ltd., UK Woodward Hale, 38 Dollar Street, Cirencester, Gloucestershire GL7 2AN	NA	Subsidiary	100%	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) **Category wise Share Holding**

Sr. No.	Category of Shareholders	No. of shares held at the beginning of the year 01.04.2019				*No. of shares held at the end of the year 31.03.2020				*%Change during year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
A.	**Promoters**									
1)	**Indian**									
a)	Individual/HUF	53,240	0	53,240	0.82	88,559	0	88,559	0.82	0.00
b)	Central Govt	0	0	0	0.00	0	0	0	0	0.00
c)	State Govt (s)	0	0	0	0.00	0	0	0	0	0.00
d)	Bodies Corp.	1,615,153	0	1,615,153	24.96	1,625,527	0	1,625,527	14.98	(9.98)
e)	Banks/ FI	0	0	0	0.00	0	0	0	0	0.00
f)	Any Other									
(f1)	Trusts	3,000,298	0	3,000,298	46.37	5,958,702	0	5,958,702	54.92	(0.15)
	Sub-total (A) (1):-	**4,668,691**	**0**	**4,668,691**	**72.15**	**7,672,788**	**0**	**7,672,788**	**70.71**	**(1.44)**
2)	**Foreign**									
a)	NRIs- Individuals	0	0	0	0.00	0	0	0	0	0.00
b)	Other- Individuals	0	0	0	0.00	0	0	0	0	0.00
c)	Bodies Corp.	0	0	0	0.00	0	0	0	0	0.00
d)	Banks/ FI	0	0	0	0.00	0	0	0	0	0.00
e)	Any Other	0	0	0	0.00	0	0	0	0	0.00
	Sub-total (A) (2):-	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**	**0.00**
	Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	**4,668,691**	**0**	**4,668,691**	**72.15**	**7,672,788**	**0**	**7,672,788**	**70.71**	**(1.44)**

Sr. No.	Category of Shareholders	No. of shares held at the beginning of the year 01.04.2019				*No. of shares held at the end of the year 31.03.2020				*%Change during year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
B.	**Public Shareholding**									
1)	**Institutions**									
a)	Mutual Funds / UTI	225	1,200	1,425	0.02	225	1,200	1,425	0.01	(0.01)
b)	Banks / FI	525	7,700	8,225	0.13	2,819	7,700	10,519	0.10	(0.03)
c)	Central Govt.	0	0	0	0.00	0	0	0	0	0.00
d)	State Govt.(s)	0	0	0	0.00	0	0	0	0	0.00
e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0	0.00
f)	Insurance Companies	0	0	0	0.00	0	0	0	0	0.00
g)	FIIs	0	0	0	0.00	0	0	0	0	0.00
h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0	0.00
i)	Others (specify)	0	0	0	0.00	0	0	0	0	0.00
	Sub-Total (B)(1):	**750**	**8,900**	**9,650**	**0.15**	**3,044**	**8,900**	**11,944**	**0.11**	**(0.04)**
2)	**Non-Institutions**									
a)	Bodies Corporate									
i)	Indian	224,700	676	225,376	3.48	307,184	2,733	309,917	2.86	(0.62)
ii)	Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b)	Individuals									
i)	Individual Shareholders holding nominal share capital upto share capital upto ₹ 1 lakh	720,781	260,109	980,890	15.16	1,788,433	332,983	2,121,416	19.55	4.39
ii)	Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	556,158	0	556,158	8.59	589,039	0	589,039	5.42	(3.17)
c)	Others (specify)									
(c1)	Clearing Member	6,012	0	6,012	0.09	12,392	0	12,392	0.11	0.02
(c2)	NRIs	6,549	225	6,774	0.10	69,470	566	70,036	0.65	0.55
(c3)	IEPF	0	0	0	0.00	0	0	0	0.00	0.00
(c4)	Director or Directors Relatives	2,200	200	2,400	0.04	483	120	603	0.01	(0.03)
(c5)	Trusts	50	0	50	0.00	150	0	150	0.00	0.00
(c6)	HUF	15,013	0	15,013	0.24	61,912	0	61,912	0.57	0.34

Sr. No.	Category of Shareholders	No. of shares held at the beginning of the year 01.04.2019				*No. of shares held at the end of the year 31.03.2020				*%Change during year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
(c7)	LLP	0	0	0	0.00	923	0	923	0.01	0.01
	Sub-Total (B)(2):	**1,531,463**	**261,210**	**1,792,673**	**27.70**	**2,829,986**	**336,402**	**3,166,388**	**29.18**	**1.48**
	Total Public Shareholding (B)=(B)(1)+(B)(2)	**1,532,213**	**270,110**	**1,802,323**	**27.85**	**2,833,030**	**345,302**	**3,178,332**	**29.29**	**0.00**
C.	**Shares held by Custodian for GDRs & ADRs**	0	0	0	0.00	0	0	0	0.00	0.00
	Grand Total (A+B+C)	**6,200,904**	**270,110**	**6,471,014**	**100**	**10,505,818**	**345,302**	**10,851,120**	**100**	**0.00**

*The change in no of shares and Percentage is due to allotment of shares pursuant to the Scheme.

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2019			@Shareholding at the end of the year 31.03.2020			@% change in share--holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Ziabai Jaydev Mody jointly with Jaydev Mody	1,125	0.02	-	1,125	0.01	-	(0.01)
2.	#Jaydev Mukund Mody	-	-	-	64	0.00	-	0.00
3.	Dr. Ram H. Shroff	2,115	0.03	-	2,115	0.02	-	(0.01)
4.	Urvi Piramal A	25,000	0.39	-	36,900	0.34	-	(0.05)
5.	Kalpana Singhania	25,000	0.39	-	39,362	0.36	-	(0.03)
6.	#Ambika Singhania	-	-	-	4,672	0.04	-	0.04
7.	#Gopika Singhania	-	-	-	4,321	0.04	-	0.04
8.	#Chand Arora	-	-	-	0	0.00	-	0.00
9.	*Aarti Pandit Family Private Limited (formerly known as Aryanish Finance and Investments Private Limited)	99,6570	15.40	-	1,986,318	18.31	-	2.91

Sr. No.	Shareholder's Name	No. of shares held at the beginning of the year 01.04.2019			@Shareholding at the end of the year 31.03.2020			@% change in share--holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
10.	* Aditi Mody Family Private Limited (formerly known as Bayside Property Developers Private Limited)	997,751	15.42	-	1,987,111	18.31	-	2.89
11.	*Anjali Mody Family Private Limited (formerly known as Delta Real Estate Consultancy Private Limited)	1,005,977	15.55	-	1,985,273	18.30	-	2.75
12.	SSI Trading Private Limited	1,615,153	24.96	-	1,615,153	14.88	-	(10.08)
13.	#Miranda Tools Private Limited	-	-	-	8,512	0.08	-	0.08
14.	#Highland Resorts LLP	-	-	-	1,862	0.02	-	0.02
15.	#Delta Corp Limited	-	-	-	0	0.00	-	0.00
16.	#Anjoss Trading Private Limited	-	-	-	0	0.00	-	0.00
17.	#Aarti Management Consultancy Private Limited	-	-	-	0	0.00	-	0.00
18.	#Aditi Management Consultancy Private Limited	-	-	-	0	0.00	-	0.00

* Aarti Pandit Family Private Limited (formerly known as Aryanish Finance and Investments Private Limited), Aditi Mody Family Private Limited (formerly known as Bayside Property Developers Private Limited) and Anjali Mody Family Private Limited (formerly known as Delta Real Estate Consultancy Private Limited) are holding Equity Shares in the capacity of trustees for Aarti J. Mody Trust, Aditi J. Mody Trust and Anjali J. Mody Trust respectively.

These shareholders were forming part of 'Promoter and Promoter Group' of ATL. Due to allotment of shares pursuant to the Scheme they were categorized as 'Promoter and Promoter Group' of the Company.

@ The change in no of shares and Percentage is due to allotment of shares pursuant to the Scheme.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (As on 01.04.2019)		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1.	Ziabai Jaydev Mody jointly with Jaydev Mukund Mody	1,125	0.02	01.04.2019	0	Nil movement during the year	1,125	@0.01
		1,125	@0.01	31.03.2020				
2.	#Jaydev Mukund Mody	0	0.00	01.04.2019				
				03.03.2020	64	Allotment pursuant to the Scheme	64	0.00
		64	0.00	31.03.2020				
3.	Dr. Ram H. Shroff	2,115	0.03	01.04.2019	0	Nil movement during the year	2,115	@0.02
		2,115	@0.02	31.03.2020				
4.	Urvi Piramal A	25,000	0.39	01.04.2019				
				09.08.2019	5,000	Transfer	30,000	0.46
				03.03.2020	6,900	Allotment pursuant to the Scheme	36,900	0.34
		36,900	0.34	31.03.2020				
5.	Kalpana Singhania	25,000	0.39	01.04.2019				
				09.08.2019	5,000	Transfer	30,000	0.46
				03.03.2020	9,362	Allotment pursuant to the Scheme	39,362	0.36
		39,362	0.36	31.03.2020				
6.	#Ambika Singhania	1,950 (holding as public shareholder)	0.03	01.04.2019				
				03.03.2020	2,722	Allotment pursuant to the Scheme	4,672	0.04
		4,672	0.04	31.03.2020				

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (As on 01.04.2019)		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
7.	#Gopika Singhania	1,800 (holding as public shareholder)	0.03	01.04.2019				
				03.03.2020	2,521	Allotment pursuant to the Scheme	4,321	0.04
		4,321	0.04	31.03.2020				
8.	#Chand Arora	0	0.00	01.04.2019	0	Nil movement during the year	0	0.00
		0	0.00	31.03.2020				
9.	* Aarti Pandit Family Private Limited (formerly known as Aryanish Finance and Investments Private Limited)	996,570	15.40	01.04.2019				
				03.03.2020	989,748	Allotment pursuant to the Scheme	1,986,318	18.31
		1,986,318	18.31	31.03.2020				
10.	* Aditi Mody Family Private Limited (formerly known as Bayside Property Developers Private Limited)	997,751	15.42	01.04.2019				
				03.03.2020	989,360	Allotment pursuant to the Scheme	1,987,111	18.31
		1,987,111	18.31	31.03.2020				
11.	* Anjali Mody Family Private Limited (formerly known as Delta Real Estate Consultancy Private Limited)	1,005,977	15.55	01.04.2019				
				09.08.2019	(10,000)	Transfer	995,977	15.39
				03.03.2020	989,296	Allotment pursuant to the Scheme	1,985,273	18.30
		1,985,273	18.30	31.03.2020				
12.	SSI Trading Private Limited	1,615,153	24.96	01.04.2019	0	Nil movement during the year	1,615,153	@14.88
		1,615,153	@14.88	31.03.2020				
13.	#Miranda Tools Private Limited	0	0	01.04.2019				
				03.03.2020	8,512	Allotment pursuant to the Scheme	8,512	0.08
		8,512	0.08	31.03.2020				

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (As on 01.04.2019)		Date	Increase/ (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
14.	#Highland Resorts LLP	0	0.00	01.04.2019				
				03.03.2020	1,862	Allotment pursuant to the Scheme	1,862	0.02
		1,862	0.02	31.03.2020				
15.	#Delta Corp Limited	0	0.00	01.04.2019	-	-	0	0.00
		0	0.00	31.03.2020				
16.	#Anjoss Trading Private Limited	0	0.00	01.04.2019	-	-	0	0.00
		0	0.00	31.03.2020				
17.	# Aarti Management Consultancy Private Limited	0	0.00	01.04.2019	-	-	0	0.00
		0	0.00	31.03.2020				
18.	# Aditi Management Consultancy Private Limited	0	0.00	01.04.2019	-	-	0	0.00
		0	0.00	31.03.2020				

*Aarti Pandit Family Private Limited (formerly known as Aryanish Finance and Investments Private Limited), Aditi Mody Family Private Limited (formerly known as Bayside Property Developers Private Limited) and Anjali Mody Family Private Limited (formerly known as Delta Real Estate Consultancy Private Limited) are holding Equity Shares in the capacity of trustees for Aarti J. Mody Trust, Aditi J. Mody Trust and Anjali J. Mody Trust respectively.

These shareholders were forming part of 'Promoter and Promoter Group' of ATL. Due to allotment of shares pursuant to the Scheme they were categorized as 'Promoter and Promoter Group' of the Company.

@ Percentage change is due to increase in paid capital on account of allotment of shares pursuant to the Scheme.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name	Shareholding at the beginning of the year (As on 01.04.2019)		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares	% of total Share of the Company				No of Shares	% of total Shares of the Company
1.	New Deal Multitrade Private Limited	95,500	1.48	01.04.2019				
				03.03.2020	41,860	Allotment pursuant to the Scheme	137,360	1.27
		137,360	1.27	31.03.2020				
2.	T And D Trading Private Limited	106,117	1.64	01.04.2019				
				03.03.2020	345	Allotment pursuant to the Scheme	106,462	0.98
		106,462	0.98	31.03.2020				
3.	Hitesh Ramji Javeri	60,000	0.93	01.04.2019				
				03.03.2020	4,218	Allotment pursuant to the Scheme	64,218	0.59
		64,218	0.59	31.03.2020				
4.	Chirag Mehta	64,000	0.99	01.04.2019	0	Nil movement during the year	64,000	0.59
		64,000	0.59	31.03.2020				
5.	Sanjaykumar Sarawagi	47,273	0.73	01.04.2019	0	Nil movement during the year	47,273	0.44
		47,273	0.44	31.03.2020				
6.	Kalpana Prakash Pandey	43,062	0.67	01.04.2019	0	Nil movement during the year	43,062	0.40
		43,062	0.40	31.03.2020				
7.	Harsha Hitesh Javeri	40,000	0.62	01.04.2019				
				03.03.2020	13	Allotment pursuant to the Scheme	40,013	0.37
		40,013	0.37	31.03.2020				

Sr. No.	Name	Shareholding at the beginning of the year (As on 01.04.2019)		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares	% of total Share of the Company				No of Shares	% of total Shares of the Company
8.	Madhukant Sunderlal Patel	35,674	0.55	01.04.2019				
				15.04.2019	103	Buy	35,777	0.55
				26.04.2019	270	Buy	36,047	0.56
				09.08.2019	(148)	Sell	35,899	0.55
				08.11.2019	(150)	Sell	35,749	0.55
				15.11.2019	127	Buy	35,876	0.55
		35,876	0.33	31.03.2020				
9.	Mehraboon Jamshed Irani	25,676	0.40	01.04.2019				
				03.03.2020	1,610	Allotment pursuant to the Scheme	27,286	0.25
				20.03.2020	(25,676)	Sell	1,610	0.01
				31.03.2020	25,676	Buy	27,286	0.25
		27,286	0.25	31.03.2020				
10.	Hasumati Sunderlal Patel	23,700	0.37	01.04.2019				
				24.05.2019	(25)	Sell	23,675	0.37
				31.05.2019	150	Buy	23,825	0.37
				16.08.2019	175	Buy	24,000	0.37
		24,000	0.22	31.03.2020				

Note: The change in Percentage is due to allotment of shares to the shareholders of ATL pursuant to the Scheme.

(v) **Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	For each of the directors and KMP	Shareholding at the beginning of the year (As on 01.04.2019)		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	*Mr. Jaydev Mody	1,125	0.02	01.04.2019				
				03.03.2020	64	Allotment pursuant to the Scheme	1,189	0.01
		1,189	0.01	31.03.2020				
2	Dr. Ram H. Shroff	2,115	0.03	01.04.2019	0	Nil movement during the year	2,115	@0.02
		2,115	@0.02	31.03.2020				
3	Ms. Ambika Kothari (ceased to be director w.e.f. 13.02.2020)	1,950	0.03	01.04.2019	-	-	-	-
		-	-	31.03.2020				
4	**Mr. Darius Khambatta	0	0.00	01.04.2019			0	0.00
				03.03.2020	603	Allotment pursuant to the Scheme	603	0.00
		603	0.00	31.03.2020				
5	Mr. Javed Tapia	0	0.00	01.04.2019	0	Nil movement during the year	0	0.00
		0	0.00	31.03.2020				
6	Mr. Rajesh Jaggi	0	0.00	01.04.2019	0	Nil movement during the year	0	0.00
		0	0.00	31.03.2020				
7	Mr. Samir Chinai (ceased to be director w.e.f. 13.02.2020)	450	0.01	01.04.2019	-	-	-	-
		-	-	31.03.2020				
8	Dr. Vrajesh Udani	0	0.00	01.04.2019	0	Nil movement during the year	0	0.00
		0	0.00	31.03.2020				
9	Ms. Anjali Mody (appointed as director w.e.f. 13.02.2020)	0	0.00	13.02.2020	0	Nil movement during the year	0	0.00
		0	0.00	31.03.2020				
10	Mr. Abhilash Sunny	5	0.00	01.04.2019				
				03.03.2020	1	Allotment pursuant to the Scheme	6	0.00
		6	0.00	31.03.2020				

Sr. No.	For each of the directors and KMP	Shareholding at the beginning of the year (As on 01.04.2019)		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
11	Ms. Anannya Godbole	1	0.00	01.04.2019	0	Nil movement during the year	1	0.00
		1	0.00	31.03.2020				

* Out of this 1125 share are held jointly with Ziabai Jaydev Mody.

** Out of this 483 share are held jointly with Dinoo Khambatta.

@ Percentage change is due to increase in paid capital on account of allotment of shares pursuant to the Scheme.

V. INDEBTEDNESS

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

(₹ in ‘000)

Sr. No.	Particulars	Secured Loans excluding deposits (₹)	Unsecured Loans (₹)	Deposits (₹)	Total Indebtedness (₹)
	Indebtedness at the beginning of the Financial Year				
i.	Principal Amount	177,102.83	353,110.91	-	530,213.74
ii.	Interest due but not paid	-	-	-	-
iii.	Interest accrued but not due	160.89	30,052.86	-	30,213.75
	Total (i+ii+iii)	**177,263.72**	**383,163.77**	**-**	**560,427.49**
	Change in Indebtedness during the Financial Year				
	Addition	7,741.26	31,199.02	-	38,940.28
	Reduction	-	-	-	-
	Net Change	7,741.26	31,199.02	-	38,940.28
	Indebtedness at the end of the Financial Year				
i	Principal Amount	184,818.43	403,714.78	-	588,533.21
ii	Interest due but not paid	-	-	-	-
Iii	Interest accrued but not due	186.55	10,648.01	-	10,834.56
	Total (i+ii+iii)	**185,004.98**	**414,362.79**	**-**	**599,367.77**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ in '000)

Sr. No.	Particulars of Remuneration	Name of Managing Director *(Dr. Ram H. Shroff)	
1.	**Gross salary**		
a.	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,004.49	
b.	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	
c.	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	113.25	
2.	**Stock Option**	-	
3.	**Sweat Equity**	-	
4.	**Commission** as % of profit others, specify…	-	
5.	**Others, please specify**	-	
	Total (A)	**1,117.74**	
	Ceiling as per the Act	5% of Net Profit as per Section 198 of the Act	-

*Remuneration paid to Dr. Ram H. Shroff as mentioned above does not include amount paid as remuneration by ATL. It includes remuneration paid by the Company from 20th January, 2020 to 31st March, 2020 which is subject to approval of members of the Company. For further details please refer financial statements forming part of Annual Report.

B. *Remuneration to Other Directors

(₹ in '000)

Sr. No.	Particulars of Remuneration	Name of Director					Total Amount
1.	**Independent Directors**	**Mr. Rajesh Jaggi**	**Mr. Javed Tapia**	**Dr. Vrajesh Udani**	**Mr. Samir Chinai**	**Mr. Darius Khambatta**	
	Fee for attending board / committee meetings	18	14	18	10	10	**70**
	Commission	0	0	0	0	0	**0**
	Others, please specify	0	0	0	0	0	**0**
	Total (1)	**18**	**14**	**18**	**10**	**10**	**70**
2.	**Other Non-Executive Directors**	**Mr. Jaydev Mody**	**Ms. Ambika Kothari**	**Ms. Anjali Mody**			
	Fee for attending board / committee meetings	4	8	0			**12**
	Commission	0	0	0			**0**
	Others, please specify	0	0	0			**0**

Sr. No.	Particulars of Remuneration	Name of Director					Total Amount
	Total (2)	4	8	0			12
	Total (B)=(1+2)						82
	Total Managerial Remuneration (A+B)						1,199.74
	Overall Ceiling as per the Act (%)		1% of the Net Profits equivalent to Nil with respect to the ceiling for the Company applicable for the Financial Year covered by this Report.				

*It includes sitting fees paid by the Company for the year 2019-20. For further details please refer financial statements forming part of Annual Report.

C. Remuneration to Key Managerial Personnel Other Than MD / Manager / WTD:

(₹ in '000)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Chief Financial Officer (Mr. Abhilash Sunny)	Company Secretary (Ms. Anannya Godbole)	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,924.62	417.78	**5,342.40**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	**-**
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	1,575.39	29.42	**1,604.81**
2.	Stock Option	-	-	**-**
3.	Sweat Equity	-	-	**-**
4.	Commission - as % of profit - others, specify…			
5.	Others, please specify	-	-	**-**
	Total	**6,500.00**	**447.20**	**6947.21**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
A. COMPANY					
Penalty	None	None	None	None	None
Punishment	None	None	None	None	None
Compounding	None	None	None	None	None

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
B. DIRECTORS					
Penalty	None	None	None	None	None
Punishment	None	None	None	None	None
Compounding	None	None	None	None	None
C. OTHER OFFICERS IN DEFAULT					
Penalty	None	None	None	None	None
Punishment	None	None	None	None	None
Compounding	None	None	None	None	None

For and on behalf of the Board of Directors

Jaydev Mody
Chairman
DIN: 00234797

Place: Mumbai
Date: 14th August, 2020

ANNEXURE II

NOMINATION AND REMUNERATION POLICY

1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) The Key Objectives of the Committee would be:

1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.

1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.

1.3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.

1.4. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.

1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

1.6. To devise a policy on Board diversity

1.7. To develop a succession plan for the Board and to regularly review the plan;

1.8. To formulate detailed ESOS Plan and the terms and conditions thereof including but not limited to determination of the Exercise Price, Exercise Period, Lock – in period, consequence of failure to exercise option, method of valuation, accounting policies, disclosures, etc and matters related thereto.

2. DEFINITIONS

2.1. **Act** means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.

2.2. **Board** means Board of Directors of the Company.

2.3. **Directors** mean Directors of the Company.

2.4. **Key Managerial Personnel** means

2.4.1. Managing Director;

2.4.2. Whole-time director;

2.4.3. Chief Financial Officer;

2.4.4. Company Secretary; and

2.4.5. such other officer as may be prescribed under the Companies Act,2013 as amended from time to time .

2.5. Senior Management shall means officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.]

3. ROLE OF COMMITTEE

3.1 The Committee shall:

3.1.1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

3.1.2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;

3.1.3. Devising a policy on diversity of board of directors;

3.1.4. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.

3.1.5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

3.1.6. Recommend to the Board, appointment Remuneration and removal of Director, KMP and Senior Management Personnel.

3.1.7 formulate detailed ESOS Plan and the terms and conditions thereof including but not limited to determination of the Exercise Price, Exercise Period, Lock – in period, consequence of failure to exercise option, method of valuation, accounting policies, disclosures, etc and matters related thereto or such other role as may be defined by the Board of Directors.

3.2. Policy for appointment and removal of Director, KMP and Senior Management

3.2.1. Appointment criteria and qualifications

a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.

b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

c) The Company shall not appoint or continue the employment of any person as Managing Director or Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

3.2.2. Term / Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Whole-time Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. *However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.*
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3.2.3. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

3.2.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3.2.5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

3.3. Policy relating to the Remuneration for the Managing Director or Whole-time Director, KMP and Senior Management Personnel

3.3.1. General:

a) The remuneration / compensation / commission etc. to the Managing Director or Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

b) The remuneration and commission to be paid to the Managing Director or Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act and in line with the Company's policy.

c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director or Whole-time Director.

d) Where any insurance is taken by the Company on behalf of its Managing Director or Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

3.3.2. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

a) Fixed pay:

The Managing Director or Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) Minimum Remuneration:

If, in any Financial Year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director or Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Managing Director or Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

3.3.3. Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:

The remuneration / commission shall be fixed as per the slabs and conditions mentioned in the Articles of Association of the Company and/or the Act.

b) Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed ₹ One Lac per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

c) Commission:

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Act.

d) Stock Options:

An Independent Director shall not be entitled to any stock option of the Company.

4. MEMBERSHIP

4.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.

4.2 The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.

4.3 Membership of the Committee shall be disclosed in the Annual Report.

4.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

5. CHAIRPERSON

5.1 Chairperson of the Committee shall be an Independent Director.

5.2 Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.

5.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.

5.4 Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

6. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at least once in a year.

7. COMMITTEE MEMBERS' INTERESTS

7.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.

7.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

8. SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

9. VOTING

9.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

9.2 In the case of equality of votes, the Chairman of the meeting will have a casting vote.

10. NOMINATION DUTIES

The duties of the Committee in relation to nomination matters include:

10.1 Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;

10.2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;

10.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.

10.4 Determining the appropriate size, diversity and composition of the Board;

10.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;

10.6 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;

10.6 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;

10.7 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.

10.8 Delegating any of its powers to one or more of its members or the Secretary of the Committee;

10.9 Recommend any necessary changes to the Board; and

10.10 Considering any other matters, as may be requested by the Board.

11. REMUNERATION DUTIES

The duties of the Committee in relation to remuneration matters include:

11.1 to consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.

11.2 to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.

11.3 to delegate any of its powers to one or more of its members or the Secretary of the Committee.

11.4 to consider any other matters as may be requested by the Board.

11.5 Professional indemnity and liability insurance for Directors and senior management.

12. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairperson of the Committee or by the Chairperson of the the subsequent Committee meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

For and on behalf of the Board of Directors

Jaydev Mody
Chairman
DIN: 00234797

Place: Mumbai
Date: 14th August, 2020

ANNEXURE III

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Account) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Act including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis.

Name(s) of Related Party and nature of relationship	**NIL**
Nature of contracts/arrangements/transactions	
Duration of the contracts/arrangements/ transactions	
Salient terms of the contracts or arrangements or transactions including the value, if any.	
Justification for entering into such contracts or arrangements or transaction	
date(s) of approval by the Board.	
Amount paid as advances, if any.	
Date on which the special resolution was passed in the general meeting as required under first proviso to section 188.	

2. Details of the material contracts or arrangements or transactions at arm's length basis

Name(s) of Related Party and nature of relationship	NA
Nature of contracts/arrangements/transactions	
Duration of the contracts/arrangements/ transactions	
Salient terms of the contracts or arrangements or transactions including the value, if any.	
date(s) of approval by the Board.	
Amount paid as advances, if any.	

For and on behalf of the Board of Directors

Jaydev Mody
Chairman
DIN: 00234797

Place: Mumbai
Date: 14th August, 2020

ANNEXURE IV

Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014

(₹ in '000)

A. Conservation of Energy

(i) Steps taken or impact on conservation of energy

The Company continues its policy of giving priority to energy conservation measures including regular review of energy generation and consumption and effective control on utilization of energy. The following energy conservation methods were implemented during the year:

a) Use of energy efficient equipments.

b) Intensified Internal Audit aimed at detecting wastage of electricity.

c) Campaign based synchronisation of utilities with plant operations.

d) Minimum utilisation of electricity in Pick hour.

e) The Company has installed LED street light fitting in place of regular Fluorescent fittings.

The impact of above energy conservation measures is that it has resulted in improvement of power factor, consequential tariff benefits.

(ii) Steps taken by the company for utilizing alternate sources of energy: Nil

(iii) Capital investment on energy conservation equipments: Nil

B. Technology Absorption

(i) Efforts made towards technology absorption

The technology developments were validated and implemented

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution.

(a) New products developed to the specific requirements of customers

(b) Development of starter motor grade magnets

(c) Flexibility in usages of raw materials

(d) Achieved higher productivity

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the Financial Year) –

(a) the details of technology imported	:	Nil
(b) the year of import	:	Nil
(c) whether the technology been fully absorbed	:	Nil
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	:	NA

(iv) The expenditure incurred on Research and Development.

(a) Capital Nature	:	Nil
(b) Revenue Nature	:	₹ 446.31

Foreign Exchange Earnings and Outgo

During the year, the foreign exchange outgo was ₹ 158,742.69 ('000) (Last Year ₹ 17,047.42 ('000) the foreign exchange earned was ₹ 33,775.59 ('000) (Last Year Nil)

For and on behalf of the Board of Directors

Jaydev Mody
Chairman
DIN: 00234797

Place: Mumbai
Date: 14th August, 2020

ANNEXURE V

Form No. MR-3
SECRETARIAL AUDIT REPORT
For The Financial Year Ended on 31st March, 2020
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
Delta Manufacturing Limited
(Formerly known as Delta Magnets Limited)
B-87, MIDC, Ambad
Nashik – 422010

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Delta Manufacturing Limited (formerly known as Delta Magnets Limited) (CIN: L32109MH1982PLC028280) (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 electronically 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, the Company has, during the audit period covering the Financial Year ended on 31st March, 2020 ('Audit Period') 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 electronically the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March, 2020 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;

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

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

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(Not Applicable to the Company during the Audit Period);**

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(Not Applicable to the Company during the Audit Period);**

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not Applicable to the Company during the Audit Period);**

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 **(Not Applicable to the Company during the Audit Period);**

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period)**; and

i. The Securities and Exchange Board of India (Listing obligations and Disclosures Requirements) Regulations, 2015.

vi. The management has confirmed that there is/ are no sector specific laws applicable to the Company during the Audit Period.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc. ***with the observation that the Company has delayed in filing the Annual Performance Report (APR) for Overseas Direct Investment with the RBI.***

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance, 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.

Decisions at the meetings of the Board of Directors were carried through on the basis of majority/ unanimously. There were no dissenting views by any member of the Board of Directors during the period under review.

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 applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the specific events/actions having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. are mentioned below:

Date of event	Details of the specific events/ actions bearing on Company's affairs pursuance of the above referred laws, rules, regulations, guidelines etc.
27.12.2019	The Hon'ble National Company Law Tribunal, Mumbai Bench, vide it's order dated 27th December, 2019 had approved the Scheme of Amalgamation between the Company, Arrow Textiles Limited (First Transferor Company) and MMG India Private Limited (Second Transferor Company) and their respective shareholders. The appointed date of the Scheme of Amalgamation was 01st October, 2018 and the Scheme became effective from 20th January, 2020.
10.02.2020	Pursuant to Scheme of Amalgamation between the Company, Arrow Textiles Limited and MMG India Private Limited and their respective shareholders, the Company has changed object clause of the Company.
20.02.2020	Pursuant to Scheme of Amalgamation between the Company, Arrow Textiles Limited and MMG India Private Limited and their respective shareholders, the name of the Company has been changed from Delta Magnets Limited to Delta Manufacturing Limited.
03.03.2020	Pursuant to Scheme of Amalgamation between the Company, Arrow Textiles Limited and MMG India Private Limited and their respective shareholders, The Authorized Share Capital of the Company increased from Rs.10,00,00,000/- to Rs.46,00,00,000/- comprising of 4,60,00,000 Equity Shares of Rs.10/- each on account of clubbing of Authorized Share Capital of the transferor companies with the Company and the Allotment Committee of the Board allotted 43,80,106 fully paid up Equity Shares of face value of Rs.10/- each, in the ratio of 23:100 i.e. for every 100 equity shares of Rs.10/- each held in Arrow Textiles Limited on record date, 23 fully paid up equity shares of Rs.10/- each of the Company.

For A.K. Jain & Co.
Company Secretaries

Ashish Kumar Jain
Proprietor
FCS: 6058. CP: 6124
UDIN: F006058B000593293

Place: Mumbai
Date:14th August, 2020

Note: This report is to be read with our letter of even date which is annexed as 'Annexure A' and forms an integral part of this report.

ANNEXURE A

To
The Members
Delta Manufacturing Limited
(Formerly known as Delta Magnets Limited)
B-87, MIDC, Ambad
Nashik – 422010

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 processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to 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. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For A. K. Jain & Co.
Company Secretaries

Ashish Kumar Jain
Proprietor
FCS: 6058. CP: 6124
UDIN: F006058B000593293

Place: Mumbai
Date: 14th August, 2020

ANNEXURE VI

Disclosures pursuant to Section 197(12) of the Act and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:

i. ***The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year 2019-20**

Sr. No	Name of Director	Remuneration of Director / KMP for Financial Year 2019-20 (₹ In '000)	Ratio of remuneration of each Director / KMP to median remuneration of employees
	Non-Executive Directors		
1	Mr. Jaydev Mody	4	0.01
2	Ms. Ambika Kothari (upto 13.02.2020)	8	0.02
3	Mr. Darius Khambatta	10	0.03
4	Mr. Javed Tapia	14	0.04
5	Mr. Rajesh Jaggi	18	0.05
6	Mr. Samir Chinai (upto 13.02.2020)	10	0.03
7	Dr. Vrajesh Udani	18	0.05
8	Ms. Anjali Mody (we.f. 13.02.2020)	-	-
	Executive Directors		
9	Dr. Ram H. Shroff	1,117.74	3.33

*It includes sitting fees paid to Non-Executive Directors by the Company for the year 2019-20 and remuneration paid by the Company to Dr. Ram H. Shroff from 20th January, 2020 to 31st March, 2020 which is subject to approval of members. For further details please refer financial statements forming part of Annual Report.

ii. ***The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year 2019-20**

Sr. No.	Name of Director / KMP and Designation	Remuneration of Director / KMP for Financial Year 2019-20 (₹ In '000)	% of increase in Remuneration in the Financial Year 2019-20
1	Mr. Jaydev Mody	4	0%
2	Ms. Ambika Kothari (upto 13.02.2020)	8	0%
3	Mr. Darius Khambatta	10	0%
4	Mr. Javed Tapia	14	0%
5	Mr. Rajesh Jaggi	18	0%
6	Mr. Samir Chinai (upto 13.02.2020)	10	0%
7	Dr. Vrajesh Udani	18	50%
8	Ms. Anjali Mody (w.e.f. 13.02.2020)	-	-

Sr. No.	Name of Director / KMP and Designation	Remuneration of Director / KMP for Financial Year 2019-20 (₹ In '000)	% of increase in Remuneration in the Financial Year 2019-20
9	Dr. Ram H. Shroff (Managing Director)	1,117.74	-
10	Mr. Abhilash Sunny (Chief Financial Officer)	6,500	27%
11	Ms. Anannya Godbole (Company Secretary)	447.2	0%

*It includes sitting fees paid to Non-Executive Directors by the Company for the year 2019-20 and remuneration paid by the Company to Dr. Ram H. Shroff from 20th January, 2020 to 31st March, 2020 which is subject to approval of members. For further details please refer financial statements forming part of Annual Report.

iii. The percentage increase in median remuneration of employee in the Financial Year 2019-20

Median remuneration of each employee decreased by 36.32% in Financial Year 2019-20.

iv. The number of permanent employees on the rolls of Company as on 31st March, 2020

436

v. 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

The average percentage increase made in the salaries of total employees other than the Key Managerial Personnel for Financial Year 2019-20 is nil, while the average increase in the remuneration of the Key Managerial Personnel is 44.45%.

vi. Affirmation that the remuneration is as per the remuneration policy of the Company

It is affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other employees, adopted by the Company.

For and on behalf of the Board of Directors

Jaydev Mody
Chairman
DIN: 00234797

Place: Mumbai
Date: 14th August, 2020

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Economic And Industry Overview

1. Economy Review

1.1 Global Economy

Global economic growth continued to remain sluggish throughout FY2020. Trade uncertainties between the US and China and the consequent slowdown in China adversely impacted the growth outlook. Although there was temporary resolution in the standoff, economic growth once again weakened in the last quarter of the reporting year owing to the COVID-19 outbreak in China and subsequently worldwide. While the primary impact of the outbreak was disruption in supply chains, the secondary impact of the pandemic is now gradually becoming clear, in terms of loss of lives and livelihoods. Across the world, governments and central banks have responded to the crisis promptly, using a vast array of monetary and fiscal support tools. These fiscal and monetary safeguards are expected to remain in effect for some time, with the recovery in growth likely to be sluggish and more interrupted than initially expected. The International Monetary Fund (IMF) expects the global economy to contract by 4.9% in 2020 (World Economic Outlook, June 2020).

Outlook

According to the International Monetary Fund (IMF), the global economy is projected to grow by 5.4% in 2021, as economic activity, supported by policy reform, normalises. The intensity and long-term impact of the pandemic have still not been adequately gauged; and a lot will depend on the effectiveness of control measures, the development of therapeutics and vaccines

Global growth (%)

Particulars	Actual	Projections	
	2019	2020	2021
World Output	2.9	-4.9	5.4
Advanced Economies	1.7	-8.0	4.8
US	2.3	-8.0	4.5
Eurozone	1.3	-10.2	6.0
Japan	0.7	-5.8	2.4
UK	1.4	-10.2	6.3
Other Advanced Economies	1.7	-4.8	4.2
Emerging Markets and Developing Economies	3.7	-3.0	5.9
China	6.1	1.0	8.2

Source: International Monetary Fund (IMF June 2020)

1.2 Indian Economy

In India, growth softened in 2019 as economic and regulatory uncertainty, together with concerns about the health of the non-banking financial sector, weighed on demand. There was a strong hope of recovery in the last quarter of the current fiscal. However, the coronavirus pandemic made this recovery extremely difficult in the near- to medium-term. The GDP growth for FY2020 touched 4.2% vis-à-vis 6.1% in FY2019.

Before the onset of the COVID-19 pandemic, the government and the Reserve Bank of India (RBI) had already started addressing the cyclical challenges impacting the economy. The government focused on longer- term structural policies to encourage investment and job creation, while the RBI offered support with monetary policies to cut rates and push out liquidity to the real economy. Reduction of corporate tax rates on new investments to incentivise capital formation and attract foreign investment, removal of the dividend distribution tax to encourage private sector investment, simplified personal income regime, with reduced rates—a move that's in line with the streamlining of the tax code, expansion of the PM-KISAN scheme, which directly transfers money to farmers in a targeted way, higher spending on long- term initiatives, such as rural roads, irrigation, warehousing, and transportation, are some of the fiscal measures that have been implemented to improve the productivity of the economy.

The Government of India and the RBI have acted swiftly to help offset the pandemic-induced disruptions. To enhance liquidity in the economy and improve the credit scenario, the RBI reduced the policy repo rates significantly. The government too has announced a ₹ 20 lakh crore fiscal stimulus package to help support lives and livelihoods. Supportive monetary measures such as reduction of policy repo rates, lowered reserve requirements for auto loans, lending to MSMEs and allowing banks some flexibility as well as delaying classification of commercial real estate loans, have provided the much-needed relief to these sectors.

Annual GDP growth rate (%)

2016-17	2017-18	2018-19	2019-20
8.0	6.6	6.1	4.2

Source: Central Statistics Office (CSO)

Outlook

Weaker growth is likely to be experienced across developed and emerging economies of the world, given the COVID-induced disruptions and associated value chain impacts. The high probability of recession also looms high in many countries. Repeated lockdowns by economies and consequent production shutdowns are likely to have wide-ranging impact on several sectors and result in job losses. The recovery across economies is expected to be gradual, fragile and susceptible to multiple headwinds.

The lack of clarity on the likely duration, intensity and spread of the coronavirus has brought in significant uncertainty in the global and domestic economic outlook. The concerns have shifted focus from the impact of imports from China on domestic supply chains, to the domestic and external demand impact, the duration of which remains uncertain, especially with social distancing and lockdowns raising the prospect of production shutdowns and job losses in some sectors.

2. Industry Review

2.1 Auto Industry

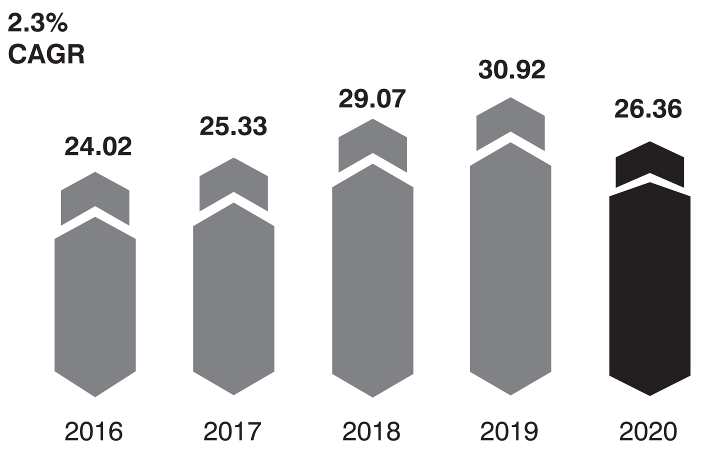
Major share of our business is directly related to our customers' vehicle sales and production levels across various segments. Automotive sales and production are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences, as well as changes in interest rate levels, consumer confidence and fuel costs. According to CRISIL, supply chain disruptions in the wake of the COVID-19 outbreak, coupled with weak demand for vehicles in India and overseas, would squeeze the revenue of the automotive component sector by 16% this fiscal.

The Indian automotive industry is undergoing significant transformation, with respect to its sustainable growth and profitability. The industry is witnessing five megatrends that are expected to transform the industry in a significant way. Rapidly evolving customer needs, disruptive impact of technology, a dynamic regulatory environment, changing mobility patterns and global interconnectedness, are all impacting the way auto companies are doing business today, globally as well as in India.

Performance

The industry produced a total of 26.4 million vehicles including passenger vehicles, commercial vehicles, three-wheelers, two-wheelers and quadricycles in FY20, as against 30.9 million units in FY19, a decline of 14.7%.

Number of automobilies produced in India **₹ in million**



Source: Society of Indian Automobile Manufacturers (SIAM)

Megatrends driving the Indian automotive industry

Rapidly evolving customer expectations	Changing customer profile. High level of product awareness, Digitally savvy, Surge in corporate customers
Disruptive impact of technology	Rapid adoption of technology in vehicles, industry supply chain and business models, Disruption through innovative products and services
Dynamic regulatory environment	Regular but uncertain regulatory intervention (GST, shift from BS IV to BS VI, ABS for two-wheelers, higher axle loads in CVs etc.), Increasing investments in regulatory compliance by industry players
Changing face of mobility infrastructure	Efforts to enable electric vehicle infrastructure, Investment in roads and highways, Shared mobility as an alternative, Smart cities
Globally interconnected industry	Indian companies going global, Next wave of Investments from global companies, Shift in economic power to countries such as India

Source: PwC – Indian automotive sector: Creating future ready organisations

2.2 Eelctronic Industry

Domestic Appliances Industry Overview

The Domestic Appliance segment is one of the fastest growing segments in the Indian market which comprises various small and large appliances including irons, water heaters, room coolers and room heaters. As the working population in India continues to grow, the concept of nuclear families have become common. Owing to shortage of time, appliances that save time and energy have become a necessity for completing day-to-day chores. It is especially true for bachelors, staying away from families for work or study. Further, increasing affordability, focus on energy-efficient products, growing digital penetration and the aspirations of a young population continues to play a vital role in the growth of the industry.

The industry is expected to see significant growth in the coming years as the consumer market continues to expand due to rising disposable incomes, coupled with enhanced purchasing power. The burgeoning middle class in urban areas and the aspirational demands of rural India will be a major impetus for the industry in the near future. The rural areas continue to witness infrastructural developments, enjoy access to electricity and internet connections. Thereby, E-commerce is expected to be a popular medium for accessing products that add convenience to life.

Fan Industry Overview

One of the most widely used electrical appliances in the market, fans are an indispensable part of any Indian household. It belongs to the high market penetration product category and has a high purchase priority among consumer durable segment. As a product category, fans generally do not have any major regional disparities in demand and it is one of the largest selling items in the consumer electronics segment. But, much of its sales in the organised sector is concentrated in metros, tier I and tier II markets.

Consumer Lighting Industry Overview

The Consumer Lighting Industry witnessed a demand surge in recent years due to growing population and rapid urbanisation. With increasing electricity consumption, consumers continue to demand innovative, environment friendly and cost-effective lighting, which not only reduces electricity consumption but, also enables them to decorate homes with aesthetic and appealing lights. As a result, LED lighting is gaining traction in the Indian lighting market. The Government of India is also promoting the use of efficient lighting, spreading awareness about its role in reducing energy consumption and its contribution to reduce carbon footprints. Preference for LED lighting also continues to grow on account of increasing awareness and adoption of LED bulbs over conventional lights such as incandescent bulbs, CFL and halogen lights.

Growth Drivers of Elcetronic Industry

- **Nuclear families:** The rising number of nuclear families in India, reduction in average household size and the tendency to live in rented or shared facilities has resulted in increased demand for mixer grinders, microwave ovens, coolers, water heater, irons and other consumer appliances.
- **Growth of online retail platforms:** In order to increase its reach and sales volume, companies (global as well as local) continue to sell products on E-commerce platforms such as Amazon and Flipkart, driving up sales volumes in urban as well as rural areas.
- **Convenience and Ease:** The demand for appliances that make life easy and convenient have grown manifold, increasing the dependence on various consumer product categories.
- **Modernisation:** In today’s world of technology, kitchens have become smaller and appliances have become smarter. Consumers, therefore, continues to prefer products with advanced features, offering flexibility and ease of operation.

- **Electrification:** The Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) scheme was introduced in 2017 with an aim to provide electricity connections to rural as well as urban areas. The scheme provides free electricity connections to economically disadvantaged Below Poverty Line (BPL) families. Others, with slightly better financial standing were offered new connections for a minimum amount of H500. As more homes received electricity, the demand for small appliances also increased.

2.3 Indian Textiles and Apparels (T&A) industry,

Indian Textiles and Apparels (T&A) industry, accounts for approximately 4% of the global T&A market. The T&A industry is one of the largest and the most important sectors for the Indian economy in terms of output, foreign exchange earnings and employment. The industry contributes approximately 7% to industrial output in value terms, 2% to the GDP and 15% to the country's export earnings. Exports and domestic consumption are both expected to be sluggish in the near term due to the impact of COVID-19.

Indian Apparel Market

Indian Fashion Retail which is currently estimated at ₹ 361,160 crore (USD 54 billion) will grow at a promising CAGR of 8.1% for next ten years to reach ₹ 788,532 crore (USD 118 billion) by 2028.

Indian Apparel industry comprises of menswear 41.7%, womenswear 35.5%, kids wear 20.8% *(Source: Images Business of Fashion)*

Innerwear Market Size & Growth

Among all the fashion categories, innerwear has emerged as one of the fastest growing categories over the last few decades. A commodity which was earlier depicted as a mere essential has in the last few years transformed itself into a fashion statement. Domestic demand of innerwear has changed with consumer buying behavior, transforming from need based to aspiration based, coupled with increased fashion consciousness among millennials.

The Indian innerwear market currently estimated to be worth ₹ 32,000 crore accounts for ~9 percent of the total domestic fashion retail market.

The Indian innerwear market is primarily dominated by women's innerwear, which accounts for 64 percent of the total innerwear market and accounts for 16 percent of the total women apparel market.

The men's innerwear market is currently valued at ₹ 11,000 crore and is expected to grow at a CAGR of 7 percent over the next decade to reach ₹ 21,800 crore by 2028. It contributes 7 percent of the total men's apparel market.

Athleisure Market

Athleisure, a phenomenon in world fashion has in the last few years become the most dynamic and fast-growing segments in the India apparel market. Owing to its versatility, fit and soft comfortable knit fabrics, Athleisure as a range of apparel has been embraced and used by a wide consumer segment. The advancement in fabrics, materials and functionality in design has extended this category beyond fitness to include urban street styling. In recent times, celebrity frenzy on social media sporting the athleisure look in gyms and airports has helped increase the awareness and popularity of this category.

India's athleisure market is growing at 18-20% currently and is expected to touch ₹ 54,000 crore, or roughly $8 billion, by 2020. *Source: Images Business of Fashion*

Kids wear

The kids wear market in India is estimated at ₹ 81,900 crores and expected to grow at a CAGR of 8.5% in the next five years. With a booming kids population in India and owing to distinct factors like the growing trend of nuclear family system, increased spending on children, greater brand awareness among kids, and better focus on this segment by organized players, the kids wear industry is poised to grow in the coming years. Albeit largely unorganized today, this segment is closely following suit the men's and women's segment to become the next organized sector in apparel in India.

Home Textiles

Home textiles segment has become one of the most attractive segments in the textiles industry in the recent past.

It has also emerged as one of the most fashion-sensitive segments in the textiles industry. India is globally recognised for its extensive variety, exquisite designs in home textiles and furnishing fabrics. The country is on the verge of a big boom in the affordable housing sector and there is a fair share of growth in employment opportunities, especially in the services sector. Thus, leading to high disposable income in the hands of young consumers. A combined result of these factors has seen the demand for home textile products growing by a healthy 30-40% per annum.

The market for home textiles and furnishing fabrics in India is extremely wide and varied in terms of prices, designs and colours. While the affluent consumers prefer refined international taste in terms of quality and design, with price no constraint, the mid and economy-segment consumers offer huge volumes for reasonably priced products. With the growing awareness towards sustainability, safety, hygiene and functionality, the demand for better quality home textiles with features like stain-resistance, flame retardant and fragrance, among others is increasing.

Growth Drivers of textile industry

- Abundance of raw material
- Presence of entire value chains
- Competitive manufacturing costs
- Availability of skilled manpower
- Large and growing domestic market
- Rising per capita income, higher disposable incomes and preferences for brands
- Organized retail landscape & e-Commerce
- Under Union Budget 2020-21, a National Technical Textiles Mission is proposed for a period from 2020-21 to 2023-24 at an estimated outlay of ₹ 1,480 crore (US$ 211.76 million).

(Source: Invest India, National investment Promotion & Facilitation Agency)

Outlook

Considering the COVID-19 outbreak and resultant lockdown, which intensified the issues faced by the economy on account of slowdown, the outlook in the near- to mid-term period remains unclear.

In the first half of FY21, consumer sentiments and demand are expected to remain muted.

Demand recovery can only be expected around the festive season in the third quarter of the year. Prospects for China, having reopened earlier than most other economies hit by the pandemic, are looking more positive in the initial months post opening up. In the medium-term, the global automotive industry appears to be poised for a rebound as manufacturers replenish dealer inventories and meet pent-up demand, especially with many consumers expected to return back.

3. Company Overview

Delta Manufacturing Limited (DML) (formerly known as Delta Magnets Limited) is one of the oldest business house in India, incorporated in 1982.

In a world of unprecedented technological disruption and end market volatility, our direction for growth has always revolved around transformation, technology, innovation and the need to generate new value – to unlock new opportunities, drive growth and deliver new efficiencies. The aim is to create an effective business transformation from the traditional products to a wide range of newly developed technologically advanced components and sub-systems. We intend to integrate and align our new strategic businesses with the existing business, to differentiate and stay ahead in the industry, even as we pursue new innovation-driven opportunities that emerge, as well as respond to shifting market demands. We strive to separate ourselves from competitors and establish a platform for future growth.

We have two primary business lines:

(i) The manufacture and supply of magnets to tier 1 suppliers of all the two wheeler , three wheeler, passenger vehicles, electronic components and aerospace OEMs in Inia and worldwide, which we undertake through our magnet division.

(ii) The design, manufacture and supply of a wide range of garment trims in India i.e, woven labels, heat transfers, fabric printed labels, elastic & non-elastic tapes primarily to major garmet / textile companies in India.

We have 3 operating manufacturing cum R&D facilities in India, 1 assembly and distribution facility in United Kingdom.

3.1 Highlights and Progress

Our focus on technology-enabled capability development has played a key role in driving growth and enhance stakeholders value. We continuously focus on building capabilities by establishing ourselves in new locations for manufacturing as well as R&D, focusing on select value-accretive acquisitions and expanding our customer base. During the year, many such initiatives were undertaken, which are summarised as follows:

Merger:

We have successfully completed the merger of MMG India Private Limited and Arrow textiles Limited with DML Subsequently the name of the company has been changed from Delta Magnets Limited to Delta Manufacturing Limited.

New product developments:

During the year we have introduced new product lines in garment trim segment and magnets which has helped us to acquire new customers.

New certifications:

We have received new certifications in textile business i.e. TQP, …… which will improve our market positioning and entry to global garment companies.

3.2 Financial & Operational Performance

(₹ in '000)

Particulars	Standalone Year Ended		Consolidated Year Ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Income for the year	916,445	576,194	1,249,283	1,011,910
Profit before Interest, Depreciation and Tax	(14,443)	30,095	7,402	50,133
Finance Charges	61,131	31,171	61,164	46,442
Profit before Depreciation and Taxes	(75,574)	(1,076)	(53,762)	3,691
Depreciation & Amortization	59,607	31,732	66,472	39,753
Provisions for Taxation/ Deferred Tax	695	588	2,839	(2,735)
Net Profit for the Current Year	(135,877)	(33,396)	(123,074)	(33,327)
Add: Other Comprehensive Income (OCI)	132	(295)	10,945	(2,227)
Total Comprehensive Income for the Year	(135,745)	(33,691)	(112,129)	(35,554)

Key Financial Ratios

Particulars	31.03.2020	31.03.2019	YoY Change (%)
EBIDTA Margin	-1.58%	5.22%	-130.17%
EBIT (Operating) Margin	-8.08%	-0.28%	2,743.85%
PBT Margin	-14.75%	-5.69%	159.06%
PAT Margin	-14.83%	-5.80%	155.81%
Debtors Turnover	3.58	2.05	74.60%
Inventory Turnover	2.14	1.05	104.58%
Interest Coverage Ratio	-1.21	-0.05	2,206.41%
Current Ratio	0.76	0.89	-14.96%
Debt Equity Ratio	3.03	1.92	57.58%
Return on Net Worth	-48.52%	-8.09%	499.57%

The Financial Performance of our Company has been affected by the slowdown in the domestic and global markets owing to the pandemic, margins have been under pressure due to the liquidity crunch in the unorganized sector, who are affected during this fiscal because of higher compliance cost, eroding market share and limited ability to pass on the increase in raw material prices.

We are in the process of restructuring the customer & product portfolio with a single objective of growing the business. We believe this will enable us to achieve our long-term objectives.

4. **Opportunities & Threat**

4.1. **Opportunities**

- Growth in organized retail providing a larger opportunity for established and credibile companies
- Increase in consumption with factors like education, occupation, urbanization, nuclear families and disposable incomes moving in a positive direction
- Increase in young working group, fashion and brand consciousness making consumers more aspirational and discerning
- Widespread distribution and retailer network in rural and urgan areas driving the brands closer to consumers at a time when commuting for shopping is limited
- With the lockdown and current geo political issues customers prefer local sources for their requirement
- With the lockdowns and fear of Covid19 ,the demand for own vehicles and home wear is expected to see a boost
- Many major international companies have commenced operations in India realizing that the Indian market is likely to emerge as one of the largest markets in the world in the next few decades

4.2 **Threat**

- The overall closure of offices, schools, markets, malls and highstreets due to lockdown is expected to affect demand .
- Consumers may tend to be cautious in their purchase decisions and this may affect overall demand.
- Certain product categories may see a drop in demand if lockdowns continue.

5. **Risks And Concerns**

Risk is an inherent part of any business. There are various types of risks that threaten the existence of a company like Strategic Risk, Business Risk, Finance Risk, Environment Risk, Personnel Risk, Operational Risk, Reputation Risk, Regulatory Risk, Technology Risk, Political Risk, etc. Your company aims at enhancing and maximizing shareholders value by achieving appropriate trade-off between risk & returns.

6. **Internal Control System And Adequacy**

The Company is committed to maintaining adequate internal control systems as a part of efficient corporate governance. The system ensures that all transactions are authorised, recorded and reported correctly to safeguard assets and protect them from any loss due to unauthorized use or disposition. The operating managers make sure that all operations within their area are compliant and safeguarded against all risks whereas on the other, auditors carry out random audits to detect flaws in the system, which makes it effective and efficient. Internal audit reports are prepared to create awareness and to take corrective actions on the respective units or areas, which need rectification. These reports are then reviewed by the management team and the Audit Committee for follow-up action.

7. **Human Resources And Industrial Relations**

The man and machine combination is balanced optimally, as the Company believes that Human Resource is one of the most vital resources and a key pillar in providing the Organization a competitive edge in current business environment. A motivated and efficient workforce can help it attain its target in a realistic manner. Taking cognizance of that fact, the Company provides extensive training to its employees in order to develop their skill sets and keep them motivated. The Company appreciates the productive co-operation extended by its employees in the efforts of the management to carry the Company to greater heights.

As on 31st March, 2020, the Company had employee strength of 436 on its payroll.

8. Cautionary Statement

The statements made above may be construed as forward looking statements within the meaning of the applicable laws and regulations. Actual performance of the Company may vary substantially depending upon the business structure and model from time to time. Important external and internal factors may force a downtrend in the operations of the Company.

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company fully subscribes to the principles and spirit of Corporate Governance. Corporate Governance is an ethically driven business process that is committed to values and conduct aimed at enhancing an organization's wealth generating capacity. This is ensured by taking ethical business decisions and conducting the business with a firm commitment to values, while meeting stakeholders' expectations. Good governance practices stem from the culture and mindset of the organisation and at the Company we are committed to meet the aspirations of all our stakeholders and believes in adopting best corporate practices for ethical conduct of business. It is well recognized that an effective Board of Directors is a pre-requisite for strong and effective Corporate Governance. Our Board and Committees therefore are formed as per requirement of Companies Act, 2013 (the Act) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) which oversees how the Management serves and protects the long-term interests of all our stakeholders.

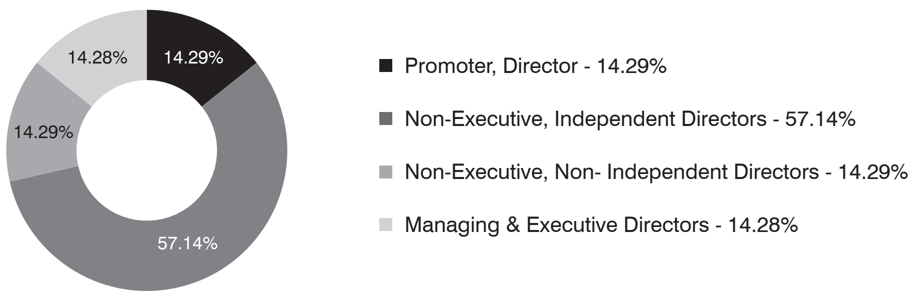
A report on compliance with the principles of Corporate Governance as on 31st March, 2020 as prescribed by the Securities and Exchange Board of India (SEBI) and Schedule V of the Listing Regulations is given below:

BOARD OF DIRECTORS

A. Composition of the Board

As on 31st March, 2020, in compliance of Regulation 17 of Listing Regulations, the Board has an optimum combination of Executive, Non-Executive and Independent Directors. The Board has Seven (7) Directors and the composition of which is as provided hereunder:

% of total strength of the Board



Category	Name of Directors	No. of Directors	% of total strength of the Board
Promoter, Non -Executive Director	1. Mr. Jaydev Mody	1	14.29
Non- Executive, Independent Directors	1. Mr. Javed Tapia 2. Mr. Rajesh Jaggi 3. Dr. Vrajesh Udani 4. Mr. Darius Khambatta	4	57.14
Non- Executive, Non- Independent Directors	1. Anjali Mody	1	14.29
Managing & Executive Directors	1. Dr. Ram H. Shroff	1	14.28

The composition of the Board represents an optimal mix of professionalism, knowledge and experience which enables the Board to discharge its responsibilities and provide effective leadership to the business.

All Independent Directors of the Company have been appointed as per the provisions of the Act, rules made therein and Listing Regulations. The terms and conditions of their appointment are disclosed on the Company's website.

The Board has constituted various Committees with an optimum representation of its members and has assigned them specific terms of reference in accordance with the provisions of the Act and the Listing Regulations. These Committees meet at such frequency as is deemed necessary, to effectively undertake and deliver upon the responsibilities and tasks assigned to them. The Company currently has Six (6) Committees of the Board viz., (i) Audit Committee (ii) Stakeholders' Relationship Committee (iii) Nomination and Remuneration Committee (iv) Investment, Borrowing and General Purpose Committee (v) Allotment Committee (vi) Risk Management Committee.

None of the Directors on the Board is a member of more than Ten (10) Committees and Chairman of more than Five (5) Committees (Committees includes Audit Committee and Stakeholders Relationship Committee as per Regulation 26 of the Listing Regulations), across all the listed Companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been disclosed by all the Directors. None of the Independent Directors serve as an Independent Director in more than Seven (7) listed entities and also the Managing Director of the Company does not serve as Independent Director in more than Three (3) listed entities.

None of the Directors hold office in more than Twenty (20) companies and in more than Ten (10) public companies as prescribed under Section 165 of the Act. The Board confirms that the Independent Directors fulfill the conditions specified in Section 149 of the Act and Regulation 16(1)(b) of the Listing Regulations and are Independent of the management.

None of the Directors of the Company are inter-se related to each other except Ms. Anjali Mody who is the daughter of Mr. Jaydev Mody.

The brief profile of your Company's Board of Directors is as under:

Mr. Jaydev Mody

Mr. Jaydev Mody has been creating, developing and managing businesses for more than 40 years, spending over 25 of them in real estate development. He played a pivotal role in building and developing India's first global mall 'Crossroads' in South Mumbai. A Humanities graduate from Mumbai University, Mr. Mody has been instrumental in the development of several large residential and commercial complexes and retail destinations in and around Mumbai. Some of them are Peninsula Corporate Park, Ashok Towers, Ashok Gardens and Peninsula IT Park, which are all established Mumbai landmarks today. He is a first generation entrepreneur and has interest in various businesses, including gaming and hospitality, textiles and magnet manufacturing. His keen eye and out-of-the-box thinking has helped him identify lucrative business opportunities and he has pioneered several first-of-its kind ventures.

Dr. Ram H. Shroff

Dr. Ram H. Shroff is a qualified medical doctor. Dr. Shroff has an experience of more than 17 years in Charak Pharma where he is a Director. Charak is one of the leading Herbal and Ayurvedic Company in India. Through his initiatives the Company has grown its market share substantially and has introduced several new products which have helped bring a new dimension in medical treatment of patients. Dr. Shroff has also initiated Charak Pharma's international presence. Charak is now available in more than 45 countries around the world. In addition, Dr. Shroff has participated in several local and international medical conferences impressing the need of alternative medicines for the treatment of patients.

Dr. Shroff is the Managing Director of Delta Manufacturing Limited (formerly Delta Magnets Limited) (DML) since 2012, he has been instrumental in the turn around of the company. Dr. Shroff has streamlined the operation of the company by consolidating its resources like spearheading expansion of soft ferrite facility from 7 MT per month to 70 MT p.m., improving hard ferrite production from 70 MT p.m to 125 MT p.m. with incremental investment etc. His customer oriented approach coupled with his zeal for innovation has enabled the company to win many new customers and gain foot print in the industry. Under his leadership the Company caters to varied industries ranging from Automobiles, Railways and Telecommunication amongst others. Today DML is one of the leading players in the Industry and poised to grow further.

Mr. Rajesh Jaggi

Mr. Rajesh Jaggi is the Vice Chairman, Real Estate at The Everstone Group-a premier investment group focussed on India and South East Asia, with assets in excess of US$ 5 billion across private equity, real estate, green infrastructure and venture capital. Rajesh joined Everstone in 2012 and is responsible for all real estate investments and operations of the group.

Mr. Jaggi has over 24 years of real estate leadership experience in India, including strategic planning, acquisitions, finance, sales and marketing, legal, and project and facility management services. Rajesh is involved in all facets of the firm's real estate investments and operations. Under his leadership, Everstone Group's industrial real estate business IndoSpace has become a leading developer, builder and manager of light industrial and warehousing parks. It is the largest operational pan-India developer of modern industrial real estate with a portfolio of around 36 million square feet across 35 logistics and industrial parks. IndoSpace formed a strategic longterm partnership with GLP, the leading global provider of modern logistics facilities and technology-led solutions in 2018. Through this partnership, GLP has become an investor in IndoSpace Core, a joint venture established in 2017 by IndoSpace and Canada Pension Plan Investment Board (CPPIB) that is focussed on acquiring and developing modern logistics facilities in India. CPPIB initially committed approximately US$ 500 million to IndoSpace Core. Prior to joining Everstone, Mr. Jaggi was the Managing Director of Peninsula Land Limited, a US$ 400 million market capitalisation listed real estate company, where he led the successful commissioning of projects that totalled 28 million square feet of real estate across residential, commercial and retail space. An alumnus of F.W. Olin Graduate School of Business at Babson College, Boston, and a graduate from the University of Mumbai, Rajesh was featured as one of India's Hottest Young Executives by Business Today magazine (February 8, 2009 issue) – recognition for his contribution in leading Peninsula from a local Mumbai-based developer to a notable national player.

Mr. Darius Khambatta

Mr. Darius Khambatta is a Chartered Accountant with over 31 years' experience. Mr. Khambatta was working with Delta Corp Limited as a Vice President (Projects) looking after the real estate developments upto September, 2015. Currently he is working with National Centre for Performing Arts as Advisor-Project.

Mr. Javed Tapia

Mr. Javed Tapia is an entrepreneur leading the growth of several companies under the umbrella brand "Clover". Having started his career with the flagship brand "Clover Realty" - Mr. Tapia has established a strong presence for the Clover Group in areas such as Information Technology, Transaction Systems and Renewable Energy. Mr. Tapia currently heads Clover Infotech Pvt. Ltd., an IT services and solutions provider that digitally transforms business operations, enhances customer engagement and augments operational efficiency for its customers all over the world.

Mr. Tapia is a member of the Young Presidents Organization (Bombay Chapter) and has served on its executive committee. Mr. Tapia is an angel investor with a keen interest in the Internet, Technology and Agri-Business space.

Mr. Tapia is a postgraduate in business administration from the Duke University's Fuqua school of business, US and is the founder of Fuqua Alumni Club in India. Mr. Tapia was conferred the "Alumni Impact Award" by his alma mater – Duke University. Mr. Tapia is an avid reader and enjoys horse riding and scuba diving in his free time.

Dr. Vrajesh Udani

Dr. Vrajesh Udani is a pediatric neurologist. Dr. Udani has been an assistant professor at Grant Medical College and JJ Group of Hospitals. He is a child neurology consultant at Hinduja National Hospital located at Mahim, Hinduja Health Care Surgical, located at Khar and Saifee Hospital at Charni Road. Dr. Udani also serves as an Honorary visiting consultant at Bai Jerbai Wadia Hospital for Children. He is also a member of the International Child Neurology Association and the past president of the Association of Child Neurologists, India.

Ms.Anjali Mody

Ms. Anjali Mody is a serial entrepreneur with a passion for design. She kindled her love for design under the incomparable guidance of Interior Guru Pinakin Patel and the Late Shri Dashrat Patel. After earning her degree in Industrial Design from RISD she honed her skills in Providence and New York before returning to Mumbai in 2010.

Over the past 10 years Ms. Anjali Mody has co-founding the acclaimed creative agency Skarma in 2010 as well as a bespoke design practice- Josmo in Late 2010 where she remains Founder and Creative Director.

Josmo- her current focus has been on growing her 10 year old design practice that specialises in bringing good design within reach to a larger Indian audience. Her 6000 sq ft retail store and 30,000 sq ft factory are the recent feather in her hat making her overall dream of “Good design within reach”, a beautiful reality.

After 10 years of professional success including glowing features in Elle Decor, Architectural Digest and Good Homes; Caravan, as well as humbling accolades and awards from Forbes, Good Homes, Elle Décor and Acetech Alpha, Ms. Anjali Mody expanded her practice to Goa where she now resides.

Throughout her career Ms. Anjali Mody has established a philosophy centered on blending necessity with imagination. Through her efforts, Ms. Anjali Mody is transforming the arena of design in India by adopting best practices, environmentally sound manufacturing and expression through design.

Apart from her day job as furniture fanatic, she is an avid animal activist and provides support to animal shelters, animal rescue enthusiasts and the world of stray animals as a full time job.

B. Board Procedure

A detailed agenda folder is sent to each Director in advance of the board meeting. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board.

All major agenda items are backed by comprehensive background notes and other material information to enable the Board to take informed decisions. Agenda papers (except documents containing unpublished price sensitive information) are circulated to the Board as prescribed in the Act and Secretarial Standards.

C. Information placed before the Board

The Company provides the information as set out in Regulation 17 read with Part A of Schedule II of the Listing Regulations to the Board and the Board Committees to the extent it is applicable and relevant. Such information is submitted either as part of the agenda papers in advance of the respective Meetings or by way of Presentations and discussions during the Meetings.

D. Post - meeting follow - up systems

The Governance system in the Company includes an effective post – meeting follow-up, review and reporting process for action taken / pending on decisions of the Board. Action taken Report forms part of the Agenda item of the Board meetings.

E. Board Support

The Company Secretary of the Company attends all the meetings of the Board and its Committees and advises / assures the Board and Committee on compliance and governance principles.

F. CEO / CFO Certification

Pursuant to Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer (CFO) of the Company have certified to the Board regarding the Financial Statements for the year ended 31st March, 2020. The Managing Director and the CFO have also given quarterly certification on financial results to the Board in terms of Regulation 33 (2) of the Listing Regulations.

G. Separate Meeting of Independent Directors

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 13th November, 2019 as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25(3) of the Listing Regulations. At the Meeting, the Independent Directors:

- Reviewed the performance of Non-Independent Directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Board, taking into account the views of Executive Director and Non-Executive Directors; and
- Assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

H. Details of Board Meetings:

i. During the Financial Year 2019-20, Five (5) meetings of the Board were held as follows:

Sr. No.	Date of the Board Meeting
1	22nd May, 2019
2	09th August, 2019
3	13th November, 2019
4	20th January, 2020
5	13th February, 2020

The maximum gap between two Board Meetings was not more than one hundred and twenty days (120).

ii . Details of Directorships and Chairman/Membership of Board Committees Showing the position as on 31st March, 2020 are given in the following table:

Name of the Director	Category	Number of Board Meetings during the year 2019-2020		Whether attended the last AGM held on 27.09.2019	Number of Directorships in other Companies	Number of Committee positions held in other Public Companies		Directorship in Other listed entity (category of Directorship)
		Held	Attended			Chairman	Member	
Mr. Jaydev Mody (Chairman)	Non-Executive, Promoter	5	2	Yes	12	1	1	1. Delta Corp Limited (Chairman)
Dr. Ram H. Shroff (Managing Director)	Executive, Non-Independent	5	5	Yes	10	0	0	-
Mr. Darius Khambatta	Non-Executive, Independent	5	5	No	13	0	0	-
Mr. Javed Tapia	Non-Executive, Independent	5	4	No	11	0	0	

Name of the Director	Category	Number of Board Meetings during the year 2019-2020		Whether attended the last AGM held on 27.09.2019	Number of Directorships in other Companies	Number of Committee positions held in other Public Companies		Directorship in Other listed entity (category of Directorship)
		Held	Attended			Chairman	Member	
Mr. Rajesh Jaggi	Non-Executive, Independent	5	5	Yes	13	1	3	1. Delta Corp Limited (Independent Director)
Dr. Vrajesh Udani	Non-Executive, Independent	5	5	No	3	0	3	1. Delta Corp Limited (Independent Director)
#Ms. Anjali Mody	Non-Executive - Non Independent	5	0	-	2	0	0	-
*Ms. Ambika Kothari	Non-Executive - Non Independent	5	4	No	13	0	0	-
*Mr. Samir Chinai	Non-Executive -Independent	5	5	No	9	0	0	-

#Ms. Anjali Mody was appointed as Additional Director of the Company w.e.f. 13th February, 2020.

*Ms. Ambika Kothari and Mr. Samir Chinai resigned from the Directorship of the Company w.e.f. 13th February, 2020.

Chairmanships/Memberships of Board Committees includes only Audit and Stakeholders Relationship Committees of other public companies excluding private limited companies, foreign companies and companies under section 8 of the Act.

iii. Shareholding of Non-executive Directors

The individual shareholding of Non-executive Directors (including shareholding as joint holder) as on 31st March, 2020 is given below:

Name	No. of shares held
Mr. Jaydev Mody	*1,189
Mr. Darius Khambatta	*603
Mr. Javed Tapia	0
Mr. Rajesh Jaggi	0
Dr. Vrajesh Udani	0
Ms. Anjali Mody	0

*It includes shares alloted pursuant to the Scheme of Amalgamation between the Company, Arrow Textiles Limited (First Transferor Company or ATL), MMG India Private Limited (Second Transferor Company or MMG) and their respective shareholders as approved by Hon'ble National Company Law Tribunal (NCLT).

Committees of the Board

The Board of Directors has constituted Board Committees to deal with specific areas and activities which concern the Company and requires a closer review. The Board Committees are formed with approval of the Board and function under their respective Charters. These Committees play an important role in the overall Management of day-to-day affairs and governance of the Company. The Board Committees meet at regular intervals and take necessary steps to perform its duties entrusted by the Board. The Minutes of the Committee Meetings are placed before the Board for noting.

A. AUDIT COMMITTEE

The Audit Committee is, inter alia, entrusted with the responsibility to monitor the financial reporting, audit process, determine the adequacy of internal controls, evaluate and approve transactions with related parties, disclosure of financial information and recommendation of the appointment of Statutory Auditors. The Audit Committee acts as a link between Statutory, Internal Auditors and the Board of Directors.

i. Composition

The constitution of the Committee is in compliance with Section 177 of the Act and Regulation 18 of the Listing Regulations as amended from time to time. The CFO, Internal Auditors and the Statutory Auditors are invitees to the meetings of the Audit Committee.

The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the Financial Year 2019-20 is detailed below:

Sr. No.	Name of Members	Category	Chairman/Member
1.	Mr. Rajesh Jaggi	Independent Director	Chairman
2.	Dr. Ram H. Shroff	Managing Director	Member
3.	Mr. Javed Tapia	Independent Director	Member
4.	Dr. Vrajesh Udani	Independent Director	Member

ii. Meeting and attendance

During the Financial Year 2019-20, Four (4) meetings of the Audit Committee were held as follows:

No.	Date	Committee Strength	No. of Members present
1.	22nd May,2019	4	3
2.	09th August, 2019	4	4
3.	13th November, 2019	4	4
4.	13th February, 2020	4	4

The maximum gap between two Audit Committee Meetings was not more than one hundred and twenty (120) days.

The Company Secretary acts as the Secretary to the Committee.

The previous AGM of the Company was held on Friday, 27th September, 2019 was attended by Mr. Rajesh Jaggi, Chairman of the Audit Committee.

iii. Extract of Terms of Reference

The terms of reference of Audit Committee are in accordance with Section 177 of the Act and the guidelines set out in Regulation 18 of the Listing Regulations as amended from time to time. The Audit Committee is entrusted with the responsibility to supervise the Company’s financial control and reporting process and inter-alia performs the following functions:

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Review with the management the quarterly and annual financial statements and the auditor's report thereon, before submission to the Board for approval.
- Recommend to the Board the appointment, re-appointment and, if required, the replacement or removal of statutory auditors, remuneration and terms of appointment of auditors, fixation of audit fees and to approve payment for any other services rendered by the statutory auditors.
- Review and monitor the auditor's independence and performance and effectiveness of audit process.
- Evaluate internal financial controls and risk management systems.

B. NOMINATION AND REMUNERATION COMMITTEE

The role of the Nomination and Remuneration Committee is in compliance with the provisions of Section 178 of the Act, Regulation 19 and Part D of Schedule II of the Listing Regulations as amended from time to time. The Composition of Nomination and Remuneration Committee is as follows:

Sr. No.	Name of Director	Nature of Directorship	Chairman/ Member
1.	Mr. Javed Tapia	Independent Director	Chairman
2.	Mr. Jaydev Mody	Non-Executive Director	Member
3.	Mr. Rajesh Jaggi	Independent Director	Member

i. Meeting and attendance

During the Financial Year 2019-2020, Three (3) meeting of the Nomination and Remuneration Committee were held as follows:

Sr. No	Date	Committee Strength	No. of members present
1.	22nd May, 2019	3	2
2.	02nd August, 2019	3	3
3.	13th February, 2020	3	3

The Company Secretary acts as the Secretary to the Committee.

The previous AGM of the Company was held on Friday, 27th September, 2019. Mr. Rajesh Jaggi was authorized as a representative of Nomination and Remuneration Committee as per provisions of Section 178 (7) of the Act.

ii. Extract of Terms of reference

- Make recommendations regarding the composition of the Board, identify Independent Directors to be inducted to the Board from time to time.
- Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Director's performance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.

- Formulate criteria for evaluation of Independent Directors and the Board.
- Review and recommend to the Board the remuneration and commission to the managing and executive Directors and define the principles, guidelines and process for determining the payment of commission to non-executive Directors of the Company.

iii. Performance Evaluation and criteria for evaluation

During the year, the Board has carried out an annual evaluation of its own Performance, performance of the Individual Directors (including Independent Directors), as well as the evaluation of the working of its Committees.

The Nomination and Remuneration Committee has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Independent Directors.

iv. Nomination and Remuneration Policy

The Company has adopted a Policy for remuneration of Directors, Key Managerial Personnel and other employees, which is reproduced in Board's Report forming part of this Annual Report.

C. Remuneration of Directors

During the Financial Year 2019-20 apart from sitting fees that they are entitled to under the Act as Non-Executive Directors and reimbursement of expenses incurred in discharge of their duties, none of the Non-Executive Directors have any other material pecuniary relationship or transactions with Company, its promoters, its Directors, its senior management or its subsidiaries and associates.

i. Criteria for Payment to Non–Executive Directors

Overall remuneration should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company; taking into consideration the challenges faced by the Company and its future growth imperatives. Remuneration paid should be reflective of the size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay the remuneration and be consistent with recognized best practices.

Independent Directors and Non-Independent Non-Executive Directors are paid sitting fees for attending the meetings of the Board and of Committees of which they are members as approved by the Board. The Company pays sitting fees of ₹ 2,000 to directors/members for attending the Board and Audit Committee Meetings. Further, no payment is made towards commission or any other remuneration to the Non-Executive Directors of the Company.

Details of sitting fees paid to Non-Executive Directors during Financial Year 2019-20 are as follows:

Name	Sitting fees (₹ in '000)
Mr. Jaydev Mody	4
Mr. Darius Khambatta	10
Mr. Javed Tapia	14
Mr. Rajesh Jaggi	18
Dr. Vrajesh Udani	18
#Ms. Anjali Mody	-

Name	Sitting fees (₹ in '000)
*Ms. Ambika Kothari	8
*Mr. Samir Chinai	10

Ms. Anajli Mody was appointed as an Additional Director of the Company w.e.f. 13th February, 2020.

* Ms. Ambika Kothari and Mr. Samir Chinai resigned from the Directorship of the Company w.e.f. 13th February, 2020.

During the Financial Year 2019-20, except payment of sitting fees, the Company does not have any pecuniary relationship or transactions with the Non - Executive Directors.

ii. Disclosures with reference to remuneration to Managing Director

The Company provides Managing Director/ Executive Director the basic/ fixed salary, benefits, perquisites and allowances subject to the overall ceilings stipulated in Section 197 of the Act.

iii. Details of remuneration paid to Managing/Executive Director for the Year ended 31st March, 2020

(₹ in '000)

Name	Salary (₹)	Stock Option (₹)	Benefits, Perks and Allowances (₹)	Contribution to Provident Fund (₹)
Dr. Ram H. Shroff	1,004.49	-	113.25	-

Remuneration paid to Dr. Ram H. Shroff as mentioned above does not include amount paid as remuneration by ATL. It includes remuneration paid by the Company from 20th January, 2020 to 31st March, 2020 which is subject to approval of Members of the Company. For further details please refer financial statements forming part of Annual Report. The Board of Directors of the Company approved the remuneration to be paid to Dr. Ram H. Shroff w.e.f. 20th January, 2020 at its meeting held on 13th February, 2020, subject to approval of Members of the Company at ensuing AGM.

iv. Service Contract, Severance Fee and Notice Period

On such terms and conditions as agreed upon between the Board/Committee and the Managing Director.

v. Employee Stock Option Scheme

The Company does not have any Employee Stock Option Scheme.

D. STAKEHOLDERS RELATIONSHIP COMMITTEE

The composition of the Stakeholders Relationship Committee is in compliance with the provisions of Section 178 of the Act and Regulation 20 of the Listing Regulations as amended from time to time.

The constitution of the Stakeholders Relationship Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the Financial Year 2019-20 is detailed below:

i. Composition

The composition of Stakeholders Relationship Committee as on 31st March, 2020 is as follows:

Sr. No.	Name of Director	Nature of Directorship	Chairman/ Member
1.	Mr. Jaydev Mody	Non-Executive Director	Chairman
2.	Dr. Ram H. Shroff	Managing Director	Member
3.	Mr. Rajesh Jaggi	Independent Director	Member

ii. Meeting and attendance

During the Financial Year 2019-20, Ten (10) meetings of the Stakeholders Relationship Committee were held, as follows:

No.	Date	Committee Strength	No. of Members present
1.	12th April,2019	3	3
2.	20th May, 2019	3	2
3.	28th May, 2019	3	3
4.	08th July, 2019	3	3
5.	01st August, 2019	3	3
6.	19th September,2019	3	3
7.	14th October, 2019	3	3
8.	20th November, 2019	3	3
9.	13th January, 2020	3	3
10.	07th February, 2020	3	3

The Company Secretary acts as a compliance officer to the Committee.

The previous AGM of the Company held on Friday, 27th September, 2019 was attended by Mr. Jaydev Mody, Chairman of the Stakeholders Relationship Committee.

iii. Terms of reference

The constitution and terms of reference of Stakeholders Relationship Committee are in compliance with provisions of Section 178 (5) of the Act and Regulation 20 of the Listing Regulations as amended from time to time.

The Committee specifically looks into redressing of investors' complaints including Non-receipt of annual reports and complaints related to transfer of shares. The Share Transfer Agent provide quarterly Confirmation to the Committee on compliance of the requirements in respect of dealing with the transfers, transmissions, complaints and other shareholders related matters. The Committee also monitors and reviews the performance and service standards of the Share Transfer Agent and provides continuous guidance to improve the service levels for investors.

iv. Details of Shareholders' / Investors' Complaints

During the Financial Year ended 31st March, 2020, there were no complaints received from shareholders of the Company and hence no complaints were pending as on that date.

In addition, the Company has also received certain requests / general intimations regarding change of address, issuance of duplicate share certificates, transfer/ transmission of shares, dematerialization of shares, Physical copy of Annual Report etc. which are duly attended within the period prescribed under the Act and Listing Regulations.

E. Details of General Meetings:

i. Location, date and time of AGM held during the last 3 years:

Year	Location	Date	Day	Time	No. of Special Resolutions
2016-17	Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik–422 010, Maharashtra	26th September, 2017	Tuesday	3.00 p.m.	0
2017-18	Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik – 422 010, Maharashtra	27th September, 2018	Thursday	1.00 p.m.	0
2018-19	The Gateway Hotel, P-17, Mumbai - Agra National Highway, MIDC, Ambad, Nashik, Maharashtra-422010	27th September, 2019	Friday	2.00 p.m.	5

ii. Whether any special resolution passed last year through postal ballot: No

iii. Person who conducted the postal ballot exercise: Not Applicable

iv. Whether any special resolution is proposed to be conducted through postal ballot: No special resolution is proposed to be conducted through the postal ballot.

v. Procedure for postal ballot – Not Applicable

vi. Details of NCLT Convened Meeting:

Date	Location	Day	Time
22nd April, 2019	Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik – 422 010	Monday	02.30 p.m.

F. MEANS OF COMMUNICATION

a. Quarterly financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Regulations and published in following newspapers:

- Free Press Journal (English)
- Navshakti (Marathi)

b. The financial results are displayed on Company's website on www.deltamagnets.com as well as on the website of stock exchanges i.e. www.bseindia.com and www.nseindia.com.

c. During the year no press releases or presentations were made to the institutional investors or to the analysts.

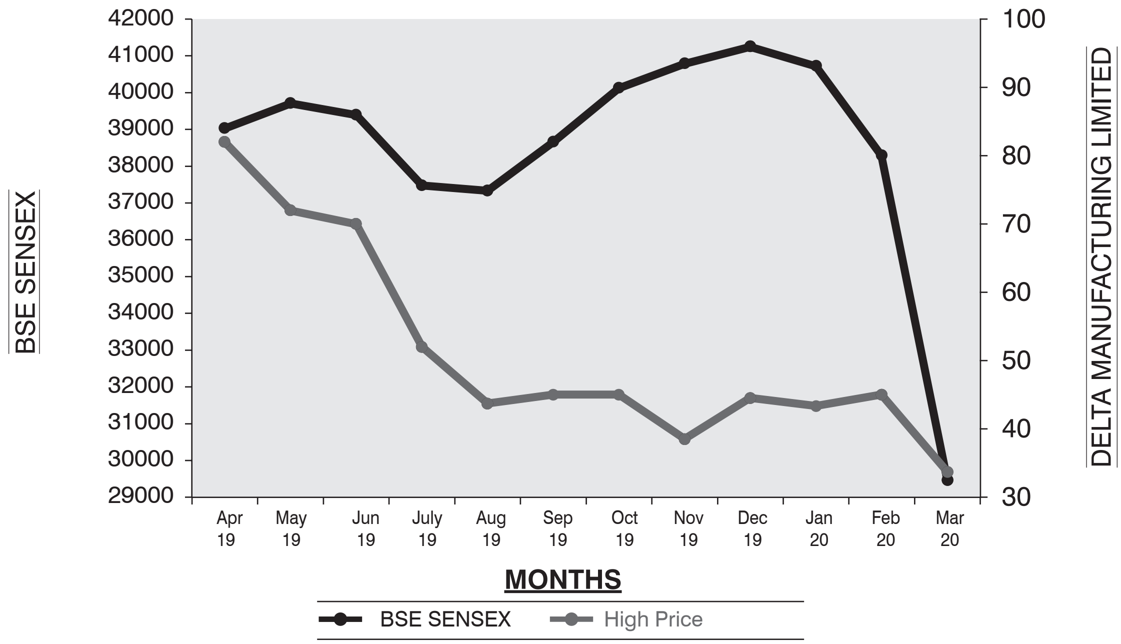
G. GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting

Mode of Conduct	Video Conferencing / Other Audio Visual Means
Date and Time	Monday, 28th September, 2020 at 04.00 p.m. (IST)
As required under Regulation 36(3) of the Listing Regulations, particulars of Directors seeking re-appointment at the forthcoming AGM are given in the Annexure to the Notice of the AGM to be held on Monday, 28th September, 2020.	
Financial Year	1st April to 31st March
Dates of Book Closure	From Tuesday, 22nd September, 2020 to Sunday, 27th September, 2020 (both days inclusive)
Dividend payment date	-
Dividend History	-
Stock Exchange where Company's Shares are Listed	**BSE Limited** Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai 400 001, Maharashtra. Scrip Code : 504286
	National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra. Scrip Symbol : DELTAMAGNT
Listing fees:	The Company has paid the listing fees to all the Stock Exchanges, where its securities are listed till 31st March, 2020.

ii. Stock Market Price data: High /Low during each month for the Financial Year 2019-20

Month	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2019	82.00	68.50	76.65	67.75
May, 2019	72.00	64.20	70.00	62.00
June, 2019	70.00	46.55	65.50	42.15
July, 2019	52.00	37.60	47.70	37.00
August, 2019	43.70	37.35	43.80	35.20
September, 2019	45.00	41.55	43.45	36.10
October, 2019	41.80	31.50	39.50	30.00
November, 2019	38.50	34.05	40.95	32.00
December, 2019	44.50	34.80	46.00	33.00
January, 2020	43.35	37.10	45.00	35.00
February, 2020	45.00	26.55	46.95	25.55
March, 2020	33.70	17.60	30.30	17.10



iii. Share Transfer Agents

Freedom Registry Limited
Plot No. 101 / 102, 19th Street, MIDC, Satpur, Nasik - 422 007, Maharashtra.
Tel:(0253) 2354032, 2363372 • Email: support@freedomregistry.in • Fax: (0253) 2351126

iv. Share Transfer Process

In terms of Regulation 40(1) of Listing Regulations, as amended, securities can be transferred only in dematerialized form w.e.f. 01st April, 2019, except in case of request received for transmission or transposition of securities. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company. The requests for transmission or transposition of securities held in physical form are registered and returned within a period of 15 days from the date of receipt in case the documents are complete in all respects.

v. Distribution of Equity Shareholding according to Numbers as at 31st March, 2020

Category	No. of shares held in that slab	% to total number of shares
1 to 5000	2,077,545	19.15
5001 to 10000	269,698	2.49
10001 to 20000	223,120	2.06
20001 to 50000	334,862	3.09
50001 to 100000	128,218	1.18
100001 & above	7,817,677	72.03
TOTAL	**10,851,120**	**100**

vi. Distribution of Equity Shareholding according to categories of Shareholders as at 31st March, 2020

Sr. No.	Category of Shareholder	Number of shares	%
(A)	**Shareholding of Promoter and Promoter Group**	**7,672,788**	**70.71**
(B)	**Public shareholding**		
1	Institutions		
	(a) Mutual Funds/ UTI	1,425	0.01
	(b) Financial Institutions / Banks	10,519	0.10
2	Non-Institutions		
	(a) Bodies Corporate	309,917	2.86
	(b) Individuals		
	(i) holding nominal share capital up to ₹ 1 Lacs	2,121,416	19.55
	(ii) holding nominal share capital in excess of ₹ 1 Lacs	589,039	5.42
	NRIs	70,036	0.65
	Clearing Member	12,392	0.11
	Director or Director's Relatives	603	0.01
	Trusts	150	0.00
	HUF	61,912	0.57
	LLP	923	0.01
	Total Public Shareholding	**3,178,332**	**29.29**
	TOTAL (A) + (B)	**10,851,120**	**100**

vii. Dematerialisation of shares and liquidity

As on 31st March, 2020, 10,505,818 Equity Shares (96.82% of the total number of shares) are in demat form as compared to 6,200,904 Equity Shares (95.83 % of the total number of shares) as on 31st March, 2019.

viii. Outstanding GDRs/ ADRs / Warrants or any convertible instruments

The Company has not issued any GDR's/ADR's, Warrants or any convertible instruments during the Financial Year 2019-20.

ix. There is no Commodity price risks or foreign exchange risk and hedging activities.

x. Plant Location

The Company has plants on the following given address:

1. B-87, MIDC, Ambad, Nashik-422020, Maharashtra
2. Plot No. 101-103, 19th Street, MIDC, Satpur Nashik 422077, Maharashtra
3. Ganapathipuram, Survey No.21/2d, Tambaram East, 80 MES Road, Irumbuliyur, Chennai 600059, Tamil Nadu

xi. Investor Correspondence

Shareholders can contact the following official for secretarial matters of the Company.

Name	Address	Telephone No. / Fax No.	Email id
Ms. Anannya Godbole Company Secretary & Compliance Officer	Bayside Mall, 2nd Floor, Opp. Sobo Central Mall, Tardeo Road, Haji Ali, Mumbai - 400 034 Maharashtra.	(022) 4079 4700 (022) 4079 4777	secretarial@deltamagnets.com

xii. Fees to Statutory Auditors

Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, given below:

(₹ in 000)

Particulars	Year Ended 31st March,	
	2020	2019
Audit Fees	2,403.01	2,235.27
Audit Fees for Other Services	-	-
Reimbursement of Out of pocket Expenses	-	-
Total	**2,403.01**	**2,235.27**

H. Other Disclosures:

Particulars	Regulations	Details	Website link of details/policy
(a) Related party transactions	Regulation 23 of SEBI Listing Regulations and as defined under the Act	During the Financial Year 2019-20 there are no materially significant Related Party Transactions of the Company which have potential conflict with the interests of the company at large. The Register of Contracts detailing the transactions as required under the Act is placed before the Board. Transactions with related parties are disclosed by way of Notes to the Accounts, which forms part of this Annual Report.	http://www.deltamagnetsgroup.com/dml/downloads/policies/Related-Party-Transaction-Policy.pdf
(b) Details of non-compliance by the Company, penalty, strictures imposed on the Company by the stock exchange, or Securities and Exchange Board of India ('SEBI') or any statutory authority on any matter related to capital markets	Schedule V (C) 10(b) to the SEBI Listing Regulations	There were no penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years.	-
(c) Whistle Blower Policy and Vigil Mechanism	Regulation 22 of SEBI Listing Regulations	The Company has a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company.	http://www.deltamagnetsgroup.com/dml/downloads/policies/Whistle-Blower-Policy.pdf
(d) Discretionary requirements	Schedule II Part E of the SEBI Listing Regulations	The Company complies with the following non-mandatory requirements: The financial statements of the Company are with unmodified audit opinion. The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director. Reporting of the Internal Auditor to the Audit Committee.	
(e) Subsidiary Companies	Regulation 24 of the SEBI Listing Regulations	The Company has a policy for determining 'material subsidiaries' which is disclosed on its website.	http://www.deltamagnetsgroup.com/dml/downloads/policies/Policy-for-Determining-Material-Subsidiaries.pdf

Particulars	Regulations	Details	Website link of details/policy
(f) Code of Conduct	Regulation 17 of the SEBI Listing Regulations	The Board has laid down Code of Conduct for the Board Members and for Senior Management and Employees of the Company. The same has been posted on the website of the Company. All Board Members and Senior Management Personnel (as per Regulation 26(3) of the Listing Regulations) have affirmed compliance with this Code. A declaration to this effect, signed by the Managing Director forms part of this Report.	http://www.deltamagnetsgroup.com/dml/code_conduct.php
(g) Terms of Appointment of Independent Directors	Regulation 46 of SEBI Listing Regulations and Section 149 read with Schedule IV of the Act	Terms and conditions of appointment/re-appointment of Independent Directors are available on the Company's website.	http://www.deltamagnetsgroup.com/dml/downloads/policies/Terms-of-Appointment-of-Ids.pdf
(h) Familiarization Program	Regulations 25(7) and 46 of SEBI Listing Regulations	Details of familiarization program imparted to Independent Directors are available on the Company's website.	http://www.deltamagnetsgroup.com/dml/downloads/policies/Deatils-of-Familirisation-Programmes-for-Independent-Directors.pdf
(i) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2018	Schedule V (C) 10(l) to the SEBI Listing Regulations	The details forming part of the Annual Report.	-
(j) Disclosure of commodity price risks and commodity hedging activities	Schedule V (C) 10(g) to the SEBI Listing Regulations	Not Applicable	-
(k) Skills/expertise/competencies identified by the Board of Directors for the effective functioning of the Company which are currently available with the Board	Schedule V (C) 2 (h) (i) to the SEBI Listing Regulations	(i) Knowledge - understand the Company's business, policies, culture, major risks, threats and potential opportunities (ii) Behavioral Skills - attributes and competencies to use their knowledge and skills to function well as team members (iii) Strategic thinking and decision making, (iv) Financial /Professional skills to assist the ongoing aspects of the business. (v) Legal and Regulatory compliances and Governance	-

Particulars	Regulations	Details	Website link of details/policy

In the table below, the specific areas of focus & expertise of individual Board members have been highlighted. However, the absence of mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skill.

Name of Directors	Area of Expertise				
	Knowledge of Company's business, policies, culture, major risks, threats and potential opportunities	Behavioral Skills - attributes and competencies.	Strategic thinking and decision making	Financial / Professional skills to assist the ongoing aspects of the business.	Legal and Regulatory compliances and Governance
Mr. Jaydev Mody (Chairman)	√	√	√	√	√
Dr. Ram H. Shroff (Managing Director)	√	√	√	√	√
Mr. Darius Khambatta	√	√	-	√	√
Mr. Javed Tapia	√	√	√	√	√
Mr. Rajesh Jaggi	√	√	-	√	√
Dr. Vrajesh Udani	√	√	-	√	√
Mr. Samir Chinai	√	√	√	-	√
Ms. Ambika Kothari	√	√	√	√	√
Ms. Anjali Mody	√	√	√	-	√

(l) Certificate from Practicing Company Secretary confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority	Schedule V (C) 10(i) to the SEBI Listing Regulations	Certificate from Mr. Ashish Jain of M/s A. K. Jain & Co., Practicing Company Secretaries forms integral part of this report.	-
(m) Disclosure of non -acceptance of recommendation of any committee of the Board	Schedule V (C) 10(j) to the SEBI Listing Regulations	There was no such instance during Financial Year 2019-20 when the board had not accepted any recommendation of any committee of the board.	

I. The Company is in compliance with the requirements of corporate governance report as specified in sub para (2) to (10) of schedule V (C) of Listing Regulations.

The Company has complied with the mandatory requirements of Corporate Governance as specified in Regulation 17 to 27 of Listing Regulations details of which are as below:-

Particulars	Regulation Number	Compliance status (Yes/ No/ NA)
Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility'	16(1)(b) & 25(6)	Yes
Board composition	17(1) & 17 (1A)	Yes
Meeting of Board of directors	17(2)	Yes
Review of Compliance Reports	17(3)	Yes
Plans for orderly succession for appointments	17(4)	Yes
Code of Conduct	17(5)	Yes
Fees/compensation	17(6)	Yes
Minimum Information	17(7)	Yes
Compliance Certificate	17(8)	Yes
Risk Assessment & Management	17(9)	NA
Performance Evaluation of Independent Directors	17(10)	Yes
Recommendation of the Board	17(11)	Yes
Maximum number of directorships	17A	Yes
Composition of Audit Committee	18(1)	Yes
Meeting of Audit Committee	18(2)	Yes
Composition of nomination & remuneration committee	19(1) & (2)	Yes
Quorum of nomination & remuneration committee	19(2A)	Yes
Meeting of nomination & remuneration committee	19 (3A)	Yes
Composition of Stakeholder Relationship Committee	20(1) & (2)	Yes
Quorum of Stakeholder Relationship Committee	20 (2A)	Yes
Meeting of Stakeholder Relationship Committee	20 (3A)	Yes
Composition and role of risk management committee	21(1),(2),(3),(4)	Yes
Vigil Mechanism	22	Yes
Policy for related party Transaction	23(1),(1A), (5),(6),(7) & (8)	Yes
Prior or Omnibus approval of Audit Committee for all related party Transactions	23(2), (3)	Yes
Approval for material related party Transactions	23(4)	NA
Composition of Board of Directors of unlisted material Subsidiary	24(1)	Yes

Particulars	Regulation Number	Compliance status (Yes/ No/ NA)
Other Corporate Governance requirements with respect to subsidiary of listed entity	24(2),(3),(4),(5) & (6)	Yes
Annual Secretarial Compliance Report	24(A)	Yes
Alternate Director to Independent Director	25 (1)	NA
Maximum Directorship & Tenure	25(2)	Yes
Meeting of independent directors	25(3) & (4)	Yes
Familiarization of independent directors	25(7)	Yes
Declarations from Independent Directors	25(8) & (9)	Yes
Memberships in Committees	26(1)	Yes
Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel	26(3)	Yes
Disclosure of Shareholding by Non-Executive Directors	26(4)	Yes
Policy with respect to Obligations of directors and senior management	26(2) & 26(5)	Yes
Website Upload	46(2)	Yes

DECLARATION

I, Dr. Ram H. Shroff, Managing Director of Delta Manufacturing Limited (Formerly known as Delta Magnets Limited) hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the Financial Year ended 31st March, 2020.

For Delta Manufacturing Limited
(Formerly known as Delta Magnets Limited)

Dr. Ram H. Shroff
Managing Director
DIN: 00004865

Mumbai, 14th August, 2020

CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,
The Members of
Delta Manufacturing Limited
(Formerly known as Delta Magnets Limited)
B-87, MIDC, Ambad,
Nashik 422010

We have examined the compliance of conditions of corporate governance by **Delta Manufacturing Limited** (CIN: L32109MH1982PLC028280) (formerly known as Delta Magnets Limited) (the Company) for the year ended 31st March, 2020, as stipulated in Regulations 17 to 27, 46 (2) (b) to (i) and Para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

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

In our opinion and to the best of our information and according to the explanations given to us and the representation made by the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, 46 (2) (b) to (i) and Para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR).

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.

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For A.K. Jain & Co.
Company Secretaries

Place: Mumbai
Date: 14th August, 2020

Ashish Kumar Jain
Proprietor
FCS: 6058. C.P. No: 6124
UDIN: F006058B000593381

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
Delta Manufacturing Limited
(Formerly known as Delta Magnets Limited)
B-87, MIDC, Ambad Nashik - 422010

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Delta Manufacturing Limited** (formerly known as Delta Magnets Limited) (CIN: L32109MH1982PLC028280) and having Registered Office at B-87, MIDC, Ambad, Nashik - 422010, (hereinafter referred to as 'the Company') produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our 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 us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 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, or any such other Statutory Authority.

Sr. No.	Name of the Director	DIN	Date of appointment
1	Mr. Jaydev Mukund Mody	00234797	14/03/2008
2	Mr. Ram Hemant Shroff	00004865	01/08/2011
3	Mr. Darius Khushroo Khambatta	00520338	01/10/2012
4	Mr. Javed Faizullah Tapia	00056420	14/03/2008
5	Mr. Vrajesh Prabhakar Udani	00021311	30/07/2010
6	Mr. Rajesh Satinderpal Jaggi	00046853	29/06/2009
7	Ms. Anjali Jaydev Mody	02784924	13/02/2020

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

For A. K. Jain & Co.
Company Secretaries

Place: Mumbai
Date: 14th August, 2020

Ashish Kumar Jain
Proprietor
FCS: 6058, CP: 6124
UDIN: F006058B000593361

Independent Auditor's Report

To the Members of Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited')

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited') ('the Company'), which comprise the Standalone Balance Sheet as at March 31, 2020, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Cash Flow Statement and the Standalone Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. 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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at March 31, 2020, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the 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.

Emphasis of Matter – COVID-19 Impact

4. We draw attention to Note 44 to the accompanying standalone audited financial statements, with regard to the management's evaluation of uncertainty due to the outbreak of COVID-19 and its impact on the future performance operations of the Company. Our opinion is not modified in respect of this matter.

Key Audit Matter

5. 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
1. **Revenue recognition** (Refer note 2.8 for the accounting policy on revenue recognition, note 23 of the standalone financial statement for revenue recognized during the year and note 40 for disaggregate revenue information under Ind AS 115) Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion in so far as revenue recognition is concerned, since an inappropriate cut-off can result in material misstatement of results for the year.	Our audit procedures included, but were not limited, to the following: Obtained and updated our understanding of the revenue business process. Evaluated the design and tested the operating effectiveness of key controls over the recognition and measurement of revenue. Around dispatches/deliveries, inventory reconciliations and circularization of receivable balances, substantive testing for cut-offs and analytical review procedures. Evaluated the appropriateness of disclosures made in the financial statements with respect to revenue recognized during the year as required by applicable accounting standards.
2. Accounting for Common Control Business Combination - Refer note 42 to the Standalone financial statements. The Scheme of Arrangement ('the Scheme') presented under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the rules prescribed thereunder, for the business combination of Arrow Textiles Limited ('ATL') & MMG India Private Limited (MMG) with the Company was approved by the Hon'ble National Company Law Tribunal vide its order dated December 27, 2019 ("the NCLT Order"). The Certified copy of the NCLT order was filed with Registrar of Companies on January 20, 2020. Consequently, the Scheme became operative from January 20, 2020 and effective from October 01, 2018 i.e. appointed date. The said business combination has been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combination' and comparatives have been restated for business combination.	Our audit procedures included, but were not limited, to the following: We evaluated the appropriateness of 'Pooling of interest' method of accounting adopted by the management to account for the common control business combination. We corroborated management's alignment of accounting policies and estimates by comparing the significant accounting policies and estimates of ATL & MMG and comparing with the Company's accounting policies and estimates. We read the Scheme and focused on accounting of the same as per Appendix C - Ind AS 103 Business Combination and calculation of capital reserve on the business combination. We evaluated appropriateness of the disclosures in respect of this business combination in the Standalone financial statement and assessed the completeness and mathematical accuracy of the relevant disclosures.

Information other than the Financial Statements and Auditor's Report thereon

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will 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 identified above when it becomes available 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

8. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is 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 financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the 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 Standards on Auditing 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 financial statements.

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

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

13. 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.
14. 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.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
17. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
18. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, 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 purpose of our audit of the accompanying standalone financial statements;
    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 financial statements dealt with by this report are in agreement with the books of account;

d. in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;

e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of section 164(2) of the Act;

f. we have also audited the internal financial controls with reference to financial statements of the Company as on March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated June 26, 2020 as per Annexure B expressed unmodified opinion; and

g. with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company, as detailed in note 32(a) to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at March 31, 2020.

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2020;

   iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020;

   iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from November 08, 2016 to December 30, 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For M H S & Associates
Chartered Accountants
Firm's Registration No.: 141079W

Mayur H. Shah
Partner
Membership No.: 147928
UDIN: 20147928AAAAAP4957

Place: Mumbai
Date: June 26, 2020

ANNEXURE A

To the Independent Auditor's Report of even date to the members of Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited'), on the standalone financial statements for the year ended March 31, 2020

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

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

(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of immovable properties, are held in the name of the Company, except for immovable properties acquired as a part of Scheme of Arrangement [see note 42] in the current year. As explained to us, Registration of title deeds is in progress in respect of such immovable properties.

ii. In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.

iii. The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

iv. In our opinion, the Company has complied with the provisions of Sections 185 & 186 of the Act.

v. In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

vi. We have broadly reviewed the books of account maintained by the Company pursuant to rules prescribed by the Central Government for the maintenance of the cost records under Sub-Section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

vii. (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been delays in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable except service tax, sales tax, tax deducted at source(TDS), provident fund. A statement showing arrears of outstanding statutory dues as at the last date of the Financial Year for a period more than six months is as under:

Name of the Statute	Nature of Dues	Amount (₹ in '000)	Period to which the amount relates	Due Date	Paid Amount (in ₹)	Date of Payment
Finance Act, 1994	Service Tax	2,875.76	August 2015 to June 2017	6th of the following month of the respective months except from March month. For March it is 31st of March.	Nil	Not Paid
The Central Sales Tax, 1956	CST	438.21	September 2015 to June 2017	21st of the following month of the respective months	Nil	Not Paid
Tamil Nadu Value Added Tax Act, 2006	VAT	312.67	September 2015 to June 2017	22nd of the following month of the respective months	Nil	Not Paid
The Income Tax Act, 1961	TDS	1,928.76	Mar-19	30th April 2019	Nil	Not Paid
The Employees Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund	622.93	November 2018, January 2019 and March 2019	15th of the following month of the respective months	Nil	Not Paid

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ In '000)	Amount paid under Protest (₹ In '000)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2,373.94	474.79	F.Y. 2010-11	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	3,091.64	618.33	F.Y. 2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	3,175.84	635.17	F.Y. 2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2,244.43	448.89	F.Y. 2013-14	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	1,300.50	260.23	F.Y. 2014-15	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	2,329.86	Nil	F.Y. 1989-90, F.Y.1993-94 and F.Y. 1994-95	Mumbai High Court
Income Tax Act, 191	Income Tax	2,595.35	Nil	F.Y. 2011-12	Rectification u/s. 154 is pending before the Assessing Officer
Income Tax Act, 191	Income Tax	534.68	Nil	F.Y. 2017-18	Rectification u/s. 154 is pending before the Assessing Officer
The Central Sales Tax, 1956	Sales Tax	11,443.23	Nil	F.Y. 2015-16	Appeal to be filed before Appellate Deputy Commissioner of Commercial Taxes, Chennai (East) Division

viii. The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution or government during the year. The Company did not have any outstanding debentures during the year.

ix. Money raised by way of term loans during the year have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

x. No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.

xi. Managerial remuneration has been paid and provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

xii. In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

xiii. In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

xiv. During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

xv. In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

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

For M H S & Associates
Chartered Accountants
Firm's Registration No.: 141079W

Mayur H. Shah
Partner
Membership No.: 147928
UDIN: 20147928AAAAAP4957

Place: Mumbai
Date: June 26, 2020

ANNEXURE B

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited') ('the Company') as at and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is 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 on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the Company's business, including adherence to the 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. 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 Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. 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 includes 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 financial statements, whether due to fraud or error.

5. 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

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that

receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. 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.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2020, 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.

For M H S & Associates
Chartered Accountants
Firm's Registration No.: 141079W

Mayur H. Shah
Partner
Membership No.: 147928
UDIN: 20147928AAAAAP4957

Place: Mumbai
Date: June 26, 2020

STANDALONE BALANCE SHEET

AS AT MARCH 31, 2020

(₹ in '000)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	4	497,615.20	484,679.50
Capital work-in-progress		-	53,140.12
Intangible assets	5	1,597.92	2,413.76
Financial assets			
Investments	6	62,983.76	62,983.76
Other financial assets	7	8,937.00	8,683.80
Non-current tax assets (net)	8	11,994.58	9,267.55
Other non-current assets	9	2,386.87	1,854.89
Total non-current assets		**585,515.33**	**623,023.38**
Current assets			
Inventories	10	163,899.12	144,554.44
Financial assets			
Investments	6	23,514.86	64,668.31
Trade receivables	11	255,708.86	280,698.88
Cash and cash equivalents	12	1,070.74	17,897.59
Bank balances other than cash and cash equivalents	13	8,626.80	7,329.98
Other financial assets	7	2,784.51	1,889.06
Other current assets	9	61,986.18	52,437.34
Assets classified as held for sale	14	23,640.54	23,640.54
Total current assets		**541,231.62**	**593,116.14**
Total assets		**1,126,746.95**	**1,216,139.52**
Equity and Liabilities			
Equity			
Equity share capital	15	108,511.20	108,511.20
Other equity	16	171,232.76	307,771.47
Total equity		**279,743.96**	**416,282.67**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17	115,190.03	120,219.22
Deferred tax liabilities (net)	31	2,692.32	1,925.66
Provisions	18	10,856.64	10,662.14
Other non current liabilities	19	5,937.67	3,233.38
Total non-current liabilities		**134,676.66**	**136,040.40**
Current liabilities			
Financial liabilities			
Borrowings	17	457,343.18	395,234.67
Trade payables	20		
Total outstanding dues of micro enterprises and small enterprises; and		15,040.30	10,509.50
Total outstanding dues of creditors other than micro enterprises and small enterprises		102,633.22	106,168.24
Other financial liabilities	21	70,266.69	76,455.04
Provisions	18	12,493.54	14,081.36
Other current liabilities	19	53,168.10	60,200.83
Current income tax liabilities (net)	22	1,381.30	1,166.81
Total current liabilities		**712,326.33**	**663,816.45**
Total liabilities		**847,002.99**	**799,856.85**
Total equity and liabilities		**1,126,746.95**	**1,216,139.52**
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the standalone financial statements.

As Per Our Report of Even Date

For M H S & Associates
Chartered Accountants
ICAI Firm Registration No.: 141079W

Mayur H. Shah
Partner
Membership No: 147928

Mumbai: June 26, 2020

For and on behalf of the Board of Directors

Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited') (CIN: L32109MH1982PLC028280)

Jaydev Mody
Chairman
DIN:00234797

Dr. Ram H. Shroff
Managing Director
DIN:00004865

Rajesh Jaggi
Director
DIN:00046853

Abhilash Sunny
Chief Financial Officer

Anannya Godbole
Company Secretary (ACS No. 23112)

Mumbai: June 26, 2020

STANDALONE STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

Particulars	Note No.	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	23	908,377.08	568,001.01
Other income	24	8,068.40	8,192.64
Total income		**916,445.48**	**576,193.65**
Expenses			
Cost of material consumed	25	272,344.07	146,728.53
Purchase of stock-in-trade	26	87,385.68	14,783.64
Changes in inventories of finished goods, stock-in-trade and work-in-progress	27	(8,919.63)	(10,272.83)
Employee benefits expense	28	275,465.43	171,923.07
Finance costs	29	61,130.95	31,171.15
Depreciation and amortization expense	4 & 5	59,607.40	31,732.09
Other expenses	30	304,613.01	222,936.24
Total expenses		**1,051,626.91**	**609,001.89**
Profit / (loss) before tax		**(135,181.43)**	**(32,808.24)**
Income tax expense	31		
a) Current Tax			
– For the year		-	-
– For the prior period		(71.34)	(319.07)
b) Deferred tax (including MAT credit)		766.66	907.05
Total income tax expense		**695.32**	**587.98**
Profit / (loss) for the year		**(135,876.75)**	**(33,396.22)**
Other comprehensive income			
a) Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement gains/ (losses) on defined benefit plans		131.93	(294.57)
Income tax effect on above		-	-
b) Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Foreign currency translation reserve		-	-
Income tax effect on above		-	-
Other comprehensive income for the year		**131.93**	**(294.57)**
Total comprehensive income for the year		**(135,744.82)**	**(33,690.79)**
Earnings per share (face value INR 10/- each)	34		
Basic earnings per share (INR)		(12.52)	(3.86)
Diluted earnings per share (INR)		(12.52)	(3.86)
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the standalone financial statements.

As Per Our Report of Even Date

For M H S & Associates
Chartered Accountants
ICAI Firm Registration No.: 141079W

Mayur H. Shah
Partner
Membership No: 147928

Mumbai: June 26, 2020

For and on behalf of the Board of Directors

Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited') (CIN: L32109MH1982PLC028280)

Jaydev Mody
Chairman
DIN:00234797

Dr. Ram H. Shroff
Managing Director
DIN:00004865

Rajesh Jaggi
Director
DIN:00046853

Abhilash Sunny
Chief Financial Officer

Anannya Godbole
Company Secretary (ACS No. 23112)

Mumbai: June 26, 2020

STANDALONE CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from operating activities		
Profit / Loss before tax	(135,049.50)	(33,102.81)
Adjustments for:		
Depreciation and amortization expenses	59,607.40	31,732.09
Finance costs	61,130.95	31,171.15
Interest income	(1,730.48)	(3,236.55)
Provision for doubtful debts	2,286.68	5,830.81
Sundry balances written back / (written off)	(1,513.23)	(372.65)
Financial guarantee commission income	-	(1,350.75)
Provision for employee benefits	6,029.28	5,140.35
Unrealised foreign exchange translation (gain) / loss	1,053.70	(799.74)
Profit on mutual fund	(1,846.55)	(1,348.31)
Actuarial (gain) / loss on Gratuity	(131.93)	294.57
Operating profit / (loss) before working capital changes	**(10,163.68)**	**33,958.16**
Changes in working capital		
Increase / (decrease) in inventories	(19,344.68)	(1,004.41)
Increase / (decrease) in trade receivables	25,334.40	(15,187.59)
Increase / (decrease) in other current assets	(6,698.23)	22,697.09
Increase / (decrease) in other non - current assets	(350.06)	(206.25)
Increase / (decrease) in other non - current financial assets	(253.20)	(561.62)
Increase / (decrease) in other current financial assets	26.45	30.92
Decrease/ (increase) in other non - current liabilities	(833.29)	(416.65)
Decrease/ (increase) in other current liabilities	(10,164.86)	(1,35,557.29)
Decrease/ (increase) in other current financial liabilities	10,062.82	8,470.61
Decrease/ (increase) in trade payables	(1,395.31)	11,994.00
Decrease/ (increase) in provisions	(7,290.67)	(6,709.25)
Cash generated from / (used in) operations	**(21,070.31)**	**(82,492.28)**
Income tax paid (net)	(2,441.20)	(2,185.68)
Net cash flows generated from / (used in) operating activities (A)	**(23,511.51)**	**(84,677.96)**
Cash flow from Investing activities		
Net proceeds from sale of property, plant and equipment & intangible	(13,658.63)	(66,909.35)
Net proceeds from sale of Investments	43,000.00	(63,320.00)
Inter corporate deposit given	-	(1,870.50)
Bank balances other than cash and cash equivalents	(1,296.82)	(1,324.47)
Interest received	808.58	1,382.97
Net cash flow generated from / (used in) investing activities (B)	**28,853.13**	**(132,041.35)**

STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from financing activities		
Proceeds from non - current borrowings (net)	(3,789.03)	48,196.24
Proceeds from current borrowings (net)	62,108.51	145,135.21
Repayment of lease liabilities	(2,399.46)	-
Dividend paid	(26.47)	(578.63)
Interest paid	(78,062.02)	(24,022.09)
Net cash flow generated from / (used in) financing activities (C)	**(22,168.47)**	**168,730.73**
Net increase in cash and cash equivalents (A+B+C)	**(16,826.85)**	**(47,988.58)**
Cash and cash equivalents acquired at the business combination	-	65,556.68
Cash and cash equivalents at the beginning of the year	17,897.59	329.49
Cash and cash equivalents at the end of the year	**1,070.74**	**17,897.59**
Cash and cash equivalents comprise (Refer note 12)		
Balances with banks		
On current accounts	906.22	17,302.32
Fixed deposits with maturity of less than 3 months	-	360.82
Cash on hand	164.52	234.45
Total cash and cash equivalents at the end of the year	**1,070.74**	**17,897.59**

Summary of significant accounting policies **(Refer Note 2)**

Notes:

a) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 on Statement of Cash Flow.

b) Figures in bracket indicate cash outflow.

c) Reconciliation of financing activities

Particulars	March 31, 2019	Cash flow	Non cash adjustment Accrual of interest / unrealised forex loss	March 31, 2020
Non - current borrowings	120,219.22	(15,152.75)	10,123.56	115,190.03
Current maturities of non-current borrowings	14,759.84	1,240.16	-	16,000.00
Current borrowings	395,234.67	62,108.51	-	457,343.18

The accompanying notes are an integral part of the financial statements.

As Per Our Report of Even Date

For M H S & Associates
Chartered Accountants
ICAI Firm Registration No.: 141079W

Mayur H. Shah
Partner
Membership No: 147928

Mumbai: June 26, 2020

For and on behalf of the Board of Directors

Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited') (CIN: L32109MH1982PLC028280)

Jaydev Mody
Chairman
DIN:00234797

Dr. Ram H. Shroff
Managing Director
DIN:00004865

Rajesh Jaggi
Director
DIN:00046853

Abhilash Sunny
Chief Financial Officer

Anannya Godbole
Company Secretary (ACS No. 23112)

Mumbai: June 26, 2020

STANDALONE STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2020

A. Equity share capital

(₹ in '000)

Particulars	March 31, 2020		March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Issued, subscribed and fully paid-up				
Equity shares of ₹ 10/- each				
Opening	64,71,014	64,710.14	64,71,014	64,710.14
Add: Issued during the year	43,80,106	43,801.06	-	-
Less: Buy-back during the year	-	-	-	-
Closing	**108,51,120**	**108,511.20**	**64,71,014**	**64,710.14**
Share pending issuance				
Equity shares of ₹ 10/- each	-	-	43,80,106	43,801.06
	-	**-**	**43,80,106**	**43,801.06**
Equity share capital	**108,51,120**	**108,511.20**	**108,51,120**	**108,511.20**

B. Other equity

Particulars	Securities premium reserve	Equity component on interest free loan	Capital Reserve	Retained earnings	Total
Balance as at April 01, 2018	107,025.24	74,836.91	-	48,725.15	230,587.30
Profit / (Loss) for the year	-	-	-	(33,396.22)	(33,396.22)
Other comprehensive income / (loss)	-	-	-	(294.57)	(294.57)
Total comprehensive income for the year	**-**	**-**	**-**	**(33,690.79)**	**(33,690.79)**
Add : Addition during the year	-	-	-	-	-
Add : Addition during the year on account of Business Combination	101.34	-	208,486.14	(97,712.52)	110,874.96
Less : Utilisation during the year	-	-	-	-	-
Balance as at March 31, 2019	**107,126.58**	**74,836.91**	**208,486.14**	**(82,678.16)**	**307,771.47**
Balance as at April 01, 2019	**107,126.58**	**74,836.91**	**208,486.14**	**(82,678.16)**	**307,771.47**
Profit / (Loss) for the year	-	-	-	(135,876.75)	(135,876.75)
Other comprehensive income / (loss)	-	-	-	131.93	131.93
Total comprehensive income for the year	**-**	**-**	**-**	**(135,744.82)**	**(135,744.82)**
Add : Addition during the year	-	-	-	-	-
Add : Transition reserve on account of Ind AS 116	-	-	-	(793.89)	(793.89)
Less : Utilisation during the year	-	-	-	-	-
Balance as at March 31, 2020	**107,126.58**	**74,836.91**	**208,486.14**	**(219,216.87)**	**171,232.76**

The accompanying notes are an integral part of the financial statements.

As Per Our Report of Even Date

For M H S & Associates
Chartered Accountants
ICAI Firm Registration No.: 141079W

Mayur H. Shah
Partner
Membership No: 147928

Mumbai: June 26, 2020

For and on behalf of the Board of Directors

Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited') (CIN: L32109MH1982PLC028280)

Jaydev Mody
Chairman
DIN:00234797

Dr. Ram H. Shroff
Managing Director
DIN:00004865

Rajesh Jaggi
Director
DIN:00046853

Abhilash Sunny
Chief Financial Officer

Anannya Godbole
Company Secretary (ACS No. 23112)

Mumbai: June 26, 2020

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

1. **General Information**

Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited') (the Company") is a Company incorporated on September 23, 1982 under the provision of the Companies Act applicable in India. The Company is incorporated and domiciled and having principal place of business in India. The registered office is at B-87, MIDC, Ambad, Nashik, Maharashtra – 422010, India. The principal business of the company is manufacturing of hard ferrites, soft ferrites, textile woven labels, fabric printed labels and elastic / woven tape. The shares of the company is listed on the National Stock Exchange of India Limited (NSE) and on the BSE Limited (BSE).

These financial statements were authorised for issue by the Board of Directors on **June 26, 2020**.

2. **Significant Accounting Policies**

2.1 Basis of preparation of financial statements

(a) Statement of Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(b) Basis of measurement

The financial statements have been prepared on a historical cost convention on accrual basis, except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below.

(c) Current / non current classification

The Company has ascertained its operating cycle as twelve months for the purpose of current / non-current classification of its assets and liabilities. The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

(d) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. (Refer Note 3 for detailed discussion on estimates and judgments.)

(e) Rounding off of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand as per the requirement of Schedule III, unless otherwise stated.

2.2 Business combinations

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the Company after assessing fair value of all identified assets and liabilities, record the difference as a gain in other comprehensive income and accumulate the gain in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

In case of business combinations involving entities under common control, the above policy does not apply. Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

(₹ in ‘000)

2.3 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and impairment if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Spare parts are recognised when they meet the definition of property, plant and equipment, otherwise, such items are classified as inventory.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under ‘Capital work-in-progress’.

Depreciation methods, estimated useful lives

The Company depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

Property, plant and equipment	Estimated useful life
Leasehold improvement*	Lease period
Factory building	30
Carpeted roads - other than RCC	5
Plant and Machinery - General	15 (On single shift)
Plant and Machinery - Continuous process plant	25
Furniture and fixtures	10
Electrical installations and equipment	10
Computers and data processing units	3 - 6
Office equipments	3 - 5
Motor cars	8
Motor cycles	10

*Leasehold improvements are amortized over the lease period, which corresponds with the useful lives of the assets.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of property plant and equipment (as mentioned below) over estimated useful lives which are different from the useful lives prescribed under Schedule II to the Companies Act, 2013 (Schedule III). The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

– Mobile Phones are depreciated over the estimated useful life of 3 years, which is lower than the life prescribed in Schedule II.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

– Tools are depreciated over the estimated useful life of 5 years, which is lower than the life prescribed in Schedule II.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income / Other Expenses'.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each Financial Year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate."

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 gain or loss arising from the Derecognition of an item of property, plant and equipment 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 when the item is derecognized.

2.4 Intangible assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/ depletion and impairment loss, if any. The cost comprises of purchase price, borrowing costs and any cost directly attributable to bringing the asset to its working condition for the intended use.

Expenditure incurred on acquisition of intangible assets which are not ready to use at the reporting date is disclosed under "Intangible assets under development".

Amortisation method and periods

Amortisation is charged on a straight-line basis over the estimated useful lives. The estimated useful lives and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

The Company amortized intangible assets over their estimated useful lives using the straight line method. The estimated useful lives of intangible assets are as follows:

Intangible assets	Estimated useful life
Computer Software	5

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each Financial Year end.

Derecognition

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

2.5 Impairment of non-financial assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever

(₹ in '000)

there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

For non financial assets, an assessment is made at each reporting period end or whenever triggering event occurs as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimation of the recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimations used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, or had no impairment loss been recognised for the asset in prior years.

2.6 Foreign currency transactions

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

2.7 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

- In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The Company's management determines the policies and procedures for fair value measurement such as derivative instrument.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable."

2.8 Revenue Recognition

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Revenue from sale of goods

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

Revenue from sale of services

Revenue from services is recognized over time by measuring progress towards satisfaction of performance obligation for the services rendered. The Company uses output method for measurement of revenue from home solution operations/ painting and related services and royalty income as it is based on milestone reached or units delivered. Input method is used for measurement of revenue from processing and other service as it is directly linked to the expense incurred by the Company.

Interest income

Interest Income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

Dividend income

Dividend income is recognised when the right to receive payment is established.

2.9 Taxes

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

(a) Current income tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961.

Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

(b) Deferred tax

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively."

(c) Minimum Alternate Tax (MAT)

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

2.10 Assets classified as held for sale

The Company classifies non-current assets (or disposal group) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

The criteria for held for sale classification is regarded met only when the assets (or disposal group) is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal group), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset (or disposal group) to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programmed to locate a buyer and complete the plan has been initiated (if applicable),
- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets (or disposal group) held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities (or disposal group) classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

2.11 Leases Accounting

Assets taken on lease:

The Company mainly has lease arrangements for land and building for factory and plant & machinery.

The Company assesses whether a contract is or contains a lease, at inception of a contract. The assessment involves the exercise of judgement about whether (i) the contract involves the use of an identified asset, (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease, and (iii) the Company has the right to direct the use of the asset.

The Company recognises a right-of-use asset ("ROU") and a corresponding lease liability at the lease commencement date. The ROU asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The ROU asset is depreciated from the commencement date to the earlier of, the end of the useful life of the ROU asset or the end of the lease term. If a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the Company expects to exercise a purchase option, the related ROU asset is depreciated over the useful life of the underlying asset. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the Company, term and currency of the contract. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options payment which the Company is reasonable certain to exercise.

Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

Short-term leases and leases of low-value assets:

The Company has elected not to recognize ROU assets and lease liabilities for short term leases as well as low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.12 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, packaging materials and stores and spare parts are valued at lower of cost and net realizable value. Cost includes purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realisable value. Cost of work in progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on a weighted average basis.

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

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

2.13 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The Company records a provision for decommissioning costs. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, 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 a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.14 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

2.15 Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

2.16 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

(i) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(₹ in '000)

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

a) at amortized cost; or

b) at fair value through other comprehensive income; or

c) at fair value through profit or loss.

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

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity instruments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

"If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

(iii) Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/ expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

(iv) Derecognition of financial assets

A financial asset is derecognized only when

a) the rights to receive cash flows from the financial asset is transferred or

b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

(b) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and

(₹ in '000)

financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

(iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.17 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

(i) Defined contribution plan

Contribution towards the fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

(ii) Defined benefit plans

Gratuity: The Company provides for gratuity, a defined benefit plan (the 'Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

2.18 Contributed equity

Equity shares are classified as equity share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Investment in Subsidiary & Associate Companies

The Company has elected to recognize its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. The details of such investments are given in Note 6.

Impairment policy applicable on such investments is explained in note 2.16 (a) (iii) above.

2.20 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.

2.21 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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2.22 Segment reporting

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.

2.23 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3 Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next Financial Year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(b) Defined benefit plans and other long term benefits (gratuity benefits and leave encashment)

The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. For details refer Note 33.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

4 Property, Plant and Equipment

Particulars	Leasehold Land	Buildings	Plant and Machinery	Furniture & Fixtures	Electrical Installa-tions	Equip-ment's	Vehicles	Computers	Right to Use	Total
Gross block										
As at April 01, 2018	**143,376.34**	**54,079.60**	**300,919.36**	**4,087.09**	**-**	**9,628.67**	**616.88**	**3,870.98**	**-**	**516,578.92**
Acquired on merger	558.86	32,917.50	633,954.96	8,900.25	4,636.11	1,723.21	6,377.88	5,808.37	-	694,877.14
Additions during the year	-	843.83	12,593.20	-	6.80	813.05	77.63	181.68	-	14,516.19
Disposals during the year	-	-	(720.57)	-	-	(16.95)	(8.44)	-	-	(745.96)
Adjustments during the year	-	-	-	-	-	-	-	(2,186.73)	-	(2,186.73)
As at March 31, 2019	**143,935.20**	**87,840.93**	**946,746.95**	**12,987.34**	**4,642.91**	**12,147.98**	**7,063.95**	**7,674.30**	**-**	**1,223,039.56**
Additions during the year	-	1,310.08	64,453.00	12.90	14.98	272.09	-	500.97	5,110.44	71,674.46
Disposals during the year	-	-	-	-	-	(51.75)	-	-	-	(51.75)
Adjustments during the year	-	-	-	-	-	-	-	-	-	-
As at March 31, 2020	**143,935.20**	**89,151.01**	**1,011,199.95**	**13,000.24**	**4,657.89**	**12,368.32**	**7,063.95**	**8,175.27**	**5,110.44**	**1,294,662.27**
Accumulated depreciation										
As at April 01, 2018	**4,770.11**	**24,338.50**	**270,111.10**	**3,847.52**	**-**	**5,783.92**	**586.04**	**2,107.17**	**-**	**311,544.36**
Acquired on merger	18.77	4,731.19	375,241.45	6,549.58	2,043.36	783.08	3,004.13	5,350.67	-	397,722.23
Charges for the year	2,299.38	1,867.84	24,277.40	254.22	367.77	831.15	445.63	482.21	-	30,825.60
Reverse charge on disposal	-	-	(477.31)	-	-	(16.77)	-	-	-	(494.08)
Adjustments during the year	-	-	-	-	-	-	-	(1,238.05)	-	(1,238.05)
As at March 31, 2019	**7,088.26**	**30,937.53**	**669,152.64**	**10,651.32**	**2,411.13**	**7,381.38**	**4,035.80**	**6,702.00**	**-**	**738,360.06**
Charges for the year	2,309.45	2,547.97	48,739.63	398.47	704.98	976.19	870.16	449.70	1,733.21	58,729.76
Reverse charge on disposal	-	-	-	-	-	(42.75)	-	-	-	(42.75)
Adjustments during the year	-	-	-	-	-	-	-	-	-	-
As at March 31, 2020	**9,397.71**	**33,485.50**	**7,17,892.27**	**11,049.79**	**3,116.11**	**8,314.82**	**4,905.96**	**7,151.70**	**1,733.21**	**797,047.07**
Net block as at March 31, 2019	**136,846.94**	**56,903.40**	**277,594.31**	**2,336.02**	**2,231.78**	**4,766.60**	**3,028.15**	**972.30**	**-**	**484,679.50**
Net block as at March 31, 2020	**134,537.49**	**55,665.51**	**293,307.68**	**1,950.45**	**1,541.78**	**4,053.50**	**2,157.99**	**1,023.57**	**3,377.23**	**497,615.20**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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5 Intangible Assets

Particulars	Software	Total
Gross block		
As at April 01, 2018	**-**	**-**
Acquired on merger	4,943.40	4,943.40
Additions during the year	389.53	389.53
Disposals during the year	-	-
Adjustments during the year	2186.73	-
As at March 31, 2019	**7,519.66**	**7,519.66**
Additions during the year	61.80	61.80
Disposals during the year	-	-
Adjustments during the year	-	-
As at March 31, 2020	**7,581.46**	**7,581.46**
Accumulated depreciation		
As at April 01, 2018	-	-
Acquired on merger	2,961.36	2,961.36
Charges for the year	906.49	906.49
Reverse charge on disposal	**-**	**-**
Adjustments during the year	1,238.05	1,238.05
As at March 31, 2019	**5,105.90**	**5,105.90**
Charges for the year	877.64	877.64
Reverse charge on disposal	-	-
Adjustments during the year	-	-
As at March 31, 2020	**5,983.54**	**5,983.54**
Net block as at March 31, 2019	**2,413.76**	**2,413.76**
Net block as at March 31, 2020	**1,597.92**	**1,597.92**

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FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

6 Financial assets - investments	March 31, 2020		March 31, 2019	
	Non- current	Current	Non- current	Current
Investment in equity instrument measured as at cost				
Unquoted equity shares				
– MagDev Limited (Foreign Company)	62,983.76	-	62,983.76	-
(762,500 Equity Shares of Face Value of £ 1/- Each)				
(2,500 Deferred Shares of Face Value of £ 1/- Each)				
Investments measured at fair value through profit or loss				
Investment in mutual funds				
HDFC Overnight Fund - Growth Option	-	23,514.86	-	-
HDFC liquid fund - Growth option	-	-	-	64,668.31
[Unit held as on March 31, 2020 - 7,919.814 (March 31, 2019 - 17,581.102)]				
	62,983.76	**23,514.86**	**62,983.76**	**64,668.31**

Particulars	March 31, 2020	March 31, 2019
Aggregate book value of:		
Quoted investments	23,514.86	64,668.31
Unquoted investments	62,983.76	62,983.76
Aggregate market value of:		
Quoted investments	23,514.86	64,668.31
Aggregate amount of impairment in value of Investments	-	-

7 Other financial assets	March 31, 2020		March 31, 2019	
	Non- current	Current	Non- current	Current
Unsecured, considered good				
Security deposits	8,937.00	483.78	8,683.80	483.78
Interest accrued on deposits	-	2,271.85	-	1,349.95
Other receivables	-	28.88	-	55.33
	8,937.00	**2,784.51**	**8,683.80**	**1,889.06**

8 Non-current tax assets	March 31, 2020	March 31, 2019
Advance income tax (net)	11,994.58	9,267.55
	11,994.58	**9,267.55**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

9 Other assets	March 31, 2020		March 31, 2019	
	Non-current	Current	Non- current	Current
Unsecured, considered good				
Capital advances	1,830.56	-	1,648.64	-
Balance with government authorities (other than income tax)	-	47,438.91	-	40,371.72
Advance to Creditors	-	9,844.32	-	6,993.71
Prepaid expenses	556.31	3,150.70	206.25	3,613.95
Advance to Employees	-	1,552.25	-	1,457.96
	2,386.87	**61,986.18**	**1,854.89**	**52,437.34**

10 Inventories (valued at lower of cost and net realizable value)	March 31, 2020	March 31, 2019
Raw material	51,326.77	39,030.70
Work in progress	27,322.18	21,515.60
Finished goods	54,003.12	50,551.07
Stock in trade	1,166.60	1,505.61
Store and spares parts (including packing material & tools)	30,080.45	31,951.46
	163,899.12	**144,554.44**

11 Trade receivables	March 31, 2020	March 31, 2019
Unsecured		
- Considered good*	255,708.87	280,698.88
- Considered doubtful	6,141.22	2,718.29
	261,850.08	**283,417.17**
Less : Allowance for bad and doubtful debts	(6,141.22)	(2,718.29)
	255,708.86	**280,698.88**

*Includes INR 342.62 ('000) [previous year INR 376.84 ('000)] receivable from related parties (Refer note no. 37)

12 Cash and cash equivalents	March 31, 2020	March 31, 2019
Cash and cash equivalents		
Balances with banks		
- In current accounts	906.22	17,302.32
- Fixed deposits with maturity of less than 3 months	-	360.82
Cash on hand	164.52	234.45
	1,070.74	**17,897.59**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

13	Bank balances other than cash and cash equivalents	March 31, 2020	March 31, 2019
	Margin Money with Bank	690.10	435.10
	Unpaid Dividend Accounts	1,341.70	1,368.17
	In fixed deposit with maturity for more than 3 months but less than 12 months	6,595.00	5,526.71
		8,626.80	**7,329.98**

14	Assets classified as held for sale	March 31, 2020	March 31, 2019
	Immovable properties situated at Chennai	23,640.54	23,640.54
		23,640.54	**23,640.54**

15 Equity share capital	March 31, 2020		March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Authorized				
Equity shares of ₹ 10/- each	46,000,000	460,000.00	10,000,000	100,000.00
	46,000,000	460,000.00	10,000,000	100,000.00
Issued, subscribed and paid up				
Equity shares of ₹ 10/- each	10,851,120	108,511.20	6,471,014	64,710.14
	10,851,120	108,511.20	6,471,014	64,710.14
Share pending issuance				
Equity shares of ₹ 10/- each	-	-	4,380,106	43,801.06
	-	-	**4,380,106**	**43,801.06**
Total	**10,851,120**	**108,511.20**	**10,851,120**	**108,511.20**

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

Particulars	March 31, 2020		March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	64,71,014	64,710.14	64,71,014	64,710.14
Add: Issued during the year	43,80,106	43,801.06	-	-
Less: Buy-back during the year	-	-	-	-
Outstanding at the end of the year	**1,08,51,120**	**108,511.20**	**64,71,014**	**64,710.14**

(b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having par value of INR 10/- per share. Each shareholder is entitled to one vote per share held. Dividend if any declared is payable in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2020, the amount of per share dividend recognized as distributions to equity shareholders was Nil (March 31, 2019: Nil).

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	March 31, 2020		March 31, 2019	
	No. of shares	% of holding in the class	No. of shares	% of holding in the class
Aarti Pandit Family Private Limited (Formerly known as Aryanish Finance & Investments Pvt Ltd)*	19,86,318	18.31%	9,96,570	15.40%
Aditi Mody Family Private Limited (Formerly known as Bayside Property Developers Private Limited)*	19,87,111	18.31%	9,97,751	15.42%
Anjali Mody Family Private Limited (Formerly known as Delta Real Estate Consultancy Private Limited)*	19,85,273	18.30%	10,05,977	15.55%
SSI Trading Private Limited	16,15,153	14.88%	16,15,153	24.96%

*Aarti Pandit Family Private Limited, Aditi Mody Family Private Limited, Anjali Mody Family Private Limited are holding Equity Shares in the capacity of trustees for Aarti J Mody Trust, Aditi J Mody Trust and Anjali J Mody Trust respectively.

(d) Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT'), had vide its Order dated December 27, 2019 approved the Scheme of Amalgamation of Arrow Textiles Limited ("First Transferor Company") and MMG India Private Limited ("Second Transferor Company") with Delta Magnets Limited ("Transferee Company") and their respective shareholders ("the Scheme) and accordingly the Transferor Companies and Transferee Company had filed INC-28 with Registrar of Companies, Mumbai on January 20, 2020 i.e. the Effective date. Further pursuant to the Scheme of Amalgamation, the Company had issued and allotted 4,380,106 Equity Shares of INR 10/- each to shareholders of Arrow Textiles Limited (First Transferor Company) on March 03, 2020. The Company had applied for listing of shares to the BSE Limited and National Stock Exchange of India Limited (the Stock Exchanges) and received the listing permission for 4,295,623 Equity Shares held in dematerialised mode on April 27, 2020. The pending 84,483 Equity Shares which are held in physical mode are kept in abeyance as the Share Certificates could not be dispatched due to lockdown in the country because of COVID-19 Pandemic. Once situation is normalized and share certificates are dispatched to shareholders, the Company will apply for listing of these shares.

(e) Equity Shares issued by the Company without payment being received in cash during the five years immediately preceding March 31st.

Particulars	Aggregate No. of Shares	
	March 31, 2020	March 31, 2019
Fully paid up equity shares issued as per the scheme of Business Combination approved by NCLT.	4,380,106	–

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

16	Other equity	March 31, 2020	March 31, 2019
	Securities premium reserve	107,126.58	107,126.58
	Equity component on interest free loan	74,836.91	74,836.91
	Capital reserve	208,486.14	208,486.14
	Retained earnings	(219,216.87)	(82,678.16)
		171,232.76	**307,771.47**

Nature and purpose of other reserves

Securities premium reserve	Securities premium reserve is used to record the premium on issue of shares. These reserve is utilised in accordance with the provisions of the Act.
Equity component on interest free loan	Deemed equity contribution represents difference between consideration received and present value of liability component on initial recognition (net of deferred tax).
Capital reserve	1) Capital Reserve of INR 61,847.81 ('000) was created on merger of MMG India Privated Limited, whollyowned subsidiary of the Company, with the Company as per the order passed by the National Company Law Tribunal. 2) Capital Reserve of INR 146,538.33 ('000) was created on merger of Arrow Textiles Limited, with the Company as per the order passed by the National Company Law Tribunal.
Retained earnings	Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

Particulars		March 31, 2020	March 31, 2019
(a)	**Securities premium reserve**		
	Opening balance	107,126.58	107,025.24
	Add : Securities premium credited addition during the year on share issue	-	-
	Add : Securities premium credited addition during the year on account of business combination	-	101.34
	Less : Securities premium utilisation during the year	-	-
	Closing balance	**107,126.58**	**107,126.58**
(b)	**Equity component on interest free loan**		
	Opening balance	74,836.91	74,836.91
	Add : Addition during the year	-	-
	Add : Addition during the year on account of business combination	-	-
	Less : Utilisation during the year	-	-
	Closing balance	**74,836.91**	**74,836.91**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

Particulars		March 31, 2020	March 31, 2019
(c)	**Capital reserve**		
	Opening balance	208,486.14	-
	Add : Addition during the year	-	-
	Add : Addition during the year on account of Business Combination	-	208,486.14
	Less : Utilisation during the year	-	-
	Closing balance	**208,486.14**	**208,486.14**
(d)	**Retained earnings**		
	Opening balance	(82,678.16)	48,725.15
	Net profit / (loss) for the current year	(135,876.75)	(33,396.22)
	Reserve on account of Business combination	-	(97,712.52)
	Transition reserve on account of Ind AS 116	(793.89)	-
	Item of OCI for the year, net of tax	131.93	(294.57)
	Closing balance	(219,216.87)	(82,678.16)
	Total other equity	**171,232.76**	**307,771.47**

17 Borrowings	March 31, 2020		March 31, 2019	
	Non- current	Current	Non-current	Current
Secured				
Borrowings from banks	33,730.56	135,087.87	48,681.37	113,459.67
Non Current Borrowings [Term loan - outstanding balance as at balance sheet date carry interest @ 10.50 % p.a. (floating) is repayable in 72 months (including moratorium period of 12 months) as per ballooning repayment schedule. Installment started from January, 2020. (refer below for detail of securities)]				
Current Borrowings [Repayable on demand and carry interest @ 10.00% p.a. floating (refer below for detail of securities)] [Securities - Above borrowings are secured by way of hypothecation on entire movable fixed assets & current assets of the Company, present and future. Further, secured by way of equitable mortgage of land & building owned by the Company and personal guarantee by one of the promoter]. Borrowings from financial institution	-	-	201.94	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

17 Borrowings	March 31, 2020		March 31, 2019	
	Non- current	Current	Non-current	Current
Unsecured				
Borrowings from related party	81,459.47	322,255.31	71,335.91	281,775.00
(Non - current borrowing - Interest free loan) (Current borrowing - repayable on demand and interest@ 9 % p.a.)				
Total	**115,190.03**	**457,343.18**	**120,219.22**	**395,234.67**

18 Provisions	March 31, 2020		March 31, 2019	
	Non- current	Current	Non-current	Current
Provision for employee benefits (refer note 33)				
- Gratuity (funded)	10,856.64	-	10,662.14	-
- Leave encashment (unfunded)	-	11,444.54	-	10,330.36
Provision for CSR	-	1,049.00	-	3,751.00
	10,856.64	**12,493.54**	**10,662.14**	**14,081.36**

19 Other Liabilities	March 31, 2020		March 31, 2019	
	Non- current	Current	Non-current	Current
Statutory due payable	-	19,603.74	-	29,768.61
Advance received from customers	-	32,230.45	-	29,238.93
Deferred revenue on customer advances	-	180.00	180.45	360.00
Deferred Government Grant	2,219.64	833.29	3,052.93	833.29
Lease liabilities	3,718.03	320.62	-	-
	5,937.67	**53,168.10**	**3,233.38**	**60,200.83**

20 Trade Payables	March 31, 2020	March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	15,040.30	10,509.50
Total outstanding dues of creditors other than micro enterprises and small enterprises	102,633.22	106,168.24
Total	**117,673.52**	**116,677.74**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

Particulars	March 31, 2020	March 31, 2019
The principal amount remaining unpaid at the end of the year	13,799.36	9,911.96
The Interest amount remaining unpaid at the end of the year	1,240.94	597.54
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	1,240.94	597.54
The amount of further 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 for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

21	Other Financial Liabilities	March 31, 2020	March 31, 2019
	Current maturities of non - current borrowings	16,000.00	14,759.84
	Accrued interest on loans	15,433.14	32,898.00
	Employee related payable	37,491.85	27,429.03
	Unclaimed Dividend	1,341.70	1,368.17
		70,266.69	**76,455.04**

22	Current income tax liabilities (net)	March 31, 2020	March 31, 2019
	Current tax payable (net of advance taxes)	1,381.30	1,166.81
		1,381.30	**1,166.81**

23	Revenue from operations	March 31, 2020	March 31, 2019
	Sale of products		
	- Finished goods	812,511.22	543,907.72
	- Traded goods	95,195.73	17,031.99
	Other operating revenue	670.13	7,061.30
		908,377.08	**568,001.01**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

24	Other income	March 31, 2020	March 31, 2019
	Interest income	1,730.48	3,236.55
	Sundry balances written back	1,513.23	372.65
	Profit on sale of mutual fund	1,846.55	1,348.31
	Amortisation of Government Grant	833.29	416.65
	Insurance claim received	1,431.58	-
	Financial guarantee commission income	-	1,350.75
	Profit on sale of land	-	200.00
	Foreign exchange fluctuation (net)	-	208.79
	Lease rent income	-	810.00
	Other non - operating income	713.27	248.94
		8,068.40	**8,192.64**

25	Cost of material consumed	March 31, 2020	March 31, 2019
	Cost of raw material consumed		
	Inventory at the beginning of the year	39,030.70	1,430.77
	Add: Purchases	284,640.14	133,119.62
	Add: Acquired on merger	-	51,208.84
	Less: Inventory at the end of the year	(51,326.77)	(39,030.70)
	Total cost of materials consumed	**272,344.07**	**146,728.53**

26	Purchase of stock-in-trade	March 31, 2020	March 31, 2019
	Purchase of stock-in-trade	87,385.68	14,783.64
		87,385.68	**14,783.64**

27	Changes in inventories of finished goods, stock-in-trade and work-in-progress	March 31, 2020	March 31, 2019
	Inventories at the beginning of the year		
	- Finished goods	50,551.07	3,720.40
	- Stock in trade	1,505.61	-
	- Work-in-progress	21,515.59	9,326.52
		73,572.27	**13,046.92**
	Inventories acquired in business combination		
	- Finished goods	-	32,755.97
	- Stock in trade	-	1,601.81
	- Work-in-progress	-	15,894.74
		-	**50,252.52**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

27	Changes in inventories of finished goods, stock-in-trade and work-in-progress	March 31, 2020	March 31, 2019
	Inventories at the end of the year		
	- Finished goods	(54,003.12)	(50,551.07)
	- Stock in trade	(1,166.60)	(1,505.61)
	- Work-in-progress	(27,322.18)	(21,515.59)
		(82,491.90)	**(73,572.27)**
	Net decrease / (increase)	**(8,919.63)**	**(10,272.83)**

28	Employee benefits expense	March 31, 2020	March 31, 2019
	Salaries, wages, bonus and other allowances	253,001.58	155,099.46
	Contribution to provident & other funds (refer note 33)	11,863.89	7,747.76
	Contribution to gratuity fund & leave encashment expense (refer note 33)	6,029.28	5,140.35
	Staff welfare expenses	4,570.68	3,935.50
		275,465.43	**171,923.07**

29	Finance costs	March 31, 2020	March 31, 2019
	Interest expenses	58,517.22	30,169.89
	Other borrowing costs	2,613.73	1,001.26
		61,130.95	**31,171.15**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

30 Other expenses	**March 31, 2020**	**March 31, 2019**
Consumption of Stores & Spares, Consumables and Packing Materials etc.	77,053.77	58,696.71
Repairs & maintenance		
– Plant & machinery	1,519.85	3,992.22
– Building	2,725.51	2,205.44
– Others	5,680.53	3,740.32
Job work expenses	14,348.17	7,961.91
Power and fuel	129,588.52	89,881.27
Insurance	1,841.39	1,079.83
Audit expenses	293.50	456.79
Rates and taxes	5,839.83	3,668.93
Carriage and freight	21,320.22	17,588.17
Travel and conveyance	9,985.83	6,131.65
Legal & professional charges	5,831.56	4,411.65
Merger expenses	3,037.00	2,129.59
Foreign exchange fluctuation (net)	760.37	-
Rent	1,641.05	2,094.44
Commission on sales	7,215.31	3,918.43
Selling & distribution cost	2,816.96	1,399.74
Listing fees	525.00	562.50
Provision for doubtful debts	2,286.68	5,830.81
Loss on sale of property, plant and equipment	8.83	44.25
CSR expenses	-	524.50
Miscellaneous expenses	10,293.13	6,617.09
	304,613.01	**222,936.24**
Payments to auditor		
Statutory audit	293.50	455.88
Reimbursement of expenses	-	0.91
	293.50	**456.79**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

31	Income taxes	March 31, 2020	March 31, 2019
(a)	**Deferred tax relates to the following:**		
	Deferred tax assets		
	On provision for employee benefits	-	4,247.99
	On unabsorbed depreciation and losses	19,515.12	20,781.53
		19,515.12	**25,029.52**
	Deferred tax liabilities		
	On property, plant and equipment	19,039.54	25,318.68
	Interest free loans to subsidiary	2,904.51	6,026.95
	Fair value of mutual funds	263.39	316.90
		22,207.44	**31,662.53**
	Deferred tax (liabilities) / assets, net	(2,692.32)	(6,633.01)
	Minimum Alternative Tax (MAT) entitlements	-	4,707.35
	Deferred tax (liabilities) / assets, net	**(2,692.32)**	**(1,925.66)**
(b)	**Deferred tax assets / (liabilities) to be recognized in statement of profit and loss**		
	Deferred tax assets / (liabilities) net	(2,692.32)	(1,925.66)
	Add : Deferred tax assets / (liabilities) transferred on account of business combination	-	(8,522.82)
	Less: Opening deferred tax assets / (liabilities)	(1,925.66)	(9,541.43)
	Deferred tax assets / (liabilities) for the year	**(766.66)**	**(907.05)**
	Tax liability recognized in Statement of Profit and Loss	766.66	907.05
	Tax liability recognized in OCI		
	- On re-measurements gain/(losses) of post-employment benefit obligations	-	-
	Total deferred tax expenses/(income) recognised in the statement of profit and loss	**766.66**	**907.05**
(c)	**Income tax expense**		
	Amount recognised in the statement of profit or loss		
	a) Current tax		
	For the year	-	-
	For the prior period	(71.34)	(319.07)
	b) Deferred tax	766.66	907.05
	Total income tax expense	**695.31**	**587.98**
	Amount recognised in other comprehensive income		
	Arising on income and expenses recognised in other comprehensive income:		
	- Remeasurement of defined benefit obligation	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

31	Income taxes	March 31, 2020	March 31, 2019
(d)	**Reconciliation of tax charge**		
	Profit / (loss) before tax	(135,049.50)	(33,102.81)
	Enacted income tax rate in India applicable to the company	27.82%	27.82%
	Income tax expense at tax rates applicable	**(37,570.77)**	**(9,209.20)**
	Tax effects of:		
	Effect of not recognition of deferred tax asset on accumulated tax losses	37,570.77	9,209.20
	Incremental deferred tax liability on account of tangible and intangible assets	(6,279.15)	4,139.58
	Reversal of deferred tax liability on account of interest free loan	(3,122.44)	(3,779.26)
	Reversal of fair value of mutual funds	(53.51)	316.90
	Reversal of assets created on unabsorbed depreciation and losses	1,266.41	2,018.42
	Reversal of provision for employee benefits	4,247.99	(1,788.60)
	Reversal of MAT credit	4,707.35	-
	For the prior period income tax	(71.34)	(319.06)
		695.31	**587.98**
	Effective tax rate (%)	**-0.51%**	**-1.78%**
(e)	**Movement of MAT credit entitlement**		
	Opening balance	4,707.35	4,707.35
	Add : Recognised during the year	**-**	**-**
	Less : Derecognised during the year	(4,707.35)	-
	Less : Utilised during the year	-	-
	Closing balance	**-**	**4,707.35**

32	Contingent liabilities and capital commitments	March 31, 2020	March 31, 2019
(a)	**Contingent liabilities**		
	Sales tax liabilities - on account of non receipt of "C" forms opening balance	-	816.38
	TDS as per traces	1,292.84	5,384.96
	Disputed Income tax demands opening balance	14,516.21	14,516.21
	Disputed sales tax demands	11,443.23	11,443.23
	Outstanding letters of credit	11,122.81	9,284.04
		38,375.09	**41,444.81**
(b)	**Capital commitments**		
	Estimated amount of contracts remaining to be executed on capital account and not provided for		
	- Towards Property, Plant and Equipment opening balance	-	1,692.52
		-	**1,692.52**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in ‘000)

33 Employee Benefits

Brief description of the plans:

The Company has various schemes for employee benefits such as Provident Fund, ESIC, Gratuity and Leave Encashment. The Company’s defined contribution plans are Provident Fund (in case of certain employees) and Employees State Insurance Fund (under the provisions of the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952). The Company has no further obligation beyond making the contributions to such plans.

A. Define Benefit Plans:

The Company’s defined benefit plans include Gratuity. The gratuity plan is governed by the Payment of Gratuity Act, 1972 under which an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member’s length of service and salary at retirement age.

i. Actuarial assumptions	March 31, 2020	March 31, 2019
Discount rate (per annum)	6.56% - 6.89%	7.59% - 7.79%
Salary escalation rate	5%	5% - 10%
Rate of employee turnover	2% - 5%	2% - 5%
Mortality rate during Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Expected rate of return on plan assets (per annum)	6.56% - 6.89%	7.59% - 7.79%

ii. Expense recognized in the Statement of Profit and Loss	March 31, 2020	March 31, 2019
Current service cost	3,141.22	1,927.79
Past service cost	-	(213.03)
Interest cost	809.27	738.31
Total*	**3,950.49**	**2,453.07**

*The total expenses for the year are included in the ‘Employee benefits expense” line item in the Statement of Profit & Loss.

iii. Expense recognized in the statement of other comprehensive income	March 31, 2020	March 31, 2019
Actuarial (gains)/losses on obligation - due to changes in financial assumptions	(1,802.77)	717.80
Actuarial (gains)/losses on obligation - due to experience adjustment	1,369.44	(431.80)
Return on plan assets, excluding interest income	301.40	8.57
Total*	**(131.93)**	**294.57**

*The remeasurement of the net defined benefit liability is included in other comprehensive income

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

iv. Changes in the present value of defined benefit obligation	March 31, 2020	March 31, 2019
Present value of obligation at the beginning of the year	52,653.80	17,969.25
Obligation acquired at business combination	-	30,407.33
Interest cost	4,061.85	3,631.05
Current service cost	3,141.22	1,927.79
Past service cost	-	(213.03)
Benefit paid directly by the employer	(2,073.67)	(676.31)
Benefit paid directly from the fund	(2,641.44)	(678.28)
Actuarial (gains)/losses on obligation - due to changes in financial assumptions	(1,802.77)	717.80
Actuarial (gains)/losses on obligation - due to experience adjustment	1,369.44	(431.80)
Present value of obligation at the end of the year	**54,708.43**	**52,653.80**

v. Change in the fair value of plan assets	March 31, 2020	March 31, 2019
Fair value of plan assets at the beginning of the year	41,991.66	8,320.89
Plan assets acquired at business combination	-	31,464.88
Interest income	3,252.58	2,892.74
Benefit paid directly from the fund	(2,641.44)	(678.28)
Contributions by the Employer	1,550.39	-
Return on plan assets, excluding interest income	(301.40)	(8.57)
Fair value of plan assets at the end of the year	**43,851.79**	**41,991.66**

vi. Assets and liabilities recognized in the Balance Sheet	March 31, 2020	March 31, 2019
Present value of funded obligation	54,708.43	52,653.80
Less: Fair Value of plan assets	43,851.79	41,991.66
Net asset / (liability) recognized in Balance Sheet*	**10,856.64**	**10,662.14**

*Included in provision for employee benefits (refer note 18)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

(₹ in ‘000)

vii. Maturity analysis of the benefit payments: from the fund	March 31, 2020	March 31, 2019
Projected Benefits Payable in Future Years from the Date of Reporting		
1st Following Year	7,149.88	5,943.46
2nd Following Year	4,070.71	6,228.22
3rd Following Year	4,594.13	4,105.44
4th Following Year	7,795.45	4,204.18
5th Following Year	10,171.29	7,221.93
Sum of Years 6 To 10	23,830.92	31,499.95
Sum of Years 11 and above	34,862.66	35,830.35

The Plan typically to expose the Company to actuarial risk such as Interest Risk, Longevity Risk and Salary Risk;

a) Interest Risk:- A decrease in the bond interest rate will increase the plan liability.

b) Longevity Risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan’s liability.

c) Salary Risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan’s participants will increase the plan’s liability.

viii. A quantitative sensitivity analysis for significant assumption is as shown below	March 31, 2020	March 31, 2019
Impact on defined benefit obligation		
Discount rate		
1% increase	(2,985.87)	(2,838.02)
1% decrease	3,396.87	3,201.61
Rate of increase in salary		
1% increase	3,330.89	3,102.09
1% decrease	(2,856.17)	(2,798.88)
Withdrawal rate		
1% increase	424.31	301.02
1% decrease	(478.03)	(345.79)

The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

B. Leave obligations

The leave obligations cover the Company's liability for earned leave.

The amount of the provision of ₹ 11,444.54 [March 31, 2019 ₹ 10,330.36] is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

Particulars	March 31, 2020	March 31, 2019
Current service cost	2,078.79	2,687.28
Total expenses/(income) recognised in the statement of profit and loss	2,078.79	2,687.28

C. Defined contribution plans

The Company also has certain defined contribution plans. The contributions are made to registered provident fund, Employee State Insurance Corporation and Labour Welfare Fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plans are as follows:

Charge to the statement of profit and loss based on contributions	March 31, 2020	March 31, 2019
Employer's contribution to regional provident fund office	10,075.53	6,417.65
Employer's contribution to employees' state insurance	461.04	1,290.24
Employer's contribution to labour welfare fund	1,327.32	39.87
	11,863.89	**7,747.76**

34 Earnings/loss per share	March 31, 2020	March 31, 2019
The following reflects the income and share data used in the basic and diluted EPS computations:		
Profit attributable to equity holders	(1,35,876.75)	(33,396.22)
Add: Impact of dilutive potential equity shares	-	-
Profit attributable to equity holders adjusted for the effect of dilution	**(1,35,876.75)**	**(33,396.22)**
Weighted average number of equity shares for basic and diluted EPS	1,08,51,120	86,61,067
Basic loss per share (INR)	(12.52)	(3.86)
Diluted loss per share (INR)	(12.52)	(3.86)

35 Segment reporting

In accordance with Ind AS 108 'Operating Segment', segment information has been given in the consolidated financial statements and therefore, no separate disclosure on segment information is given in these financial statements.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

36 MAT credit entitlement

MAT Credit Entitlement of INR NIL [Previous year INR 4,707.35] is based on business projections of Company provided by Management, and the same have been relied upon by the Auditors.

37 Related party disclosures

(a) List of related parties

(i) Subsidiary companies

MagDev Limited (Magdev)

(ii) Step down subsidiaries

Pilamec Limited (Pilamec)

(iii) Key management personnel's (KMP's)

Mr. Jaydev Mody (JM) - Chairman

Dr. Ram H. Shroff (RHS) - Executive Vice Chairman & Managing Director

Ms. Ambika Kothari (AK) - Non-executive Director (upto 13.02.2020)

Mr. Javed Tapia (JT) - Independent Director

Dr. Vrajesh Udani (VU) - Independent Director

Mr. Rajesh Jaggi (RJ) - Independent Director

Mr. Darius Khambatta (DK) - Independent Director

Ms. Anjali Modi (ANJ) - Non-executive Director (w.ef. 13.02.2020)

Mr. Samir Chinai (SC) - Independent Director (upto 13.02.2020)

Mr. Abhilash Sunny (AS) - Chief Financial Officer

Mrs. Anannya Godbole (AG) - Company Secretary

(iv) Relatives of KMP's

Mrs. Zia Mody (ZM) - Wife of the Chairman

(v) Enterprises over which persons mentioned in (iii) and (iv) above exercise significant influence/ control

AZB & Partners (AZB)

Freedom Registry Limited (FRL)

Aarti Management Consultancy Private Limited (AAMPL)

Aditi Management Consultancy Private Limited (ADMPL)

AAA Holding Trust (AAAHT)

Myra Mall Management Company Private Limited (MMMCPL)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

(b) Details of transaction carried out with related parties in the ordinary course of business for the year ended

Particulars	Subsidiaries		KMP		Enterprises Over which KMPs / Their Relatives Exercise Significant Influence or Control		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Remuneration Paid								
RHS	-	-	6,326.93	2,708.33	-	-	6,326.93	2,708.33
AS	-	-	6,500.00	4,506.35	-	-	6,500.00	4,506.35
AG	-	-	447.20	434.53	-	-	447.20	434.53
Sub Total	**-**	**-**	**13,274.13**	**7,649.21**	**-**	**-**	**13,274.13**	**7,649.21**
Reimbursement of Expenses paid								
RHS	-	-	3,690.91	833.34	-	-	3,690.91	833.34
Sub Total	**-**	**-**	**3,690.91**	**833.34**	**-**	**-**	**3,690.91**	**833.34**
Director Sitting Fees								
JM	-	-	16.00	9.00	-	-	16.00	9.00
AK	-	-	8.00	8.00	-	-	8.00	8.00
DK	-	-	12.00	10.00	-	-	12.00	10.00
JT	-	-	18.00	20.00	-	-	18.00	20.00
RJ	-	-	22.00	20.00	-	-	22.00	20.00
SC	-	-	10.00	10.00	-	-	10.00	10.00
ANJ	-	-	22.00	10.00	-	-	22.00	10.00
VU	-	-	44.50	32.00	-	-	44.50	32.00
Sub Total	**-**	**-**	**152.50**	**119.00**	**-**	**-**	**152.50**	**119.00**
Advance received against sale of land								
JM	-	-	-	79,521.75	-	-	-	79,521.75
RHS	-	-	-	26,775.00	-	-	-	26,775.00
Sub Total	**-**	**-**	**-**	**106,296.75**	**-**	**-**	**-**	**106,296.75**
Repayment of advance against sale of land								
JM	-	-	-	79,521.75	-	-	-	79,521.75
RHS	-	-	-	26,775.00	-	-	-	26,775.00
Sub Total	**-**	**-**	**-**	**106,296.75**	**-**	**-**	**-**	**106,296.75**
Rent Paid								
AAAHT	-	-	-	-	445.19	576.00	445.19	576.00
Sub Total	**-**	**-**	**-**	**-**	**445.19**	**576.00**	**445.19**	**576.00**
Interest Expenses								
AAMPL	-	-	-	-	12,821.03	13,114.13	12,821.03	13,114.13
ADMPL	-	-	-	-	1,943.31	1,849.59	1,943.31	1,849.59
MMMCPL	-	-	-	-	7,781.82	-	7,781.82	-
RHS	-	-	3,282.72	1,227.11	-	-	3,282.72	1,227.11
Sub Total	**-**	**-**	**3,282.72**	**1,227.11**	**22,546.16**	**14,963.72**	**25,828.88**	**16,190.83**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

(₹ in ‘000)

Particulars	Subsidiaries		KMP		Enterprises Over which KMPs / Their Relatives Exercise Significant Influence or Control		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Professional Fees Paid								
AZB	-	-	-	-	134.25	25.93	134.25	25.93
FRL	-	-	-	-	77.17	82.42	77.17	82.42
Sub Total	**-**	**-**	**-**	**-**	**211.42**	**108.35**	**211.42**	**108.35**
Loan Taken								
AAMPL	-	-	-	-	-	79,600.00	-	79,600.00
ADMPL	-	-	-	-	-	20,800.00	-	20,800.00
RHS	-	-	-	26,775.00	-	-	-	26,775.00
MMMCPL	-	-	-	-	2,86,931.12	-	2,86,931.12	-
Sub Total	**-**	**-**	**-**	**26,775.00**	**286,931.12**	**100,400.00**	**286,931.12**	**127,175.00**
Sale of Goods								
Magdev	8,039.39	11,547.50	-	-	-	-	8,039.39	11,547.50
Pilamec	-	338.45	-	-	-	-	-	338.45
Sub Total	**8,039.39**	**11,885.95**	**-**	**-**	**-**	**-**	**8,039.39**	**11,885.95**
Advance received from Customer								
Magdev	5,765.21	4,035.93	-	-	-	-	5,765.21	4,035.93
Sub Total	**5,765.21**	**4,035.93**	**-**	**-**	**-**	**-**	**5,765.21**	**4,035.93**
Loan Repaid								
AAMPL	-	-	-	-	213,100.00	-	213,100.00	-
ADMPL	-	-	-	-	32,300.00	-	32,300.00	-
MMMCPL	-	-	-	-	31.12	-	31.12	-
Sub Total	**-**	**-**	**-**	**-**	**245,431.12**	**-**	**245,431.12**	**-**
Interest on Loan Repaid								
AAMPL	-	-	-	-	38,067.47	-	38,067.47	-
ADMPL	-	-	-	-	3,463.65	-	3,463.65	-
Sub Total	**-**	**-**	**-**	**-**	**41,531.12**	**-**	**41,531.12**	**-**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

(c) Outstanding balance as at March 31, 2020

Particulars	Subsidiaries		KMP		Enterprises Over which KMPs / Their Relatives Exercise Significant Influence or Control		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Loan Payable								
AAMPL	-	-	-	-	7,000.00	2,20,100.00	7,000.00	2,20,100.00
ADMPL	-	-	-	-	43,000.00	75,300.00	43,000.00	75,300.00
RHS	-	-	36,375.00	36,375.00	-	-	36,375.00	36,375.00
MMMCPL	-	-	-	-	286,900.00	-	286,900.00	-
ATCPL	-	-	-	-	43,000.00	43,000.00	43,000.00	43,000.00
Sub Total	**-**	**-**	**36,375.00**	**36,375.00**	**379,900.00**	**338,400.00**	**416,275.00**	**374,775.00**
Trade Receivables								
Pilamec	342.62	376.84	-	-	-	-	342.62	376.84
Sub Total	**342.62**	**376.84**	**-**	**-**	**-**	**-**	**342.62**	**376.84**
Trade Payables								
FRL	-	-	-	-	65.88	36.13	65.88	36.13
AAAHT	-	-	-	-	4,068.59	3,587.79	4,068.59	3,587.79
Sub Total	**-**	**-**	**-**	**-**	**4,134.47**	**3,623.92**	**4,134.47**	**3,623.92**
Interest Payable								
AAMPL	-	-	-	-	-	26,528.55	-	26,528.55
ADMPL	-	-	-	-	-	1,714.67	-	1,714.67
RHS	-	-	4,860.66	1,906.21	-	-	4,860.66	1,906.21
MMMCPL	-	-	-	-	7,003.64	-	7,003.64	-
Sub Total	**-**	**-**	**4,860.66**	**1,906.21**	**7,003.64**	**28,243.22**	**11,864.30**	**30,149.43**
Advances Received from Customer								
Magdev	31,138.05	25,372.84	-	-	-	-	31,138.05	25,372.84
Sub Total	**31,138.05**	**25,372.84**	**-**	**-**	**-**	**-**	**31,138.05**	**25,372.84**
Remuneration Payable								
RHS	-	-	660.92	605.05	-	-	660.92	605.05
AS	-	-	2,025.70	586.26	-	-	2,025.70	586.26
AG	-	-	148.62	110.62	-	-	148.62	110.62
Sub Total	**-**	**-**	**2,835.24**	**1,301.93**	**-**	**-**	**2,835.24**	**1,301.93**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

38 Financial risk management objectives and policies

The Company is exposed to various financial risks. These risks are categorized into credit risk, capital risk, liquidity risk, and market risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

(a) Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

The Company considers the probability of default upon initial recognition 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 forwarding-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.

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

Trade receivables:

i) The ageing of trade receivables and expected credit loss analysis on these trade receivables is given in below table:

Particulars	March 31, 2020	March 31, 2019
0-180 days	222,588.77	260,679.58
More than 180 days	33,120.10	20,019.30
Total	**255,708.87**	**280,698.88**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

ii) The expected credit loss analysis on these receivables is given in below table:

Particulars	March 31, 2020	March 31, 2019
Opening provision for the year	2,718.29	1,540.90
Add: Due to business combination	-	1,832.20
Add: Provision for expected credit loss	4,119.38	6,615.00
Add: Bad debts recovered	1,832.70	-
Less: Bad debts	(696.46)	(6,485.62)
Less: Reversal of expected credit loss	(1,832.70)	(784.19)
Closing provision for the year	**6,141.22**	**2,718.29**

(b) Capital risk

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in notes 17 & 21, and offset by investments and cash & bank balances as detailed in notes 6, 12 & 13) and total equity of the Company.

The Company determines the amount of capital required on the basis of annual as well as long term operating plans and other strategic investment plans. The funding requirements are met through long-term and short-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The capital components of the Company are as given below:

Particulars	March 31, 2020	March 31, 2019
Total equity	279,743.96	416,282.67
Current borrowings	457,343.18	395,234.67
Non-current borrowings	115,190.03	120,219.22
Current maturities of non-current borrowings	16,000.00	14,759.84
Total debt	**588,533.21**	**530,213.73**
Current investments	23,514.86	64,668.31
Cash and cash equivalents	1,070.74	17,897.59
Other bank balances	8,626.80	7,329.98
Net debt	**555,320.81**	**440,317.85**
Debt equity ratio	**1.99**	**1.06**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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(c) 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. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities:

Maturities of financial liabilities as at March 31, 2020	Carrying Value	Upto 1 year	1 to 5 years	5 years & above
Borrowings	588,533.21	473,343.18	115,190.03	–
Trade payables	117,673.52	117,673.52	–	–
Other financial liabilities	54,266.69	54,266.69	–	–
	760,473.42	**645,283.39**	**115,190.03**	**–**

Maturities of financial liabilities as at March 31, 2019	Carrying Value	Upto 1 year	1 to 5 years	5 years & above
Borrowings	530,213.73	409,994.51	120,219.22	-
Trade payables	116,677.74	116,677.74	-	-
Other financial liabilities	61,695.20	61,695.20	-	-
	708,586.67	**588,367.45**	**120,219.22**	**-**

(d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

whole year and the rates are reset as per the applicable reset dates. The basis risk between various benchmarks used to reset the floating rate assets and liabilities has been considered to be insignificant.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's profit for the year would decrease / increase by amount as stated below.

Particulars	Financial Liabilities	Change in Interest rate	Impact on Profit or Loss before tax for the year	
			Increase by 1%	Decrease by 1%
March 31, 2020	507,073.74	1%	(4588.78)	5,070.74
March 31, 2019	458,877.82	1%	(4588.78)	4588.78

39 Unhedged foreign currency (FC) exposure

The Foreign currency exposures that are not hedged by a derivative instrument or otherwise as at year end are given below:

Particulars	March 31, 2020		March 31, 2019	
	Foreign currency	₹	Foreign currency	₹
Trade receivable				
– Hedged	-	-	-	-
– Unhedged				
– USD	34,129.07	2,572.22	23,979.68	1,661.34
– GBP	81,382.23	7,639.26	46,377.48	4,190.68
– EURO	9,673.64	803.71	5,588.69	434.46
	125,184.94	**11,015.19**	**75,945.85**	**6,286.48**
Trade payable				
– Hedged	-	-	-	-
– Unhedged				
– USD	212,777.02	16,036.47	273,843.05	18,972.20
	212,777.02	**16,036.47**	**273,843.05**	**18,972.20**

Of the above, the Company is exposed to USD, GBP & EURO. Hence the following table analyses the Company's sensitivity to a 5% increase and a 5% decrease in the exchange rates of this currency against INR.

Particulars	Foreign exposure (net)	Change in interest rate	Impact on profit or Loss	
			Increase by 5%	Decrease by 5%
March 31, 2020	(5,021.28)	5%	(251.06)	251.06
March 31, 2019	(12,685.72)	5%	(634.29)	634.29

The Company is exposed to currency risk arising from its trade exposures and capital receipt / payments denominated, in other than the functional currency. The Company has a detailed policy which includes setting of the recognition parameters, benchmark targets, the boundaries within which the treasury has to perform and also lays down the checks and controls to ensure the continuing success of the treasury function.

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The Company has defined strategies for addressing the risks for each category of exposures (e.g. for imports, for loans, etc.). The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macro-economic conditions.

40 Disclosure under IND as - 115 revenue from contracts with customers

Disaggregate revenue information

Set out below is the disaggregation of the Company revenue from contracts with customers and reconciliation to the statement of profit and loss:

Particulars	March 31, 2020	March 31, 2019
(a) Type of product		
Sale of Magnets	417,429.40	298,456.47
Sale of coil windings	67,089.75	32,985.51
Sale of Powder	18,220.00	15,717.80
Sale of Woven Tape	85,921.27	53,626.41
Sale of Woven Label	175,600.07	86,309.85
Sale of Fabric Printed Label	119,675.23	65,855.90
Sale of Crochet Tape (Trading)	7,296.87	4,009.51
Sale of Heat Transfer Labels (Trading)	2,618.91	-
Sale of Tags & Stickers (Trading)	7,543.58	4,335.15
Others	6,982.00	6,704.41
	908,377.08	**568,001.01**
(b) Geographical Market		
India	877,367.02	556,605.76
Outside India	31,010.06	11,395.25
	908,377.08	**568,001.01**
(c) Timing of revenue recognition		
Performance obligation satisfied at a point in time	908,377.08	568,001.01
Performance obligation satisfied over time	-	-
	908,377.08	**568,001.01**
(d) Contract balances		
Trade receivables	255,708.86	280,698.88
Contract assets	-	-
Contract liabilities	32,230.45	29,238.93

(e) Trade receivable are presented net of impairment in the balance sheet. In 2020, provision for expected credit loss recognised on trade receivable was INR 6,141.22 ('000) and [previous year INR 2,718.29 ('000)]

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(₹ in '000)

(f) Significant changes in contract liability during the year are as follows:	March 31, 2020	March 31, 2019
Movement in contract liabilities		
Contract liabilities at the beginning of the year	29,238.93	1,512.37
Increase due to cash received nd decrease as a result of changes in the measure of progress, change in estimate	32,230.45	29,238.93
Changes due to reclassification from deferred income	(29,238.93)	(1,512.37)
Contract liabilities at the end of the year	**32,230.45**	**29,238.93**

41 Corporate social responsibility (CSR) expenditure

(a) Gross amount required to be spent by the Company during the year ended March 31, 2020 INR NIL ('000) [Previous year ended March 31, 2019 INR 1,049 ('000)]

(b) Amount spent during the year ended

Particulars	March 31, 2020		March 31, 2019	
	In Cash*	Yet to be paid in Cash	In Cash*	Yet to be paid in Cash
i) Construction / Acquisition of any assets	–	–	–	–
ii) Purposes other than (i) above	–	–	–	1,049.00
	–	**–**	**–**	**1,049.00**

*Represents actual outflow during the year

(c) Related party transactions in relation to Corporate Social Responsibility : NIL

(d) Provision movement during the year

Particulars	March 31, 2020	March 31, 2019
Opening provision	3,751.00	2,702.00
Addition during the year	–	1,049.00
Utilised during the year	(2,702.00)	–
Closing provision	**1,049.00**	**3,751.00**

42 Acquisitions during current year

(a) Merger information

The Scheme of Arrangement ('the Scheme'); presented under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the rules prescribed thereunder, for the business combination of Arrow Textiles Limited ('ATL') & MMG India Private Limited (MMG) with the Company was approved by the Hon'ble National Company Law Tribunal vide its order dated December 27, 2019 (""the NCLT Order""). The

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(₹ in ‘000)

Certified copy of the NCLT order was filed with Registrar of Companies on January 20, 2020. Consequently, the Scheme became operative from January 20, 2020 and effective from October 01, 2018 i.e. appointed date.

The said business combination has been accounted under the ‘pooling of interests’ method in accordance with Appendix C of Ind AS 103 ‘Business Combination’ and the previously issued financial statements of the Company for the year ended March 31, 2019 have been restated to give effect to the Scheme. All the assets and liabilities of the Arrow Textiles Limited & MMG India Private Limited have been transferred to and vested in the Company at it’s carrying value w.e.f. October 01, 2018 and the amount of INR 208,486.14 (‘000) is recorded as Capital Reserve on account of the Scheme.

Further, in terms of the Scheme, during the year, 4,380,106 ordinary (equity) shares of INR 10 each in the Company have been issued and allotted as fully paid up to the shareholders of ATL, in the ratio of 23 ordinary (equity) shares of INR 10 each fully paid-up in the capital of the Company for every 100 fully paid-up equity shares of INR 10 each held in ATL. The same is presented as “Share Pending Issuance” under “Equity” as at October 01, 2018 and March 31, 2019. Consequently, an amount of INR 146,638.33 (‘000) lakhs representing difference between the consideration paid and value of net identifiable assets acquired, has been recorded as a Capital Reserve in the Standalone Financial Statements as at October 01, 2018.

The Company holds 100% equity of MMG India Private Limted. Further, in terms of the scheme, the equity of MMG India will get cancelled and there will not be any issue and allotment of equity of the Company. Consequently, an amount of INR 61,847.81 (‘000) lakhs representing difference between the investment in equity which was cancelled and value of net identifiable assets acquired, has been recorded as a Capital Reserve in the Standalone Financial Statements as at October 01, 2018.

Pursuant to the business combination of Arrow Textiles Limited (‘ATL’) & MMG India Private Limited (MMG) with the Company with effect from October 01, 2018, the profit attributable to the equity shareholders for the comparative year has been restated to include the figures of ATL & MMG. Accordingly, as per the requirement of the Ind AS 33 ‘Earnings per Share’, the Basic and Diluted earnings per share of the comparative year has been restated taking into consideration the equity shares issued to the shareholders of ATL. Further the current tax and deferred tax amounts in the comparative year have been restated owing to the said business combination.

(b) Details of purchase consideration, assets and liabilities acquired are as follows:

Particulars	ATL	MMG
(i) Assets acquired on October 01, 2018		
Non-current assets		
Property, plant and equipment	150,073.68	147,081.21
Intangible assets	933.61	1,048.43
Financial assets		
Other financial assets	2,735.56	883.45
Deferred tax asset (net)	-	9,340.44
Non-current tax assets (net)	3,760.83	2,538.90
Other non-current assets	-	1,846.64

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(₹ in '000)

Particulars	ATL	MMG
Current assets		
Inventories	63,656.95	59,365.67
Financial assets		
Trade receivables	110,056.27	105,147.54
Cash and cash equivalents	64,158.31	1,398.37
Bank balances other than cash and cash equivalent	1,982.80	2,234.97
Other financial assets	598.58	510.17
Other current assets	7,782.08	32,043.56
Assets classified as held for sale	-	23,640.54
Total Assets acquired (i)	**405,738.67**	**387,079.89**
(ii) Liabilities assumed on October 01, 2018		
Equity		
Other equity	134,018.38	(231,630.94)
Non-current liabilities		
Financial liabilities		
Borrowings	11,957.90	139.46
Deferred tax liabilities (net)	817.62	-
Provisions	-	3,923.57
Other non current liabilities	3,469.58	-
Current liabilities		
Financial liabilities		
Borrowings	-	241,007.78
Trade payables	18,727.47	44,001.04
Other current financial liabilities	23,802.68	35,711.73
Provisions	7,635.83	2,238.65
Other current liabilities	13,199.66	136,769.09
Current income tax liabilities (net)	1,670.16	-
Total Liabilities assumed (ii)	**215,299.28**	**232,160.38**
Net Assets acquired (i-ii)	**190,439.39**	**154,919.51**
Less: Investment in equity cancelled	-	93,071.70
Less: Shares issued	43,801.06	-
Net assets acquired transferred to capital reserve	**146,638.33**	**61,847.81**

(c) Acquisition related cost

Acquisition cost of INR 3,037.00 ('000) [March 31, 2019 - INR 2,129.59 ('000)] are included in other expenses in profit or loss and in operating cash flows in statement of cash flows.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

43 Leases

Effective April 01, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on April 01, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of INR 5,110.43 ('000) and a lease liability of INR 5,904.32 ('000). The cumulative effect of applying the standard, amounting to INR 793.89 ('000) was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is a summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
5. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The weighted average incremental borrowing rate applied to lease liabilities as at April 01, 2019 is 10.50%

(a) Right-of-use assets

The movement in Right-of-use assets has been disclosed in Note 4

(b) Lease Liabilities

Movement in Lease Liabilities as from April 01, 2019:

Particulars	Amount
Balance as at April 01, 2019	5,904.32
Additions on account of New Leases	–
Accretion of Interest	533.79
Payments made	(2,399.46)
Early Termination of Lease	–
Change on account of Remeasurement	–
Balance as at March 31, 2020	**4,038.65**
Current	320.62
Non-current	3,718.03
Balance as at March 31, 2020	**4,038.65**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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(c) Rent expenses recorded for short term leases was INR 1,641.05 ('000) for the year ended March 31, 2020

(d) The total cash out flows for leases are INR 4,050.51 in the year, including the payments relating to short term and low value leases.

(e) The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	Amount
Less than one year	2,234.08
One to five years	1,793.64
More than five years	**837.00**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

44 The Company has considered internal and external sources of information, economic forecasts and industry reports, up to the date of approval of the financial statements, in determining the impact of COVID 19 pandemic on various elements of its business operations and financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions and based on the current estimates, the Company expects to recover the carrying amount of its current and non-current assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements depending on how long the pandemic lasts and time period taken for the economic activities to return to normalcy.

45 Fair Value Disclosures

a) Categories of financial instruments:

Particulars	March 31, 2020			March 31, 2019		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
Investments - non current	–	–	62,983.76	–	–	62,983.76
Other financial assets - non current	–	–	8,937.00	–	–	8,683.80
Investments - current	23,514.86	–	–	64,668.31	–	–
Trade receivables	–	–	255,708.86	–	–	280,698.88
Cash and cash equivalents	–	–	1,070.74	–	–	17,897.59
Bank balances other than cash and cash equivalent	–	–	8,626.80	–	–	7,329.98
Other financial assets - current	–	–	2,784.51	–	–	1,889.06
	23,514.86	**–**	**340,111.67**	**64,668.31**	**–**	**379,483.07**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

Particulars	March 31, 2020			March 31, 2019		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial liabilities						
Borrowings - non current	-	-	115,190.03	-	-	120,219.22
Borrowings - current	-	-	457,343.18	-	-	395,234.67
Trade payables	-	-	117,673.52	-	-	116,677.74
Other financial liabilities	-	-	70,266.69	-	-	76,455.04
	-	**-**	**760,473.42**	**-**	**-**	**708,586.67**

(b) Fair value hierarchy and method of valuation

Except as detailed in the following table, the Company considers that the carrying amounts of financial instruments recognised in the financial statements approximate their fair values.

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Input other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

As Per Our Report of Even Date
For M H S & Associates

Chartered Accountants
ICAI Firm Registration No.: 141079W

Mayur H. Shah
Partner
Membership No: 147928

Mumbai: June 26, 2020

For and on behalf of the Board of Directors
Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited')
(CIN: L32109MH1982PLC028280)

Jaydev Mody
Chairman
DIN:00234797

Dr. Ram H. Shroff
Managing Director
DIN:00004865

Rajesh Jaggi
Director
DIN:00046853

Abhilash Sunny
Chief Financial Officer

Anannya Godbole
Company Secretary (ACS No. 23112)

Mumbai: June 26, 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited')

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited') ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as listed in Annexure 1, which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries 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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the consolidated state of affairs of the Group as at March 31, 2020, and their consolidated loss (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards 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 Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matter section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – COVID-19 Impact

4. We draw attention to Note 44 to the accompanying consolidated audited financial statements with regard to management's evaluation of uncertainty due to the outbreak of COVID-19 and its impact on future operations of the Group. Our opinion is not modified in respect of this matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the 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.

6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
1) Revenue Recognition (Refer note 2.10 for the accounting policy on revenue recognition, note 23 of the consolidated financial statements for revenue recognized during the year and note 40 for disaggregate revenue information under Ind AS 115) Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion in so far as revenue recognition is concerned, since an inappropriate cut-off can result in material misstatement of results for the year.	**Our audit procedures included, but were not limited, to the following:** • Obtained and updated our understanding of the revenue business process. • Evaluated the design and tested the operating effectiveness of key controls over the recognition and measurement of revenue. • Around dispatches / deliveries, inventory reconciliations and circularization of receivable balances, substantive testing for cut-offs and analytical review procedures. • Evaluated the appropriateness of disclosures made in the financial statements with respect to revenue recognized during the year as required by applicable accounting standards.
2) Accounting for Common Control Business Combination - **Refer note 42 to the Consolidated financial statements.** The Scheme of Arrangement (‘the Scheme’) presented under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the rules prescribed thereunder, for the business combination of Arrow Textiles Limited (‘ATL’) & MMG India Private Limited (MMG) with the Holding Company was approved by the Hon’ble National Company Law Tribunal vide its order dated December 27, 2019 (“the NCLT Order”). The Certified copy of the NCLT order was filed with Registrar of Companies on January 20, 2020. Consequently, the Scheme became operative from January 20, 2020 and effective from October 01, 2018 i.e. appointed date. The said business combination has been accounted under the ‘pooling of interests’ method in accordance with Appendix C of Ind AS 103 ‘Business Combination’ and comparatives have been restated for business combination.	**Our audit procedures included, but were not limited, to the following:** • We evaluated the appropriateness of ‘Pooling of interest’ method of accounting adopted by the management to account for the common control business combination. • We corroborated management’s alignment of accounting policies and estimates by comparing the significant accounting policies and estimates of ATL & MMG and comparing with the Group’s accounting policies and estimates. • We read the Scheme and focused on accounting of the same as per Appendix C - Ind AS 103 Business Combination and calculation of capital reserve on the business combination. We evaluated appropriateness of the disclosures in respect of this business combination in the Consolidated financial statement and assessed the completeness and mathematical accuracy of the relevant disclosures.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

7. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

   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 identified above when it becomes available 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.

   When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

8. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss (consolidated financial performance including other comprehensive income), consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors / management of the companies included in the Group covered under the Act are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

10. Those Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the 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 Standards on Auditing 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 financial statements.

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

    - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

    - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

    - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

    - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 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; and

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 the entities within the Group, to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the 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.

13. 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.

14. 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.

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

Other Matter

16. We did not audit the consolidated financial statements of 1 foreign subsidiary, whose consolidated financial statements reflects total assets of INR 320,944.63('000) and net assets of INR 194,050.53('000) as at March 31, 2020, total revenues of INR 339,860.76('000) and net cash outflows amounting to INR 2,768.33('000) 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 this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, are based solely on the reports of the other auditors. Further this subsidiary is located outside India whose annual financial statements have been prepared in accordance with accounting principles generally accepted in their country and which has been audited by other auditors under United Kingdom Standards on Auditing's applicable in their country. The Holding Company's management has converted the annual consolidated financial statements of such subsidiary from accounting principles generally accepted in their country to accounting principles generally accepted In India. We have reviewed these conversion adjustments made by the Holding Company's management. Our conclusion, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based on the audit report of other auditor and the conversion adjustments prepared by the management of the Holding Company and reviewed by us.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiaries, we report that the Holding Company covered under the Act paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that no subsidiary companies covered under the Act.

18. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, 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 purpose 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 financial statements 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 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 and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies covered under the Act, none of the other directors of the Group companies covered under the Act, are disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure II';

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 32 to the consolidated financial statements;

   ii. The Holding Company and its subsidiaries did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2020;

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company during the year ended March 31, 2020. Further there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary companies covered under the Act, during the year ended March 31, 2020;

   iv. The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from November 08, 2016 to December 30, 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For M H S & Associates
Chartered Accountants
Firm's Registration No.: 141079W

Mayur H. Shah
Partner
Membership No.: 147928

UDIN: 20147928AAAAAQ5638

Place: Mumbai

Date: June 26, 2020

ANNEXURE 1

List of entities included in the Statement

S. No.	Particulars
	Subsidiaries (including step down Subsidiaries)
1	Magdev Limited, UK
2	Pilamec Limited, UK

Annexure II to the Independent Auditor's Report of even date to the members of Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited') on the consolidated financial statements for the year ended March 31, 2020

ANNEXURE I

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited') ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), as at and for the year ended March 31, 2020, we have audited the internal financial controls with reference to financial statements of the Group companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. 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 includes 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 financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. 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.

Opinion

8. In our opinion and based on the consideration of the reports of the other auditors on internal financial controls with reference to financial statements of the subsidiary companies, the Holding Company as covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note over Financial Reporting issued by the ICAI.

For M H S & Associates
Chartered Accountants
Firm's Registration No.: 141079W

Mayur H. Shah
Partner
Membership No.: 147928

UDIN: 20147928AAAAAQ5638

Place: Mumbai
Date: June 26, 2020

CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2020

(₹ in '000)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	4	597,380.54	549,124.39
Capital work-in-progress		-	53,140.12
Goodwill on consolidation	5	37,257.01	37,257.01
Intangible assets	5	2,267.22	4,211.49
Financial assets			
Other financial assets	6	8,937.00	8,683.80
Non-current tax assets (net)	7	11,994.58	9,267.55
Other non-current assets	8	2,386.87	1,854.89
Total non-current assets		**660,223.22**	**663,539.25**
Current assets			
Inventories	9	223,748.95	194,402.37
Financial assets			
Investments	10	23,514.86	64,668.31
Trade receivables	11	332,974.04	344,796.38
Cash and cash equivalents	12	25,465.75	45,060.93
Bank balances other than cash and cash equivalents	13	8,626.80	7,329.98
Other financial assets	6	2,784.51	1,889.06
Other current assets	8	68,881.29	59,246.28
Assets classified as held for sale	14	23,640.54	23,640.54
Total current assets		**709,636.74**	**741,033.85**
Total assets		**1,369,859.96**	**1,404,573.10**
Equity and liabilities			
Equity			
Equity share capital	15	108,511.20	108,511.20
Other equity	16	318,932.36	432,359.01
Total equity		**427,443.56**	**540,870.21**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	17	115,190.03	152,445.91
Deferred tax liabilities (net)	31	5,151.82	3,435.97
Provisions	18	10,856.64	10,662.14
Other non current liabilities	19	19,333.11	3,233.38
Total non-current liabilities		**150,531.60**	**169,777.40**
Current liabilities			
Financial liabilities			
Borrowings	17	457,343.18	395,234.67
Trade payables	20		
- total outstanding dues of micro enterprises and small enterprises; and		15,040.30	10,509.50
- total outstanding dues of creditors other than micro enterprises and small enterprises		163,979.77	141,199.02
Other financial liabilities	21	105,582.10	84,942.10
Provisions	18	12,493.54	14,081.36
Other current liabilities	19	34,926.30	46,792.03
Current income tax liabilities (net)	22	2,519.61	1,166.81
Total current liabilities		**791,884.80**	**693,925.49**
Total liabilities		**942,416.40**	**863,702.89**
Total equity and liabilities		**1,369,859.96**	**1,404,573.10**
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the consolidated financial statements.

As Per Our Report of Even Date
For M H S & Associates
Chartered Accountants
ICAI Firm Registration No.: 141079W

Mayur H. Shah
Partner
Membership No: 147928

Mumbai: June 26, 2020

For and on behalf of the Board of Directors
Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited') (CIN: L32109MH1982PLC028280)

Jaydev Mody
Chairman
DIN:00234797

Dr. Ram H. Shroff
Managing Director
DIN:00004865

Rajesh Jaggi
Director
DIN:00046853

Abhilash Sunny
Chief Financial Officer

Anannya Godbole
Company Secretary (ACS No. 23112)

Mumbai: June 26, 2020

DMG
DELTA MANUFACTURING GROUP

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

Particulars	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	**23**	1,240,216.71	1,007,080.80
Other income	**24**	9,066.16	4,829.81
Total income		**1,249,282.87**	**1,011,910.61**
Expenses			
Cost of material consumed	**25**	272,344.07	203,331.46
Purchase of stock-in-trade	**26**	297,004.99	195,611.35
Changes in inventories of finished goods, stock-in-trade and work-in-progress	**27**	(20,562.14)	(19,413.31)
Employee benefits expense	**28**	348,623.08	267,910.10
Finance costs	**29**	61,163.63	46,441.97
Depreciation and amortization expense	**4 & 5**	66,472.33	39,753.07
Other expenses	**30**	344,471.40	314,338.19
Total expenses		**1,369,517.36**	**1,047,972.82**
Profit / (loss) before tax		**(120,234.49)**	**(36,062.21)**
Income tax expense	**31**		
a) Current Tax			
- For the year		1,121.70	2,809.25
- For the prior period		(71.34)	(319.07)
b) Deferred tax (including MAT credit)		1,788.82	(5,225.34)
Total income tax expense		**2,839.18**	**(2,735.16)**
Profit / (loss) for the year		**(123,073.67)**	**(33,327.05)**
Other comprehensive income			
a) Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Re-measurement gains/ (losses) on defined benefit plans		131.93	(181.99)
Income tax effect on above		-	-
b) Other comprehensive income to be reclassified to profit or loss in subsequent periods			
Foreign currency translation reserve		10,813.07	(2,044.60)
Income tax effect on above		-	-
Other comprehensive income for the year		**10,945.00**	**(2,226.59)**
Total comprehensive income for the year		**(112,128.67)**	**(35,553.64)**
Earnings per share (face value INR 10/- each)			
Basic earnings per share (INR)		(11.34)	(3.85)
Diluted earnings per share (INR)		(11.34)	(3.85)
Summary of significant accounting policies	**2**		

The accompanying notes are an integral part of the consolidated financial statements.

As Per Our Report of Even Date
For M H S & Associates
Chartered Accountants
ICAI Firm Registration No.: 141079W

Mayur H. Shah
Partner
Membership No: 147928

Mumbai: June 26, 2020

For and on behalf of the Board of Directors
Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited') (CIN: L32109MH1982PLC028280)

Jaydev Mody
Chairman
DIN:00234797

Dr. Ram H. Shroff
Managing Director
DIN:00004865

Rajesh Jaggi
Director
DIN:00046853

Abhilash Sunny
Chief Financial Officer

Anannya Godbole
Company Secretary (ACS No. 23112)

Mumbai: June 26, 2020

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from operating activities		
Profit / (loss) before tax	(120,234.49)	(36,062.21)
Adjustments for:	-	
Depreciation and amortization expenses	66,472.33	39,753.07
Finance costs	61,163.63	46,441.97
Interest income	(1,730.48)	(1,427.05)
Provision for doubtful debts	2,574.17	5,967.80
Sundry balances written back / (written off)	(1,513.23)	(679.96)
Profit on sale of mutual fund	(1,846.55)	(1,348.31)
Provision for employee benefits	6,029.28	5,680.35
Unrealised foreign exchange translation (gain)/loss	1,053.90	(1,034.40)
Profit / (loss) on sale of assets	8.83	(155.75)
Foreign currency translation reserve	10,813.07	(2,044.60)
Actuarial (gain) / loss on Gratuity	131.93	(181.99)
Operating profit / (loss) before working capital changes	**22,922.39**	**54,908.92**
Changes in working capital		
Increase / (decrease) in inventories	(29,346.58)	(7,622.36)
Increase / (decrease) in trade receivables	6,417.04	(47,528.42)
Increase / (decrease) in other current assets	(7,073.16)	16,953.77
Increase / (decrease) in other non - current assets	(350.06)	(206.25)
Increase / (decrease) in other non - current financial assets	(253.20)	(734.82)
Increase / (decrease) in other current financial assets	26.45	414.53
Decrease/ (increase) in other non - current liabilities	(833.29)	(416.65)
Decrease/ (increase) in other current liabilities	(13,779.44)	(26,046.17)
Decrease/ (increase) in other current financial liabilities	6,025.33	8,794.35
Decrease/ (increase) in trade payables	25,696.94	30,619.60
Decrease/ (Increase) in provisions	(7,422.60)	(5,735.68)
Cash generated from / (used in) operations	**2,029.82**	**23,400.82**
Income tax paid (net)	(2,363.76)	(5,513.73)
Net cash flows generated from / (used in) operating activities (A)	**(333.94)**	**17,887.09**
Cash flow from Investing activities		
Payment for property, plant and equipment and intangible assets (net)	(35,940.07)	(71,595.10)
Proceeds from sale / (purchase) of investments (net)	43,000.00	(63,320.00)
Bank balances other than cash and cash equivalents	(1,296.82)	(1,324.47)
Interest received	808.58	1,400.82
Net cash flow generated from / (used in) investing activities (B)	**6,571.69**	**(134,838.75)**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Cash flow from Financing activities		
Proceeds from non - current borrowings (net)	(5,149.88)	(52,470.67)
Proceeds from current borrowings (net)	62,108.51	149,202.75
Repayment of lease liabilities	(5,507.89)	-
Dividend paid	(26.47)	(578.63)
Interest paid	(77,257.20)	(32,673.77)
Net cash flow generated from / (used in) financing activities (C)	**(25,832.93)**	**63,479.68**
Net increase in cash and cash equivalents (A+B+C)	(19,595.18)	(53,471.98)
Cash and cash equivalents acquired at the business combination	-	64,158.31
Cash and cash equivalents at the beginning of the year	45,060.93	34,374.60
Cash and cash equivalents at the end of the year	**25,465.75**	**45,060.93**
Cash and cash equivalents comprise (Refer note 12)		
Balances with banks		
On current accounts	25,221.18	44,427.07
Fixed deposits with maturity of less than 3 months	-	360.82
Cash on hand	244.57	273.04
Total Cash and cash equivalents at end of the year	**25,465.75**	**45,060.93**

Summary of significant accounting policies (Refer Note 2)

Notes :

a) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 on Statement of Cash Flow.

b) Figures in bracket indicate cash outflow.

c) Reconciliation of financing activities

Particulars	As at March 31, 2019	Cash flow	Non cash adjustment Accrual of interest / unrealised forex loss	As at March 31, 2020
Non - current borrowings	152,445.91	(47,379.44)	10,123.56	115,190.03
Current maturities of non - current borrowings	19,198.27	32,106.00	-	51,304.27
Current borrowings	395,234.67	62,108.51	-	457,343.18

As Per Our Report of Even Date
For M H S & Associates
Chartered Accountants
ICAI Firm Registration No.: 141079W

Mayur H. Shah
Partner
Membership No: 147928

Mumbai: June 26, 2020

For and on behalf of the Board of Directors
Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited') (CIN: L32109MH1982PLC028280)

Jaydev Mody
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Abhilash Sunny
Chief Financial Officer

Anannya Godbole
Company Secretary (ACS No. 23112)

Mumbai: June 26, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED MARCH 31, 2020

A. Equity share capital

(₹ in '000)

Particulars	As at March 31, 2020		As at March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Issued, subscribed and fully paid-up				
Equity shares of INR 10/- each				
Opening	6,471,014	64,710.14	6,471,014	64,710.14
Add: Issued during the year	4,380,106	43,801.06	-	-
Less: Buy-back during the year	-	-	-	-
Closing	**10,851,120**	**108,511.20**	**6,471,014**	**64,710.14**
Share pending issuance				
Equity shares of INR 10/- each	**-**	**-**	4,380,106	43,801.06
	-	**-**	**4,380,106**	**43,801.06**
Equity share capital	**10,851,120**	**108,511.20**	**10,851,120**	**108,511.20**

B. Other equity

(₹ in '000)

Particulars	Reserves and surplus				Other comprehensive income	Total
	Securities premium	Capital reserve on business combination	Equity component on interest free loan	Retained earnings		
Balance as at April 01, 2018	**107,025.24**	**-**	**74,836.91**	**4,534.48**	**(2,593.64)**	**183,802.99**
Profit / (loss) for the year	-	-	-	(33,327.05)	-	(33,327.05)
Other comprehensive income / (loss)	-	-	-	(181.99)	(2,044.60)	(2,226.59)
Total comprehensive income for the year	**-**	**-**	**-**	**(33,509.04)**	**(2,044.60)**	**(35,553.64)**
Add : Addition during the year	**-**	**-**	-	-	-	-
Add : Addition during the year on account of Business Combination	101.34	208,486.14	-	75,522.18	-	284,109.66
Less : Utilisation during the year	**-**	**-**	**-**	**-**	**-**	**-**
Balance as at March 31, 2019	**107,126.58**	**208,486.14**	**74,836.91**	**46,547.62**	**(4,638.24)**	**432,359.01**
Balance as at April 01, 2019	**107,126.58**	**208,486.14**	**74,836.91**	**46,547.62**	**(4,638.24)**	**432,359.01**
Profit / (loss) for the year	-	-	-	(123,073.67)	-	(123,073.67)
Other comprehensive income / (loss)	-	-	-	131.93	10,813.07	10,945.00
Total comprehensive income for the year	-		-	**(122,941.74)**	**10,813.07**	**(112,128.66)**
Add : Addition during the year	-	-	-	-	-	-
Add : Transition reserve on account of Ind AS 116	-	-	-	(1,297.98)	-	(1,297.98)
Less : Utilisation during the year	**-**	**-**	-	-	-	-
Balance as at March 31, 2020	**107,126.58**	**208,486.14**	**74,836.91**	**(77,692.10)**	**6,174.83**	**318,932.36**

See accompanying notes to the consolidated financial statements (Refer note 2)

As Per Our Report of Even Date
For M H S & Associates
Chartered Accountants
ICAI Firm Registration No.: 141079W

Mayur H. Shah
Partner
Membership No: 147928

Mumbai: June 26, 2020

For and on behalf of the Board of Directors
Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited') (CIN: L32109MH1982PLC028280)

Jaydev Mody
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Abhilash Sunny
Chief Financial Officer

Anannya Godbole
Company Secretary (ACS No. 23112)

Mumbai: June 26, 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

1 General information

Delta Magnets Limited ("the Company") is a Company incorporated on September 23, 1982 under the provision of the Companies Act applicable in India. The Company is incorporated and domiciled and having principal place of business in India. The registered office is at B-87, MIDC, Ambad, Nashik, Maharashtra – 422010, India. The principal business of the company is manufacturing of hard ferrites. The shares of the company is listed on the National Stock Exchange of India Limited (NSE) and on the BSE Limited (BSE).

These financial statements were authorised for issue by the Board of Directors on **June 26, 2020.**

2 Significant accounting policies

2.1 Basis of preparation of financial statements

(a) Statement of Compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied to all the years presented except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(b) Basis of measurement

The financial statements have been prepared on a historical cost convention on accrual basis, except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below.

(c) Current / non current classification

The Company has ascertained its operating cycle as twelve months for the purpose of Current/ Non-Current classification of its Assets and Liabilities. The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

(d) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the Management to make estimate and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amount of revenue and expenses for the year and disclosures of contingent liabilities as at the Balance Sheet date. The estimates and assumptions used in the accompanying financial statements are based upon the Management's evaluation of the relevant facts and circumstances as at the date of the financial statements. Actual results could differ from these estimates. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates, if any, are recognized in the year in which the estimates are revised and in any future years affected. (Refer Note 3 for detailed discussion on estimates and judgments).

(e) Rounding off of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand as per the requirement of Schedule III, unless otherwise stated.

2.2 Principle 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 variables, returns from its involvements with the investee, and
- has the ability to use its power over the investee to affect its returns

The consolidated financial statements have been prepared on the following basis:

(a) 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.

(b) 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.

(c) The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent company, i.e., year ended on March 31^{st}.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

(d) The financial statements of the Parent and its subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, equity, income, expenses and cash flows. 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. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

(e) The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary are made, is recognised as "Goodwill" being an asset in the consolidated financial statements. Goodwill arising out of consolidation is not amortised. However, the same is tested for impairment at each Balance Sheet date. Alternatively, where the share of equity in the subsidiary companies as on the date of the investment is in excess of cost of investment of the Company, it is recognised as "Capital Reserve" and shown under the head "Reserves and Surplus", in the consolidated financial statements.

(f) Non controlling interests in the net assets of subsidiaries consists of:

- The amount of equity attributable to the minorities at the date on which investment in subsidiary is made and;
- The minorities share of movements in equity since the date the parent-subsidiary relationship came into existence.

(g) 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.

2.3 Business combination

Business combinations are accounted for using the acquisition method. At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition date fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. The consideration transferred is measured at fair value at acquisition date and includes the fair value of any contingent consideration. However, deferred tax asset or liability and any liability or asset relating to employee benefit arrangements arising from a business combination are measured and recognized in accordance with the requirements of Ind AS 12, Income Taxes and Ind AS 19, Employee Benefits, respectively.

Where the consideration transferred exceeds the fair value of the net identifiable assets acquired and liabilities assumed, the excess is recorded as goodwill. Alternatively, in case of a bargain purchase wherein the consideration transferred is lower than the fair value of the net identifiable assets acquired and liabilities assumed, the difference is recorded as a gain in other comprehensive income and accumulated in equity as capital reserve. The costs of acquisition excluding those relating to issue of equity or debt securities are charged to the Statement of Profit and Loss in the period in which they are incurred.

In case of business combinations involving entities under common control, the above policy does not apply. Business combinations involving entities under common control are accounted for using the pooling of interests method. The net assets of the transferor entity or business are accounted at their carrying amounts on the date of the acquisition subject to necessary adjustments required to harmonise accounting policies. Any excess or shortfall of the consideration paid over the share capital of transferor entity or business is recognised as capital reserve under equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

2.4 Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103 – Business Combinations.

Goodwill is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date, allocated to each of the Group's cash generating units (CGUs) that are expected to benefit from the combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Each CGU or a combination of CGUs to which goodwill is so allocated represents the lowest level at which goodwill is monitored for internal management purpose and it is not larger than an operating segment of the Group.

A CGU to which goodwill is allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU is regarded as not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Group recognizes an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is recognized in the Statement of Profit and Loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

On disposal of a CGU to which goodwill is allocated, the goodwill associated with the disposed CGU is included in the carrying amount of the CGU when determining the gain or loss on disposal.

2.5 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and impairment if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Spare parts are recognised when they meet the definition of property, plant and equipment, otherwise, such items are classified as inventory.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to Statement of Profit and Loss during the year in which they are incurred.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

Depreciation methods, estimated useful lives

The Company depreciates property, plant and equipment over their estimated useful lives using the straight line method. The estimated useful lives of assets are as follows:

Property, plant and equipment	Estimated useful life
Leasehold improvement*	Lease period
Factory building	30
Carpeted roads - other than RCC	5
Plant and Machinery - General	15 (On single shift)
Plant and Machinery - Continuous process plant	25
Furniture and fixtures	10
Electrical installations and equipment	10
Computers and data processing units	3
Office equipments	3 - 5
Motor cars	8
Motor cycles	10

* Leasehold improvements are amortized over the lease period, which corresponds with the useful lives of the assets.

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of property plant and equipment (as mentioned below) over estimated useful lives which are different from the useful lives prescribed under Schedule II to the Companies Act, 2013 (Schedule III). The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

- Mobile Phones are depreciated over the estimated useful life of 3 years, which is lower than the life prescribed in Schedule II.
- Tools are depreciated over the estimated useful life of 5 years, which is lower than the life prescribed in Schedule II.

Depreciation on addition to property plant and equipment is provided on pro-rata basis from the date of acquisition. Depreciation on sale/deduction from property plant and equipment is provided up to the date preceding the date of sale, deduction as the case may be. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss under 'Other Income' or 'Other Expenses'.

The useful lives, residual values of each part of an item of property, plant and equipment and the depreciation methods are reviewed at the end of each financial year. If any of these expectations differ from previous estimates, such change is accounted for as a change in an accounting estimate.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an item of property, plant and equipment 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 when the item is derecognized.

2.6 Intangible assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/ depletion and impairment loss, if any. The cost comprises of purchase price, borrowing costs and any cost directly attributable to bringing the asset to its working condition for the intended use.

Expenditure incurred on acquisition of intangible assets which are not ready to use at the reporting date is disclosed under "Intangible assets under development".

Amortisation method and periods

Amortisation is charged on a straight-line basis over the estimated useful lives. The estimated useful lives and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimate being accounted for on a prospective basis.

The Company amortized intangible assets over their estimated useful lives using the straight line method. The estimated useful lives of intangible assets are as follows:

Intangible assets	Estimated useful life
Computer Software	5

The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Derecognition

The carrying amount of an intangible asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and is recognized in the Statement of Profit and Loss when the asset is derecognized.

2.7 Impairment of non-financial assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

For non financial assets, an assessment is made at each reporting period end or whenever triggering event occurs as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimation of the recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimations used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, or had no impairment loss been recognised for the asset in prior years.

2.8 Foreign currency transactions

(a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(b) Transactions and balances

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. Gains/Losses arising out of fluctuation in foreign exchange rate between the transaction date and settlement date are recognised in the Statement of Profit and Loss.

All monetary assets and liabilities in foreign currencies are restated at the year end at the exchange rate prevailing at the year end and the exchange differences are recognised in the Statement of Profit and Loss.

2.9 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The Company's management determines the policies and procedures for fair value measurement such as derivative instrument.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.10 Revenue Recognition

Revenue from contracts with customers is recognized on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognized only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Revenue from sale of goods

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

Revenue from sale of services

Revenue from services is recognized over time by measuring progress towards satisfaction of performance obligation for the services rendered. The Company uses output method for measurement of revenue from home solution operations/ painting and related services and royalty income as it is based on milestone reached or units delivered. Input method is used for measurement of revenue from processing and other service as it is directly linked to the expense incurred by the Company.

Interest income

Interest Income is recognised on a basis of effective interest method as set out in Ind AS 109, Financial Instruments, and where no significant uncertainty as to measurability or collectability exists.

Dividend income

Dividend income on investments is recognised when the right to receive dividend is established.

2.11 Taxes

Tax expense for the year, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the year.

(a) Current income tax

Current tax is the amount of income taxes payable in respect of taxable profit for a period. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items

(₹ in '000)

of income or expense that are taxable or deductible in other years and items that are never taxable or deductible under the Income Tax Act, 1961.

Current tax is measured using tax rates that have been enacted by the end of reporting period for the amounts expected to be recovered from or paid to the taxation authorities.

(b) Deferred tax

Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Current and deferred tax is recognized in Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(c) Minimum Alternate Tax (MAT)

Minimum Alternate Tax credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

2.12 Assets classified as held for sale

The Company classifies non-current assets (or disposal group) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

The criteria for held for sale classification is regarded met only when the assets (or disposal group) is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal group), its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset (or disposal group) to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset (or disposal group),
- An active programmed to locate a buyer and complete the plan has been initiated (if applicable),

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- The asset (or disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets (or disposal group) held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities (or disposal group) classified as held for sale are presented separately in the balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

2.13 Leases Accounting

Assets taken on lease:

The Company mainly has lease arrangements for land and building for factory and plant & machinery.

The Company assesses whether a contract is or contains a lease, at inception of a contract. The assessment involves the exercise of judgement about whether (i) the contract involves the use of an identified asset, (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease, and (iii) the Company has the right to direct the use of the asset.

The Company recognises a right-of-use asset ("ROU") and a corresponding lease liability at the lease commencement date. The ROU asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The ROU asset is depreciated from the commencement date to the earlier of, the end of the useful life of the ROU asset or the end of the lease term. If a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the Company expects to exercise a purchase option, the related ROU asset is depreciated over the useful life of the underlying asset. The estimated useful lives of ROU assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company uses an incremental borrowing rate specific to the Company, term and currency of the contract. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options payment which the Company is reasonable certain to exercise.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other expenses” in the statement of profit or loss

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

Short-term leases and leases of low-value assets:

The Company has elected not to recognize ROU assets and lease liabilities for short term leases as well as low value assets and recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.14 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, packaging materials and stores and spare parts are valued at lower of cost and net realizable value. Cost includes purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realisable value. Cost of work in progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on a weighted average basis.

Provision of obsolescence on inventories is considered on the basis of management’s estimate based on demand and market of the inventories.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

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

2.15 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

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The Company records a provision for decommissioning costs. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, 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 a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.16 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

2.17 Borrowing Costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

2.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

(i) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

a) at amortized cost; or

(₹ in '000)

b) at fair value through other comprehensive income; or

c) at fair value through profit or loss.

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

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Equity instruments: All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

(iii) Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/ expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

(iv) Derecognition of financial assets

A financial asset is derecognized only when

a) the rights to receive cash flows from the financial asset is transferred or

b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

(b) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated

(₹ in '000)

embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

(iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.19 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(b) Other long-term employee benefit obligations

(i) Defined contribution plan

Contribution towards the fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

(ii) Defined benefit plans

Gratuity: The Company provides for gratuity, a defined benefit plan (the 'Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

2.20 Contributed equity

Equity shares are classified as equity share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.21 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.

2.22 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) of the Parent Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(₹ in '000)

2.24 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

3 Significant accounting judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

(b) Defined benefit plans and other long term benefits (gratuity benefits and leave encashment)

The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. For details refer Note 33.

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4 Property, plant and equipment

Particulars	Freehold Land	Leasehold Land	Buildings	Plant and Machinary	Furniture and Fixtures	Electrical Installa-tions	Equip-ments	Vehicles	Computers	Right of Use	Total
Gross Block											
As at April 01, 2018	26,087.40	143,376.34	91,051.15	762,643.84	14,284.95	-	10,406.16	3,312.71	20,762.76	-	1,071,925.31
Gross block of assets transferred due to merger	-	558.86	32,917.50	206,162.33	1,940.92	4,636.11	945.72	4,140.38	1,179.90	-	252,481.72
Additions during the year	-	-	843.83	16,850.96	296.88	6.80	813.05	77.63	473.79	-	19,362.94
Disposals during the year	-	-	-	(969.22)	-	-	(16.95)	(8.44)	-	-	(994.61)
Adjustment during the year	-	-	-	-	-	-	-	-	(4,139.37)	-	(4,139.37)
As at March 31, 2019	**26,087.40**	**143,935.20**	**124,812.48**	**984,687.91**	**16,522.75**	**4,642.91**	**12,147.98**	**7,522.28**	**18,277.08**	**-**	**1,338,635.99**
Transition of Ind As 116	-	-	-	-	-	-	-	-	-	19,947.38	19,947.38
Additions during the year	-	-	1,310.07	65,648.55	134.65	14.98	465.94	-	1,128.16	5,634.21	74,336.56
Disposals during the year	-	-	-	-	-	-	(51.75)	-	(1,231.73)	-	(1,283.48)
Adjustment during the year	4,039.39	-	3,767.63	1,256.89	(490.30)	-	552.44	492.67	(8,336.80)	-	1,281.92
Foreign currency translation reserve	3,790.11	-	5,342.44	4,376.38	505.20	-	11.05	72.83	1,643.34	529.38	16,270.73
As at March 31, 2020	**33,916.90**	**143,935.20**	**135,232.62**	**1,055,969.73**	**16,672.30**	**4,657.89**	**13,125.66**	**8,087.78**	**11,480.05**	**26,110.97**	**1,449,189.10**
Accumulated Depreciation											
As at April 01, 2018	-	4,770.11	28,617.05	579,519.34	12,635.19	-	5,953.71	1,943.61	17,295.43	-	650,734.44
Accumulated depreciation of assets transferred due to merger	-	18.77	4,731.19	91,966.41	608.26	2,043.36	580.07	1,668.65	791.32	-	102,408.03
Charges for the year	-	2,299.38	2,821.32	29,939.59	400.17	367.77	864.37	614.69	1,042.62	-	38,349.91
Reverse charge on disposal	-	-	-	(725.96)	-	-	(16.77)	-	-	-	(742.73)
Adjustment during the year	-	-	-	-	-	-	-	-	(1,238.05)	-	(1,238.05)
As at March 31, 2019	**-**	**7,088.26**	**36,169.56**	**700,699.38**	**13,643.62**	**2,411.13**	**7,381.38**	**4,226.95**	**17,891.32**	**-**	**789,511.60**
Charges for the year	-	2,309.45	3,308.77	50,114.77	516.34	704.98	1,017.35	870.16	999.22	5,685.87	65,526.91
Reverse charge on disposal	-	-	-	-	-	-	(42.75)	-	(1,037.84)	-	(1,080.59)
Adjustment during the year	-	-	672.61	4,811.04	257.09	-	344.35	826.27	(7,582.09)	-	(670.73)
Foreign currency translation reserve	-	-	(137.97)	(1,059.54)	(85.49)	-	196.98	6.42	(457.55)	58.52	(1,478.63)
As at March 31, 2020	**-**	**9,397.71**	**40,012.97**	**754,565.65**	**14,331.56**	**3,116.11**	**8,897.31**	**5,929.80**	**9,813.06**	**5,744.39**	**851,808.56**
Net block as at March 31, 2019	**26,087.40**	**136,846.94**	**88,642.92**	**283,988.53**	**2,879.13**	**2,231.78**	**4,766.60**	**3,295.33**	**385.76**	**-**	**549,124.39**
Net block as at March 31, 2020	**33,916.90**	**134,537.49**	**95,219.65**	**301,404.08**	**2,340.74**	**1,541.78**	**4,228.35**	**2,157.98**	**1,666.99**	**20,366.58**	**597,380.54**

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(₹ in '000)

5 Intangible assets

Particulars	Software	Total	Goodwill (on Consolidation) Refer note 2.4
Gross Block			
As at April 01, 2018	2,897.37	2,897.37	33,804.06
Reversal of capital reserve on disposal of subsidiary	-	-	3,452.95
Gross block of assets transferred due to merger	2,046.03	2,046.03	-
Additions during the year	2,483.91	2,483.91	-
Disposals during the year	-	-	-
Adjustment during the year	2,186.73	2,186.73	-
As at March 31, 2019	**9,614.04**	**9,614.04**	**37,257.01**
Additions during the year	789.12	789.12	-
Disposals during the year	-	-	-
Adjustment during the year	(1,469.18)	(1,469.18)	-
Foreign currency translation reserve	66.23	66.23	-
As at March 31, 2020	**9,000.21**	**9,000.21**	**37,257.01**
Accumulated Depreciation			
As at April 01, 2018	1,648.92	1,648.92	-
Accumulated depreciation of assets transferred due to merger	1,112.42	1,112.42	-
Charges for the year	1,403.16	1,403.16	-
Reverse charge on disposal	-	-	-
Adjustment during the year	1,238.05	1,238.05	-
As at March 31, 2019	**5,402.55**	**5,402.55**	-
Charges for the year	945.42	945.42	-
Reverse charge on disposal	-	-	-
Adjustment during the year	367.64	367.64	-
Foreign currency translation reserve	17.38	17.38	-
As at March 31, 2020	**6,732.99**	**6,732.99**	**-**
Net block as at March 31, 2019	**4,211.49**	**4,211.49**	**37,257.01**
Net block as at March 31, 2020	**2,267.22**	**2,267.22**	**37,257.01**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

6 Other financial assets	March 31, 2020		March 31, 2019	
	Non- current	Current	Non- current	Current
Unsecured, considered good				
Security deposits	8,937.00	483.78	8,683.80	483.78
Interest accrued on deposits	-	2,271.85	-	1,349.95
Other receivables	-	28.88	-	55.33
	8,937.00	**2,784.51**	**8,683.80**	**1,889.06**

7 Non-current tax assets	March 31, 2020	March 31, 2019
Advance income tax (net)	11,994.58	9,267.55
	11,994.58	**9,267.55**

8 Other assets	March 31, 2020		March 31, 2019	
	Non- current	Current	Non- current	Current
Unsecured, considered good				
Capital advances	1,830.56	-	1,648.64	-
Balance with government authorities (other than income tax)	-	47,438.91	-	40,371.72
Advance to creditors	-	9,555.56	-	6,993.71
Prepaid expenses	556.31	10,221.54	206.25	10,422.89
Advance to employees	-	1,665.28	-	1,457.96
	2,386.87	**68,881.29**	**1,854.89**	**59,246.28**

9 Inventories (valued at lower of cost and net realizable value)	March 31, 2020	March 31, 2019
Raw material	51,326.77	39,030.70
Work in progress	27,322.18	21,515.60
Finished goods	54,003.12	50,551.07
Stock in trade	61,016.43	49,712.92
Store and spares parts (including packing material & tools)	30,080.45	33,592.08
	223,748.95	**194,402.37**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

10	Financial assets - Non-current assets - Investments	March 31, 2020	March 31, 2019
	Investments measured at fair value through profit or loss		
	Investment in Mutual Funds		
	HDFC Overnight Fund - Growth Option	23,514.86	-
	HDFC Liquid Fund - Growth Option	-	64,668.31
	[Unit held as on March 31, 2020 - 7,919.814 (March 31, 2019 - 17,581.102)]		
		23,514.86	**64,668.31**
	Aggregate book value of:		
	Quoted investments	23,514.86	64,668.31
	Unquoted investments	-	-
	Aggregate market value of:		
	Quoted investments	23,514.86	64,668.31
	Aggregate amount of impairment in value of Investments	-	-

11	Trade receivable	March 31, 2020	March 31, 2019
	Unsecured		
	- Considered good	332,974.04	344,796.38
	- Considered doubtful	6,368.36	3,041.99
		339,342.40	**347,838.37**
	Less : Allowance for bad and doubtful debts	(6,368.36)	(3,041.99)
		332,974.04	**344,796.38**

*Includes INR NIL ('000) [previous year INR NIL ('000)] receivable from related parties (refer note no. 37)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

12	Cash and cash equivalents	March 31, 2020	March 31, 2019
	Cash and cash equivalents		
	Balances with banks		
	- In current accounts	25,221.18	44,427.07
	- Fixed deposits with maturity of less than 3 months	-	360.82
	Cash on hand	244.57	273.04
		25,465.75	**45,060.93**

13	Bank balances other than cash and cash equivalents	March 31, 2020	March 31, 2019
	Margin Money with Bank	690.10	435.10
	Unpaid Dividend Accounts	1,341.70	1,368.17
	In fixed deposit with maturity for more than 3 months but less than 12 months	6,595.00	5,526.71
		8,626.80	**7,329.98**

14	Assets classified as held for sale	March 31, 2020	March 31, 2019
	Immovable property situated at Chennai	23,640.54	23,640.54
		23,640.54	**23,640.54**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

15 Equity share capital	March 31, 2020		March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Authorized				
Equity shares of ₹ 10/- each	46,000,000	460,000.00	10,000,000	100,000.00
	46,000,000	**460,000.00**	**10,000,000**	**100,000.00**
Issued, subscribed and paid-up				
Equity shares of ₹ 10/- each	10,851,120	108,511.20	6,471,014	64,710.14
	10,851,120	**108,511.20**	**6,471,014**	**64,710.14**
Share pending issuance				
Equity shares of ₹ 10/- each	-	-	4,380,106	43,801.06
	-	**-**	**4,380,106**	**43,801.06**
Total	**10,851,120**	**108,511.20**	**10,851,120**	**108,511.20**

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the year	March 31, 2020		March 31, 2019	
	No. of shares	Amount	No. of shares	Amount
Outstanding at the beginning of the year	6,471,014	64,710.14	6,471,014	64,710.14
Add: Issued during the year	4,380,106	43,801.06	-	-
Less: Buy-back during the year	-	-	-	-
Outstanding at the end of the year	**10,851,120**	**108,511.20**	**6,471,014**	**64,710.14**

(b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having par value of INR 10/- per share. Each shareholder is entitled to one vote per share held. Dividend if any declared is payable in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2019, the amount of per share dividend recognized as distributions to equity shareholders was Nil (March 31, 2018: Nil).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company	March 31, 2020		March 31, 2019	
	No. of shares	% of holding in the class	No. of shares	% of holding in the class
Aarti Pandit Family Private Limited (Formerly known as Aryanish Finance & Investments Pvt Ltd)*	1,986,318	18.31%	996,570	15.40%
Aditi Mody Family Private Limited (Formerly known as Bayside Property Developers Private Limited)*	1,987,111	18.31%	997,751	15.42%
Anjali Mody Family Private Limited (Formerly known as Delta Real Estate Consultancy Private Limited)*	1,985,273	18.30%	1,005,977	15.55%
SSI Trading Private Limited	1,615,153	14.88%	1,615,153	24.96%

*Aarti Pandit Family Private Limited, Aditi Mody Family Private Limited, Anjali Mody Family Private Limited are holding Equity Shares in the capacity of trustees for Aarti J Mody Trust, Aditi J Mody Trust and Anjali J Mody Trust respectively.

(d) Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT'), had vide its Order dated December 27, 2019 approved the Scheme of Amalgamation of Arrow Textiles Limited ("First Transferor Company") and MMG India Private Limited ("Second Transferor Company") with Delta Magnets Limited ("Transferee Company") and their respective shareholders ("the Scheme) and accordingly the Transferor Companies and Transferee Company had filed INC-28 with Registrar of Companies, Mumbai on January 20, 2020 i.e. the Effective date. Further pursuant to the Scheme of Amalgamation, the Company had issued and allotted 4,380,106 Equity Shares of INR 10/- each to shareholders of Arrow Textiles Limited (First Transferor Company) on March 03, 2020. The Company had applied for listing of shares to the BSE Limited and National Stock Exchange of India Limited (the Stock Exchanges) and received the listing permission for 4,295,623 Equity Shares held in dematerialised mode on April 27, 2020. The pending 84,483 Equity Shares which are held in physical mode are kept in abeyance as the Share Certificates could not be dispatched due to lockdown in the country because of COVID-19 Pandemic. Once situation is normalized and share certificates are dispatched to shareholders, the Company will apply for listing of these shares.

(e) Equity Shares issued by the Company without payment being received in cash during the five years immediately preceding March 31st.

Particulars	Aggregate No. of Shares	
	March 31, 2020	March 31, 2019
Fully paid up equity shares issued as per the scheme of Business Combination approved by NCLT.	4,380,106	-

(f) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

16 Other equity	March 31, 2020	March 31, 2019
Securities premium	107,126.58	107,126.58
Equity component on interest free loan	74,836.91	74,836.91
Capital reserve on business combination	208,486.14	208,486.14
Retained earnings	(71,517.27)	41,909.38
	318,932.36	**432,359.01**

Nature and purpose of other reserves

Securities premium	Securities premium reserve is used to record the premium on issue of shares. These reserve is utilised in accordance with the provisions of the Act.
Equity component on interest free loan	Deemed equity contribution represents difference between consideration received and present value of liability component on initial recognition (net of deferred tax).
Capital reserve on business combination	1) Capital Reserve of ₹ 61,847.81 ('000) was created on merger of MMG India Privated Limited, whollyowned subsidiary of the Company, with the Company as per the order passed by the National Company Law Tribunal. 2) Capital Reserve of ₹ 146,538.33 ('000) was created on merger of Arrow Textiles Limited, with the Company as per the order passed by the National Company Law Tribunal.
Retained earnings	Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

(a) Securities premium	**March 31, 2020**	**March 31, 2019**
Opening balance	107,126.58	107,025.24
Add : Securities premium credited during the year on share issue	-	-
Add : Securities premium credited during the year on account of business combination	-	101.34
Less : Securities premium utilised during the year	-	-
Closing balance	**107,126.58**	**107,126.58**

(b) Equity component on interest free loan	**March 31, 2020**	**March 31, 2019**
Opening balance	74,836.91	74,836.91
Add : Addition during the year	-	-
Less : Utilisation during the year	-	-
Closing balance	**74,836.91**	**74,836.91**

(c) Capital reserve on business combination	**March 31, 2020**	**March 31, 2019**
Opening balance	208,486.14	-
Add : Addition during the year on account of business combination	-	208,486.14
Less : Utilisation during the year	-	-
Closing balance	**208,486.14**	**208,486.14**

(d) Retained earnings	**March 31, 2020**	**March 31, 2019**
Opening balance	41,909.38	1,940.84
Net profit / (loss) for the current year	(123,073.67)	(33,327.05)
Reserve on account of business combination	-	(97,712.52)
Transition reserve on account of Ind AS 116	(1,297.98)	-
Reversal of retain earning's on account of merger of wholly own subsidiary	-	173,234.70
Item of OCI for the year, net of tax	10,945.00	(2,226.59)
Closing balance	**(71,517.27)**	**41,909.38**

Total other equity	**318,932.36**	**432,359.01**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

17 Borrowings	March 31, 2020		March 31, 2019	
	Non- current	Current	Non- current	Current
Secured				
Borrowings from banks	33,730.56	135,087.87	80,908.06	113,459.67
Non - current borrowings				
[Bank 1 - Outstanding balance as at balance sheet date carry interest @ 10.50 % p.a. (floating) is repayable in 72 months (including moratorium period of 12 months) as per ballooning repayment schedule. Installment starting from January, 2020. (refer below for detail of securities)]				
Current borrowings				
[Bank 1 - Repayable on demand & carries floating interest @10 % p.a. payable at monthly. Further it is secured against first hypothecation charge on the entire current assets and movable fixed assets of the Company, both present and future and also secured by way of equitable mortgage of land & building owned by the Company.]				
[(Bank 2 - repayable on demand and carry interest @ 10.00% p.a. floating (refer below for detail of securities)]				
[Securities - Above borrowings are secured by way of hypothecation on entire movable fixed assets & current assets of the Company, present and future. Further, secured by way of equitable mortgage of land & building owned by the Company and personal guarantee by one of the promoter].				
Borrowings from financial institution	-	-	201.94	-
(secured against hypothecation of Motor Vehicle)				
Unsecured				
Borrowings from related party	81,459.47	322,255.31	71,335.91	281,775.00
(Non - current borrowing - Interest free loan)				
(Current borrowing - repayable on demand and interest@ 9 % p.a.)				
	115,190.03	**457,343.18**	**152,445.91**	**395,234.67**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

18 Provisions	March 31, 2020		March 31, 2019	
	Non- current	Current	Non- current	Current
Provision for employee benefits (refer note 33)				
- Gratuity (funded)	10,856.64	-	10,662.14	-
- Leave encashment (unfunded)	-	11,444.54	-	10,330.36
Provision for CSR	-	1,049.00	-	3,751.00
	10,856.64	**12,493.54**	**10,662.14**	**14,081.36**

19 Other liabilities	March 31, 2020		March 31, 2019	
	Non- current	Current	Non- current	Current
Statutory dues payable	-	27,953.21	-	41,732.66
Advance received from customers	-	1,395.40	-	3,866.08
Deferred revenue on customer advances	-	180.00	180.45	360.00
Deferred Government Grant	2,219.64	833.29	3,052.93	833.29
Lease liabilities	17,113.47	4,564.40	-	-
	19,333.11	**34,926.30**	**3,233.38**	**46,792.03**

20 Trade payables	March 31, 2020	March 31, 2019
Total outstanding dues of micro enterprises and small enterprises	15,040.30	10,509.50
Total outstanding dues of creditors other than micro enterprises and small enterprises	163,979.77	141,199.02
	179,020.07	**151,708.52**

Particulars	March 31, 2020	March 31, 2019
The principal amount remaining unpaid at the end of the year	13,799.36	9,911.96
The Interest amount remaining unpaid at the end of the year	1,240.94	597.54
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	1,240.94	597.54

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

Particulars	March 31, 2020	March 31, 2019
The amount of further 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 for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

21 Other financial liabilities - current	March 31, 2020	March 31, 2019
Current maturities of non - current borrowings	51,304.27	19,198.27
Accrued interest on loans	15,433.14	32,898.00
Employee related payable	37,502.99	27,429.03
Unclaimed Dividend	1,341.70	1,368.17
Other payables	-	4,048.63
	105,582.10	**84,942.10**

22 Current income tax liabilities (net)	March 31, 2020	March 31, 2019
Current tax payable (net of advance taxes)	2,519.61	1,166.81
	2,519.61	**1,166.81**

23 Revenue from operations	March 31, 2020	March 31, 2019
Sale of products		
- Finished goods	804,490.09	676,136.33
- Traded goods	435,056.49	323,883.17
Other operating revenue	670.13	7,061.30
	1,240,216.71	**1,007,080.80**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

24	Other income	March 31, 2020	March 31, 2019
	Interest income	1,730.48	1,427.05
	Sundry balances written back	1,513.23	679.96
	Amortisation of Government Grant	833.29	416.65
	Foreign exchange fluctuation (net)	550.01	208.79
	Insurance claim received	1,431.58	-
	Profit on sale of mutual fund	1,846.55	1,348.31
	Profit on sale of land	-	200.00
	Other non - operating income	1,161.02	549.05
		9,066.16	**4,829.81**

25	Cost of material consumed	March 31, 2020	March 31, 2019
	Cost of raw material consumed		
	Inventory at the beginning of the year	39,030.70	25,083.57
	Add: Purchases	284,640.14	184,514.74
	Add: Acquired on merger	-	32,763.85
	Less: Inventory at the end of the year	(51,326.77)	(39,030.70)
	Total cost of raw material consumed	**272,344.07**	**203,331.46**

26	Purchase of stock-in-trade	March 31, 2020	March 31, 2019
	Purchase of stock-in-trade	297,004.99	195,611.35
		297,004.99	**195,611.35**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

27 Changes in inventories of finished goods, stock-in-trade and work-in-progress	March 31, 2020	March 31, 2019
Inventories at the beginning of the year		
- Finished goods	50,551.07	25,672.13
- Stock in trade	49,712.92	41,121.07
- Work-in-progress	21,515.60	15,805.68
	121,779.59	**82,598.88**
Inventories acquired in business combination		
- Finished goods	-	14,100.69
- Stock in trade	-	1,601.82
- Work-in-progress	-	4,064.89
	-	**19,767.40**
Inventories at the end of the year		
- Finished goods	(54,003.12)	(50,551.07)
- Stock in trade	(61,016.43)	(49,712.92)
- Work-in-progress	(27,322.18)	(21,515.60)
	(142,341.73)	**(121,779.59)**
Net decrease / (increase)	**(20,562.14)**	**(19,413.31)**

28 Employee benefits expense	March 31, 2020	March 31, 2019
Salaries, wages, bonus and other allowances	315,320.01	240,177.39
Contribution to provident & other funds (refer note 33)	21,953.12	17,098.47
Contribution to gratuity fund & leave encashment expense (refer note 33)	6,029.28	5,680.35
Staff welfare expenses	5,320.67	4,953.89
	348,623.08	**267,910.10**

29 Finance costs	March 31, 2020	March 31, 2019
Interest expenses	57,056.80	43,538.58
Other borrowing costs	4,106.83	2,903.39
	61,163.63	**46,441.97**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

30	Other expenses	March 31, 2020	March 31, 2019
	Consumption of stores & spares, consumables and packing materials etc.	80,649.56	79,831.73
	Repairs & maintenance		
	- Plant & machinery	4,693.89	5,943.24
	- Building	4,649.33	4,753.44
	- Others	8,278.68	5,133.98
	Job work expenses	14,348.18	18,261.00
	Power and fuel	132,570.99	105,204.37
	Insurance	4,685.62	3,798.93
	Audit expenses	2,403.01	2,235.27
	Rates and taxes	10,196.97	10,558.01
	Carriage and freight	22,182.69	20,353.79
	Travel and conveyance	16,282.22	11,836.39
	Legal & professional charges	6,533.46	6,221.63
	Merger expenses	3,037.00	2,129.59
	Foreign exchange fluctuation (net)	-	2,355.02
	Rent	1,749.77	3,078.81
	Commission on sales	7,215.31	3,918.43
	Selling & distribution cost	8,460.17	5,882.55
	Listing fees	525.00	562.50
	Loss on sale of property, plant and equipment	8.83	44.25
	CSR expenses	-	524.50
	Miscellaneous expenses	13,426.55	15,742.96
	Provision for doubtful debts	2,574.17	5,967.80
		344,471.40	**314,338.19**
	Payments to Auditors		
	- Audit fees	2,403.01	2,234.36
	- Reimbursement of expenses	-	0.91
		2,403.01	**2,235.27**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

31 Income taxes

(a) Deferred tax relates to the following:	**March 31, 2020**	**March 31, 2019**
Deferred tax assets		
On provision for employee benefits	-	4,247.99
On unabsorbed depreciation and losses	19,515.12	20,781.53
	19,515.12	**25,029.52**
Deferred tax liabilities		
On property, plant and equipment	21,448.35	27,041.48
Interest free loans to subsidiary	2,904.51	6,026.95
Fair value of mutual funds	263.39	316.90
Others	50.69	(212.53)
	24,666.94	**33,172.80**
Deferred tax (liabilities) / assets, net	(5,151.82)	(8,143.28)
Minimum Alternative Tax (MAT) entitlements	-	4,707.31
Deferred tax (liabilities) / assets, net	**(5,151.82)**	**(3,435.97)**

(b) Deferred tax assets/ (liabilities) to be recognized in Statement of Profit and Loss	**March 31, 2020**	**March 31, 2019**
Deferred tax assets / (liabilities) net	(5,151.82)	(3,435.97)
Add : Deferred tax assets / (liabilities) trasferred on account of business combination	-	817.62
Less: Opening deferred tax assets / (liabilities)	(3,435.96)	(8,083.29)
Deferred tax income / (expense) for the year	**(1,715.86)**	**5,464.94**
Deferred tax expense / (income) recognized in statement of profit and loss	1,788.82	(5,225.34)
Deferred tax expense / (income) recognized in OCI		
- On account of change in foreign currency rate of foreign subsidiary (FCTR)	(72.96)	(239.60)
Total deferred tax expense / (income) recognized in statement of profit and loss	**1,715.86**	**(5,464.94)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

(c) Income tax expense	March 31, 2020	March 31, 2019
Amount recognised in the statement of profit or loss		
a) Current tax		
- For the year	1,121.70	2,809.25
- For the prior period	(71.34)	(319.07)
b) Deferred tax	1,788.82	(5,225.34)
Total income tax expense	**2,839.18**	**(2,735.16)**
Amount recognised in other comprehensive income		
Arising on income and expenses recognised in other comprehensive income:		
- On account of change in foreign currency rate of foreign subsidiary (FCTR)	-	-

(d) Reconciliation of tax charge	March 31, 2020	March 31, 2019
Profit before tax	(120,234.49)	(36,062.21)
Enacted income tax rate in India applicable to the Company	27.82%	27.82%
Income tax expense at tax rates applicable	**(33,449.23)**	**(10,032.51)**
Tax effects of:		
Effect of not recognition of deferred tax asset on accumulated tax losses	37,570.77	14,927.76
On account of rate difference in Subsidiary Companies	(1,109.87)	(1,645.49)
Incremental deferred tax liability on account of tangible and intangible assets	(6,965.14)	(2,427.74)
Reversal of deferred tax liability on account of interest free loan	(3,122.44)	(3,779.26)
Reversal of fair value of mutual funds	(53.51)	316.90
Reversal of assets created on unabsorbed depreciation and losses	1,266.41	2,018.42
Reversal of provision for employee benefits	4,284.70	(1,788.60)
Reversal of MAT credit	4,707.35	-
For the prior period income tax	(71.34)	(746.04)
Others	(218.52)	421.40
	2,839.18	**(2,735.16)**
Effective tax rate (%)	**-2.36%**	**7.58%**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

(e)	Movement of MAT credit entitlement	March 31, 2020	March 31, 2019
	Opening Balance	4,707.31	4,707.31
	Add : Recognised during the year	-	-
	Less : Derecognised during the year	(4,707.31)	-
	Less : Utilised during the year	-	-
	Closing Balance	**-**	**4,707.31**

32	Contingent liabilities and capital commitments	March 31, 2020	March 31, 2019
(a)	**Contingent liabilities**		
	Sales tax liabilities - on account of non receipt of "C" Forms	-	816.38
	TDS as per traces	1,292.84	5,384.96
	Disputed Income tax demands	14,516.21	14,516.21
	Disputed sales tax demands	11,443.23	11,443.23
	Outstanding letters of credit	11,122.81	9,284.04
		38,375.09	**41,444.81**

(b)	Capital commitments	March 31, 2020	March 31, 2019
	Estimated amount of contracts remaining to be executed on capital account and not provided for		
	- Towards property, plant and equipment	-	1,692.52
		-	**1,692.52**

33 Employee benefits

Brief description of the plans:

The Company has various schemes for employee benefits such as Provident Fund, ESIC, Gratuity and Leave Encashment. The Company's defined contribution plans are Provident Fund (in case of certain employees) and Employees State Insurance Fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). The Company has no further obligation beyond making the contributions to such plans.

(a) Define benefit plans:

The Company's defined benefit plans include Gratuity. The gratuity plan is governed by the Payment of Gratuity Act, 1972 under which an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

i)	Actuarial assumptions	March 31, 2020	March 31, 2019
	Discount rate (per annum)	6.56% - 6.89%	7.59% - 7.79%
	Salary escalation rate	5.00%	5% - 10%
	Rate of employee turnover	2% - 5%	2% - 5%
	Mortality rate during employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
	Expected rate of return on plan assets (per annum)	6.56% - 6.89%	7.59% - 7.79%

ii)	Expense recognized in the statement of profit and loss	March 31, 2020	March 31, 2019
	Current service cost	3,141.22	2,115.20
	Past service cost	-	(213.03)
	Interest cost	809.27	850.90
	Total*	**3,950.49**	**2,753.07**

*The total expenses for the year are included in the 'Employee benefits expense" line item in the Statement of Profit & Loss.

iii)	Expense recognized in the statement of other comprehensive income	March 31, 2020	March 31, 2019
	Actuarial (gains)/losses on obligation - due to changes in financial assumptions	(1,802.77)	635.99
	Actuarial (gains)/losses on obligation - due to experience adjustment	1,369.44	(459.04)
	Return on plan assets, excluding interest income	301.40	5.04
	Total*	**(131.93)**	**181.99**

*The remeasurement of the net defined benefit liability is included in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

iv)	Changes in the present value of defined benefit obligation	March 31, 2020	March 31, 2019
	Present value of obligation at the beginning of the year	52,653.80	23,750.28
	Obligation acquired at business combination	-	24,534.67
	Interest cost	4,061.85	3,743.64
	Current service cost	3,141.22	2,115.20
	Past service cost	-	(213.03)
	Benefit paid directly by the employer	(2,073.67)	(775.63)
	Benefit paid directly from the fund	(2,641.44)	(678.28)
	Actuarial (gains)/losses on obligation - due to changes in financial assumptions	(1,802.77)	635.99
	Actuarial (gains)/losses on obligation - due to experience adjustment	1,369.44	(459.04)
	Present value of obligation at the end of the year	**54,708.43**	**52,653.80**

v)	Change in the fair value of plan assets	March 31, 2020	March 31, 2019
	Fair value of plan assets at the beginning of the year	41,991.66	10,266.45
	Plan assets acquired at business combination	-	29,515.79
	Interest income	3,252.58	2,892.74
	Benefit paid directly from the fund	(2,641.44)	(678.28)
	Contributions by the Employer	1,550.39	-
	Return on plan assets, excluding interest income	(301.40)	(5.04)
	Fair value of plan assets at the end of the year	**43,851.79**	**41,991.66**

vi)	Assets and liabilities recognized in the Balance Sheet	March 31, 2020	March 31, 2019
	Present value of funded obligation	(54,708.43)	(52,653.80)
	Less: Fair Value of plan assets	43,851.79	41,991.66
	Net asset / (liability) recognized in Balance Sheet*	**(10,856.64)**	**(10,662.14)**

*Included in provision for employee benefits (refer note 18)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

vii) Maturity analysis of the benefit payments: from the fund	March 31, 2020	March 31, 2019
Projected benefits payable in future years from the date of reporting		
1st Following Year	7,149.88	5,943.46
2nd Following Year	4,070.71	6,228.22
3rd Following Year	4,594.13	4,105.44
4th Following Year	7,795.45	4,204.18
5th Following Year	10,171.29	7,221.93
Sum of Years 6 To 10	23,830.92	31,499.95
Sum of Years 11 and above	34,862.66	35,830.35

The Plan typically to expose the Company to actuarial risk such as Interest Risk, Longevity Risk and Salary Risk;

a) Interest Risk:- A decrease in the bond interest rate will increase the plan liability.

b) Longevity Risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

c) Salary Risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan's participants will increase the plan's liability.

viii) A quantitative sensitivity analysis for significant assumption is as shown below	March 31, 2020	March 31, 2019
Impact on defined benefit obligation		
Discount rate		
1% increase	(2,985.87)	(2,838.02)
1% decrease	3,396.87	3,201.61
Rate of increase in salary		
1% increase	3,330.89	3,102.09
1% decrease	(2,856.17)	(2,798.88)
Withdrawal rate		
1% increase	424.31	301.02
1% decrease	(478.03)	(345.79)

The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

(b) Leave obligations

The leave obligations cover the Company's liability for earned leave.

The amount of the provision of INR 11,444.54 [March 31, 2019 INR 10,330.36] is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

Particulars	March 31, 2020	March 31, 2019
Current service cost	2,078.79	2,927.28
Total expenses/(income) recognised in the Statement of Profit and Loss	**2,078.79**	**2,927.28**

(c) Defined contribution plans

The Company also has certain defined contribution plans. The contributions are made to registered provident fund, Employee State Insurance Corporation and Labour Welfare Fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plans are as follows:

Charge to the Statement of Profit and Loss based on contributions

Particulars	March 31, 2020	March 31, 2019
Employer's contribution to regional provident fund office	16,614.76	12,949.82
Employer's contribution to employees' state insurance	461.04	1,420.96
Employer's contribution to labour welfare fund	1,327.32	39.87
Employer's contribution to employee pension	3,550.00	2,687.82
	21,953.12	**17,098.47**

34 Earnings / loss per share	March 31, 2020	March 31, 2019
The following reflects the income and share data used in the basic and diluted EPS computations:		
Profit / (loss) attributable to equity holders	(123,073.67)	(33,327.05)
Add: Impact of dilutive potential equity shares	-	-
Profit / (loss) attributable to equity holders adjusted for the effect of dilution	**(123,073.67)**	**(33,327.05)**
Weighted average number of equity shares for basic and diluted EPS	10,851,120	8,661,067
Basic earnings per share (₹)	(11.34)	(3.85)
Diluted earnings per share (₹)	(11.34)	(3.85)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

35 Segment reporting

Business Segments:

Based on the "management approach" as defined in Ind AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along with Business Segments. The Accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

(a) Segment revenue	March 31, 2020	March 31, 2019
Hard ferrites	226,697.41	250,324.11
Soft ferrites	303,294.25	241,914.55
Textiles	456,919.27	215,090.97
MagDev	339,860.76	319,234.13
Total	**1,326,771.69**	**1,026,563.76**
Less : Inter segment revenue	(86,554.98)	(19,482.96)
Revenue from operations	**1,240,216.71**	**1,007,080.80**

(b) Segment results	March 31, 2020	March 31, 2019
Hard ferrites	(23,776.77)	16,769.83
Soft ferrites	(46,428.79)	(36,866.60)
Textile	(11,541.77)	5,376.88
MagDev	14,093.98	21,169.11
Total	**(67,653.35)**	**6,449.22**
Unallocable expenses (net)	(1,991.83)	1,709.49
Other income (net)	9,826.53	8,908.51
Finance costs	64,399.50	49,710.45
Profit before tax	**(120,234.49)**	**(36,062.21)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(₹ in '000)

(c) Capital employed	March 31, 2020	March 31, 2019
Segment assets		
Hard ferrites	399,436.84	393,712.44
Soft ferrites	309,889.23	369,381.38
Textile	363,347.83	401,700.01
MagDev	285,191.48	230,512.02
Unallocable Assets (Net)	11,994.58	9,267.25
Total assets	**1,369,859.96**	**1,404,573.10**
Segment liabilities		
Hard ferrites	257,518.07	244,424.49
Soft ferrites	459,816.40	454,091.17
Textile	94,456.75	72,876.07
MagDev	122,953.65	89,218.90
Unallocable Liabilities (Net)	7,671.53	3,092.26
Total liabilities	**942,416.40**	**863,702.89**

(d) Segment - capital expenditure	March 31, 2020	March 31, 2019
Hard ferrites	6,114.75	10,372.05
Soft ferrites	9,490.74	57,531.88
Textile	2,990.60	1,539.67
MagDev	2,600.35	1,681.85
Unallocable capital expenditure	-	-
Total capital expenditure	**21,196.44**	**71,125.45**

(e) Segment - depreication and amortisation expense	March 31, 2020	March 31, 2019
Hard ferrites	8,349.69	7,891.23
Soft ferrites	16,054.80	11,365.13
Textile	35,202.90	18,064.80
MagDev	6,864.94	2,431.91
Unallocable capital expenditure	-	-
Total depreciation and amortisation expense	**66,472.33**	**39,753.07**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in ‘000)

(f) Non cash expenditure other than depreciation and amortisation	March 31, 2020	March 31, 2019
Hard ferrites	202.07	(784.19)
Soft ferrites	1,959.21	2,608.70
Textile	125.41	4,810.96
MagDev	287.48	1,687.35
Unallocable non cash expenditure other than depreciation and amortisation	-	-
Total non cash expenditure other than depreciation and amortisation	**2,574.17**	**8,322.82**

Notes :

1. **Operating segment :**

   Segment identified by the Company comprises of manufacturer of hard ferrite, soft ferrites, textiles and MagDev Limited, Group (sales, distribution, assemblies of magnets & processing of metal powders and specialised lubricants).

2. **Segment revenue and expenses :**

   Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment.

   Revenue and expenses which relate to enterprises as a whole and are not allocable to a segment on a reasonable basis have been disclosed as “Unallocable”.

3. **Segment assets and liabilities :**

   Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as “Unallocable”.

4. **Inter segment transfers :**

   Segment revenue, segment expenses and segment results include transfer between business segments, such transfers are eliminated in consolidation.

5. **Accounting policies:**

   The accounting policies consistently used in the preparation of the consolidated financial statements are also applied to item of revenue and expenditure in individual segments.

36 Mat credit entitlement

MAT Credit Entitlement of INR NIL (‘000) [Previous year ₹ 4.707.31 (‘000)] is based on business projections of Company provided by Management, and the same have been relied upon by the Auditors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in '000)

37 Related party disclosures

(a) List of related parties

(i) Key management personnel's (KMP's):

Mr. Jaydev Mody (JM) - Chairman

Dr. Ram H. Shroff (RHS) - Executive Vice Chairman & Managing Director

Ms. Ambika Kothari (AK) - Non-executive Director (upto 13.02.2020)

Mr. Javed Tapia (JT) - Independent Director

Dr. Vrajesh Udani (VU) - Independent Director

Mr. Rajesh Jaggi (RJ) - Independent Director

Mr. Darius Khambatta (DK) - Independent Director

Ms. Anjali Modi (ANJ) - Non-executive Director (w.ef. 13.02.2020)

Mr. Samir Chinai (SC) - Independent Director (upto 13.02.2020)

Mr. Abhilash Sunny (AS) - Chief Financial Officer

Mrs. Anannya Godbole (AG) - Company Secretary

(ii) Relatives of KMP's:

Mrs. Zia Mody (ZM) - Wife of the Chairman

(iii) Enterprises over which persons mentioned in (i) and (ii) above exercise significant influence/control directly or indirectly:

AZB & Partners (AZB)

Freedom Registry Limited (FRL)

Aarti Management Consultancy Private Limited (AAMPL)

Aditi Management Consultancy Private Limited (ADMPL)

Anjoss Trading Company Private Limited (ATCPL)

AAA Holding Trust (AAAHT)

Arrow Textiles Limited (AAAHT)

Myra Mall Management Company Private Limited (MMMCPL)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(₹ in '000)

(b) Details of transaction carried out with related parties in the ordinary course of business for the year ended:

Particulars	KMP's		Enterprises Over which KMPs / Their Relatives Exercise Significant Influence or Control		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Remuneration paid						
RHS	6,326.93	2,708.33	-	-	6,326.93	2,708.33
AS	6,500.00	4,506.35	-	-	6,500.00	4,506.35
AG	447.20	434.53	-	-	447.20	434.53
Total	**13,274.13**	**7,649.21**	**-**	**-**	**13,274.13**	**7,649.21**
Reimbursement of expenses paid						
RHS	3,690.91	833.34	-	-	3,690.91	833.34
Total	**3,690.91**	**833.34**	**-**	**-**	**3,690.91**	**833.34**
Director sitting fees						
JM	16.00	9.00	-	-	16.00	9.00
AK	8.00	8.00	-	-	8.00	8.00
DK	12.00	10.00	-	-	12.00	10.00
JT	18.00	20.00	-	-	18.00	20.00
RJ	22.00	20.00	-	-	22.00	20.00
SC	10.00	10.00	-	-	10.00	10.00
ANJ	22.00	10.00	-	-	22.00	10.00
VU	44.50	32.00	-	-	44.50	32.00
Total	**152.50**	**119.00**	**-**	**-**	**152.50**	**119.00**
Advance received against sale of land						
JM	-	79,521.75	-	-	-	79,521.75
RHS	-	26,775.00	-	-	-	26,775.00
Total	-	**106,296.75**	-	-	-	**106,296.75**
Repayment of advance against sale of land						
JM	-	79,521.75	-	-	-	79,521.75
RHS	-	26,775.00	-	-	-	26,775.00
Total	**-**	**106,296.75**	**-**	**-**	**-**	**106,296.75**
Rent paid						
AAAHT	-	-	445.19	576.00	445.19	576.00
Total	-	-	**445.19**	**576.00**	**445.19**	**576.00**

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FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

Particulars	KMP's		Enterprises Over which KMPs / Their Relatives Exercise Significant Influence or Control		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Interest expenses						
AAMPL	-	-	12,821.03	13,114.13	12,821.03	13,114.13
ADMPL	-	-	1,943.31	1,849.59	1,943.31	1,849.59
MMMCPL	-	-	7,781.82	-	7,781.82	-
RHS	3,282.72	1,227.11	-	-	3,282.72	1,227.11
Total	**3,282.72**	**1,227.11**	**22,546.16**	**14,963.72**	**25,828.88**	**16,190.83**
Professional fees paid						
AZB	-	-	134.25	25.93	134.25	25.93
FRL	-	-	77.17	82.42	77.17	82.42
Total	-	-	**211.42**	**108.35**	**211.42**	**108.35**
Loan taken						
AAMPL	-	-	-	79,600.00	-	79,600.00
ADMPL	-	-	-	20,800.00	-	20,800.00
MMMCPL	-	-	286,931.12	-	286,931.12	-
RHS	-	26,775.00	-	-	-	26,775.00
Total	**-**	**26,775.00**	**286,931.12**	**100,400.00**	**286,931.12**	**127,175.00**
Loan repaid						
AAMPL	-	-	213,100.00	-	213,100.00	-
ADMPL	-	-	32,300.00	-	32,300.00	-
MMMCPL	-	-	31.12	-	31.12	-
Total	**-**	**-**	**245,431.12**	**-**	**245,431.12**	**-**
Interest on loan repaid						
AAMPL	-	-	38,067.47	-	38,067.47	-
ADMPL	-	-	3,463.65	-	3,463.65	-
Total	**-**	**-**	**41,531.12**	**-**	**41,531.12**	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

(c) Outstanding balance as at March 31, 2020

Particulars	KMP's		Enterprises Over which KMPs / Their Relatives Exercise Significant Influence or Control		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Loan payable						
AAMPL	-	-	7,000.00	220,100.00	7,000.00	220,100.00
ADMPL	-	-	43,000.00	75,300.00	43,000.00	75,300.00
ATCPL	-	-	43,000.00	43,000.00	43,000.00	43,000.00
MMMCPL	-	-	286,900.00	-	286,900.00	-
RHS	36,375.00	36,375.00	-	-	36,375.00	36,375.00
Total	**36,375.00**	**36,375.00**	**379,900.00**	**338,400.00**	**416,275.00**	**374,775.00**
Trade payables						
AZB	-	-	-	-	-	-
FRL	-	-	65.88	36.13	65.88	36.13
AAAHT	-	-	4,068.59	3,587.79	4,068.59	3,587.79
Total	**-**	**-**	**4,134.47**	**3,623.92**	**4,134.47**	**3,623.92**
Interest payable						
AAMPL	-	-	-	26,528.55	-	26,528.55
ADMPL	-	-	-	1,714.67	-	1,714.67
MMMCPL	-	-	7,003.64	-	7,003.64	-
RHS	4,860.66	1,906.21	-	-	4,860.66	1,906.21
Total	**4,860.66**	**1,906.21**	**7,003.64**	**28,243.22**	**11,864.30**	**30,149.43**
Remuneration payable						
RHS	660.92	605.05	-	-	660.92	605.05
AS	2,025.70	586.26	-	-	2,025.70	586.26
AG	148.62	110.62	-	-	148.62	110.62
Total	**2,835.24**	**1,301.93**	**-**	**-**	**2,835.24**	**1,301.93**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

38 Financial risk management objectives and policies

The Company is exposed to various financial risks. These risks are categorized into credit risk, capital risk, liquidity risk, and market risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

(a) Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

The Company considers the probability of default upon initial recognition 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 forwarding-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,

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

Trade receivables:

i) The ageing of trade receivables and expected credit loss analysis on these trade receivables is given in below table:

Particulars	March 31, 2020	March 31, 2019
0-180 days	299,853.94	324,777.08
More than 180 days	33,120.10	20,019.30
Total	**332,974.04**	**344,796.38**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(₹ in '000)

ii) **The expected credit loss analysis on these receivables is given in below table:**

Particulars	March 31, 2020	March 31, 2019
Opening provision for the year	3,041.99	1,733.06
Add: Due to business combination	-	1,832.20
Add: Provision for expected credit loss	4,406.87	6,751.99
Add: Bad debts recovered	1,832.70	-
Less: Bad debts	(1,088.67)	(6,485.62)
Less: Reversal of expected credit loss	(1,832.70)	(784.19)
Less / Add : Foreign currency translation reserve	8.17	(5.46)
Closing provision for the year	**6,368.36**	**3,041.99**

(b) Capital risk

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in notes 17 & 21, and offset by investments and cash & bank balances as detailed in notes 10, 12 and 13) and total equity of the Company.

The Company determines the amount of capital required on the basis of annual as well as long term operating plans and other strategic investment plans. The funding requirements are met through long-term and short-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The capital components of the Company are as given below:

Particulars	March 31, 2020	March 31, 2019
Total Equity	427,443.56	540,870.21
Current borrowings	457,343.18	395,234.67
Current maturities of non - current borrowings	51,304.27	19,198.27
Non-current borrowings	115,190.03	152,445.91
Total debt	**623,837.48**	**566,878.85**
Current Investments	23,514.86	64,668.31
Cash and cash equivalents	25,465.75	45,060.93
Other bank balances	8,626.80	7,329.98
Net debt	**566,230.07**	**449,819.63**
Debt equity ratio	**1.32**	**0.83**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(₹ in '000)

(c) 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. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities:

Particulars	Carrying Value	Upto 1 year	1 to 5 years	5 years & above
Maturities of Financial Liabilities as at March 31, 2020				
Borrowings	623,837.48	508,647.45	115,190.03	-
Trade payables	179,020.07	179,020.07	-	-
Other financial liabilities	54,277.83	54,277.83	-	-
	857,135.38	**741,945.35**	**115,190.03**	**-**
Maturities of Financial Liabilities as at March 31, 2019				
Borrowings	566,878.85	414,432.94	152,445.91	-
Trade payables	151,708.52	151,708.52	-	-
Other financial liabilities	65,743.83	65,743.83	-	-
	784,331.20	**631,885.29**	**152,445.91**	**-**

(d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

(i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(₹ in '000)

assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates. The basis risk between various benchmarks used to reset the floating rate assets and liabilities has been considered to be insignificant.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's profit for the year would decrease / increase by amount as stated below.

Particulars	Financial Liabilities	Change in Interest rate	Impact on Profit or Loss	
			Increase by 1%	decrease by 1%
March 31, 2020	542,378.01	1%	(5,423.78)	5,423.78
March 31, 2019	495,542.94	1%	(4,955.43)	4,955.43

(ii) Other Price Risks

The Company is not significantly exposed to equity price risks / other price risks.

39. Unhedged foreign currency (fc) exposure

The Foreign currency exposures that are not hedged by a derivative instrument or otherwise as at year end are given below:

Particulars	March 31, 2020		March 31, 2019	
	Foreign currency	₹	Foreign currency	₹
Trade receivables				
- Hedged	-	-	-	-
- Unhedged				
- USD	34,129.07	2,572.22	212,073.31	14,692.71
- GBP	81,382.23	7,639.26	46,377.48	4,190.68
- EURO	71,889.64	5,972.74	38,827.74	3,018.42
	187,400.94	**16,184.22**	**297,278.53**	**21,901.81**
Trade payables				
- Hedged	-	-	-	-
- Unhedged				
- USD	212,777.02	16,036.47	508,973.05	35,262.31
- EURO	25,599.00	2,126.82	387.60	30.13
	238,376.02	**18,163.29**	**509,360.65**	**35,292.44**

Of the above, the Company is exposed to USD, GBP & EURO. Hence the following table analyses the Company's sensitivity to a 5% increase and a 5% decrease in the exchange rates of this currency against ₹.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

Particulars	Foreign exposure	Change in Exchange rate	Impact on Profit or Loss	
			Increase by 5%	decrease by 5%
March 31, 2020	(1,979.07)	5%	(98.95)	98.95
March 31, 2019	(13,390.63)	5%	(669.53)	669.53

The Company is exposed to currency risk arising from its trade exposures and capital receipt / payments denominated, in other than the functional currency. The Company has a detailed policy which includes setting of the recognition parameters, benchmark targets, the boundaries within which the treasury has to perform and also lays down the checks and controls to ensure the continuing success of the treasury function.

The Company has defined strategies for addressing the risks for each category of exposures (e.g. for imports, for loans, etc.). The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macro-economic conditions.

40 Disclosure under Ind AS - 115 Revenue from contracts with customers

Disaggregate revenue information

Set out below is the disaggregation of the Company revenue from contracts with customers and reconciliation to the statement of profit and loss:

Particulars	March 31, 2020	March 31, 2019
(a) Type of product		
Sale of Magnets	637,630.17	580,658.17
Sale of coil windings	67,089.75	75,937.16
Sale of Powder	60,969.76	61,507.55
Magnet assembly	57,837.37	59,524.85
Sale of woven tape	85,921.27	53,626.41
Sale of woven label	175,600.07	86,309.85
Sale of fabric printed label	119,675.23	65,855.90
Sale of crochet tape (trading)	7,296.87	4,009.51
Sale of heat transfer labels (trading)	2,618.91	-
Sale of tags & stickers (trading)	7,543.58	4,335.15
Others	18,033.73	15,316.25
Total revenue contract with customer	**1,240,216.71**	**1,007,080.80**
(b) Geographical market		
India	877,367.02	673,931.07
Outside India	362,849.69	333,149.73
Total revenue contract with customer	**1,240,216.71**	**1,007,080.80**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

Particulars	March 31, 2020	March 31, 2019
(c) Timing of revenue recognition		
Performance obligation satisfied at a point in time	1,240,216.71	1,007,080.80
Performance obligation satisfied over time	-	-
Total revenue contract with customer	**1,240,216.71**	**1,007,080.80**
(d) Contract balances		
Trade receivables	332,974.04	344,796.38
Contract assets	-	-
Contract liabilities	1,395.40	3,866.08

(e) Trade receivable are presented net of impairment in the balance sheet. In 2020, provision for expected credit loss recognised on trade receivable was INR 6,368.36 ('000) and [previous year INR 3,041.99 ('000)]

(f) Significant changes in contract liability during the year are as follows:	**March 31, 2020**	**March 31, 2019**
Movement in contract liabilities		
Contract liabilities at the beginning of the year	3,866.08	5,822.60
Increase due to cash received and decrease as a result of changes in the measure of progress, change in estimate	1,395.40	3,866.08
Changes due to reclassification from deferred income	(3,866.08)	(5,822.60)
Contract liabilities at the end of the year	**1,395.40**	**3,866.08**

41 Corporate Social Responsibility (CSR) Rxpenditure

(a) Gross amount required to be spent by the Company during the year ended March 31, 2020 INR NIL ('000) [Previous year ended March 31, 2019 ₹ 1,049 ('000)]

(b) Amount spent during the year ended	**March 31, 2020**		**March 31, 2019**	
	In Cash*	**Yet to be paid in Cash**	**In Cash***	**Yet to be paid in Cash**
i) Construction / Acquisition of any assets	-	-	-	-
ii) Purposes other than (i) above	-	-	-	1,049.00
	-	**-**	**-**	**1,049.00**

*Represents actual outflow during the year

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

(c) Related party transactions in relation to Corporate Social Responsibility : NIL

(d) Provision movement during the year	March 31, 2020	March 31, 2019
Opening Provision	3,751.00	2,702.00
Addition during the year	-	1,049.00
Utilised during the year	(2,702.00)	-
Closing provision	**1,049.00**	**3,751.00**

42 Acquisitions during current year

(a) Merger Information

The Scheme of Arrangement ('the Scheme'); presented under Section 230 to 232 and other applicable provisions of the Companies Act, 2013 read with the rules prescribed thereunder, for the business combination of Arrow Textiles Limited ('ATL') & MMG India Private Limited (MMG) with the Company was approved by the Hon'ble National Company Law Tribunal vide its order dated December 27, 2019 ("the NCLT Order"). The Certified copy of the NCLT order was filed with Registrar of Companies on January 20, 2020. Consequently, the Scheme became operative from January 20, 2020 and effective from October 01, 2018 i.e. appointed date.

The said business combination has been accounted under the 'pooling of interests' method in accordance with Appendix C of Ind AS 103 'Business Combination' and the previously issued financial statements of the Company for the year ended March 31, 2019 have been restated to give effect to the Scheme. All the assets and liabilities of the Arrow Textiles Limited & MMG India Private Limited have been transferred to and vested in the Company at it's carrying value w.e.f. October 01, 2018 and the amount of INR 208,486.14 ('000) is recorded as Capital Reserve on account of the Scheme.

Further, in terms of the Scheme, during the year, 4,380,106 ordinary (equity) shares of INR 10 each in the Company have been issued and allotted as fully paid up to the shareholders of ATL, in the ratio of 23 ordinary (equity) shares of INR 10 each fully paid-up in the capital of the Company for every 100 fully paid-up equity shares of INR 10 each held in ATL. The same is presented as "Share Pending Issuance" under "Equity" as at October 01, 2018 and March 31, 2019. Consequently, an amount of INR 146,638.33 ('000) lakhs representing difference between the consideration paid and value of net identifiable assets acquired, has been recorded as a Capital Reserve in the Standalone Financial Statements as at October 01, 2018.

The Company holds 100% equity of MMG India Private Limted. Further, in terms of the scheme, the equity of MMG India will get cancelled and there will not be any issue and allotment of equity of the Company. Consequently, an amount of INR 61,847.81 ('000) lakhs representing difference between the investment in equity which was cancelled and value of net identifiable assets acquired, has been recorded as a Capital Reserve in the Standalone Financial Statements as at October 01, 2018.

Pursuant to the business combination of Arrow Textiles Limited ('ATL') & MMG India Private Limited (MMG) with the Company with effect from October 01, 2018, the profit attributable to the equity shareholders for the comparative year has been restated to include the figures of ATL & MMG. Accordingly, as per the requirement of the Ind AS 33 'Earnings per Share', the Basic and Diluted earnings per share of the comparative year has been restated taking into consideration the equity shares issued to the shareholders of ATL. Further the current tax and deferred tax amounts in the comparative year have been restated owing to the said business combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

(b) Details of purchase consideration, assets and liabilities acquired are as follows:

Particulars	ATL	MMG
(i) Assets acquired on October 01, 2018		
Non-current assets		
Property, plant and equipment	150,073.68	147,081.21
Intangible assets	933.61	1,048.43
Financial assets		
Other financial assets	2,735.56	883.45
Deferred tax asset (net)	-	9,340.44
Non-current tax assets (net)	3,760.83	2,538.90
Other non-current assets	-	1,846.64
Current assets		
Inventories	63,656.95	59,365.67
Financial assets		
Trade receivables	110,056.27	105,147.54
Cash and cash equivalents	64,158.31	1,398.37
Bank balances other than cash and cash equivalents	1,982.80	2,234.97
Other financial assets	598.58	510.17
Other current assets	7,782.08	32,043.56
Assets classified as held for sale	-	23,640.54
Total Assets acquired (i)	**405,738.67**	**387,079.89**
(ii) Liabilities assumed on October 01, 2018		
Equity		
Other equity	134,018.38	(231,630.94)
Non-current liabilities		
Financial liabilities		
Borrowings	11,957.90	139.46
Deferred tax liabilities (net)	817.62	-
Provisions	-	3,923.57
Other non current liabilities	3,469.58	-
Current liabilities		
Financial liabilities		
Borrowings	-	241,007.78
Trade payables	18,727.47	44,001.04
Other current financial liabilities	23,802.68	35,711.73
Provisions	7,635.83	2,238.65
Other current liabilities	13,199.66	136,769.09
Current income tax liabilities (net)	1,670.16	-
Total Liabilities assumed (ii)	**215,299.28**	**232,160.38**
Net Assets acquired (i-ii)	**190,439.39**	**154,919.51**
Less: Investment in equity cancelled	**-**	93,071.70
Less: Shares issued	43,801.06	-
Net assets acquired transferred to capital reserve	**146,638.33**	**61,847.81**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020 (₹ in ‘000)

(c) Acquisition related cost

Acquisition cost of INR 3,037.00 (‘000) [March 31, 2019 - INR 2,129.59 (‘000)] are included in other expenses in profit or loss and in operating cash flows in statement of cash flows.

43 Leases

Effective April 01, 2019, the Company adopted Ind AS 116 “Leases” and applied the standard to all lease contracts existing on April 01, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company’s incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted.

On transition, the adoption of the new standard resulted in recognition of ‘Right of Use’ asset of INR 19,947.38 (‘000) and a lease liability of INR 21,377.19 (‘000). The cumulative effect of applying the standard, amounting to INR 1,297.98 (‘000) was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is a summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
5. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

   The weighted average incremental borrowing rate applied to lease liabilities as at April 01, 2019 is 7.75%

(a) Right-of-use assets

The movement in Right-of-use assets has been disclosed in Note 4

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

(b) Lease Liabilities

Movement in Lease Liabilities as from April 01, 2019:

Particulars	Amount
Balance as at April 01, 2019	**21,377.19**
Additions on account of New Leases	3,947.39
Accretion of Interest	1,371.29
Payments made	(5,507.89)
Early Termination of Lease	-
Change on account of Remeasurement	-
On account of change in foreign currency rate of foreign subsidiary (FCTR)	489.90
Balance as at March 31, 2020	**21,677.87**
Current	4,564.40
Non-current	17,113.47
Balance as at March 31, 2020	**21,677.87**

(c) Rent expenses recorded for short term leases was ₹ 1,749.77 ('000) for the year ended March 31, 2020

(d) The total cash out flows for leases are ₹ 7,257.65 in the year, including the payments relating to short term and low value leases.

(e) The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2020 on an undiscounted basis:

Particulars	Amount
Less than one year	7,188.56
One to five years	14,268.98
More than five years	3,163.53

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

44 The Company has considered internal and external sources of information, economic forecasts and industry reports, up to the date of approval of the financial statements, in determining the impact of COVID 19 pandemic on various elements of its business operations and financial statements. The Company has used the principles of prudence in applying judgments, estimates and assumptions and based on the current estimates, the Company expects to recover the carrying amount of its current and non-current assets. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements depending on how long the pandemic lasts and time period taken for the economic activities to return to normalcy.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

45 Statement of net assets, profit or (loss), other comprehensive income and total comprehensive income and non controlling interest considered in the consolidated financial statements

Name of the Company	Net Assets		Share in Profit / (Loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income (TOCI)	
	% of Consolidated Net Assets	Amount	% of Consolidated Profit / (loss)	Amount	% of Consolidated OCI	Amount	% of Consolidated Profit / (loss)	Amount
Parent								
Delta Manufacturing Limited	82.25%	1,126,746.89	110.40%	(135,876.75)	1.21%	131.93	121.06%	(135,744.82)
Subsidiaries								
Magdev Limited (Foreign)	22.84%	312,917.26	-10.31%	12,683.00	0.00%	-	-9.86%	11,060.95
Pilamec Limited (Foreign)	4.81%	65,909.40	3.97%	(4,887.20)	0.00%	-	4.69%	(5,254.35)
Consolidation adjustment								
Add / (less): Adjustment arising out of consolidation	-9.91%	(135,713.58)	-4.07%	5,007.28	98.79%	10,813.07	-15.88%	17,809.55
Add / (less): Adjustment arising out of consolidation	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Consolidated Net Assets / Profit & (Loss)	**100.00%**	**1,369,859.96**	**100.00%**	**(123,073.67)**	**100.00%**	**10,945.00**	**100.00%**	**(112,128.67)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

(₹ in '000)

46 Fair value disclosures

a) Categories of financial instruments:

Particulars	March 31, 2020			March 31, 2019		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
Other financial assets - non current	-	-	8,937.00	-	-	8,683.80
Investments	23,514.86	-	-	64,668.31	-	-
Trade receivables	-	-	332,974.04	-	-	344,796.38
Cash and cash equivalents	-	-	25,465.75	-	-	45,060.93
Bank balances other than cash and cash equivalent	-	-	8,626.80	-	-	7,329.98
Other financial assets - current	-	-	2,784.51	-	-	1,889.06
	23,514.86	**-**	**378,788.10**	**64,668.31**	**-**	**407,760.15**
Financial Liabilities						
Borrowings - non current	-	-	115,190.03	-	-	152,445.91
Borrowings - current	-	-	457,343.18	-	-	395,234.67
Trade payables	-	-	179,020.07	-	-	151,708.52
Other financial liabilities	-	-	105,582.10	-	-	84,942.10
	-	**-**	**857,135.38**	**-**	**-**	**784,331.20**

b) Fair value hierarchy and method of valuation

Except as detailed in the following table, the Company considers that the carrying amounts of financial instruments recognised in the financial statements approximate their fair values.

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Input other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of other financials assets and financial liabilities are approximate to their carrying values.

As Per Our Report of Even Date
For M H S & Associates
Chartered Accountants
ICAI Firm Registration No.: 141079W

Mayur H. Shah
Partner
Membership No: 147928

Mumbai: June 26, 2020

For and on behalf of the Board of Directors
Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited') (CIN: L32109MH1982PLC028280)

Jaydev Mody
Chairman
DIN:00234797

Dr. Ram H. Shroff
Managing Director
DIN:00004865

Rajesh Jaggi
Director
DIN:00046853

Abhilash Sunny
Chief Financial Officer

Anannya Godbole
Company Secretary (ACS No. 23112)

Mumbai: June 26, 2020

ANNEXURE - A

Silent features of Financial statements of Subsidiary as per Compnay's Act, 2013

(₹ in '000)

Sr. No.	Name of Subsidiary Compa-nies	Reporting Period	Reporting Currency	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turover (includes other income)	Profit/ (Loss) before taxation	Provi-sion for Taxation	Profit/ (Loss) After taxation	Proposed Dividend	% of Shareholding	Country of Company
1	Magdev Ltd	March 31, 2020	INR	71206.20	128504.01	311566.68	111856.10	61945.48	297115.93	12683.04	1613.35	11070.60	0.00	100.00	UK
			GBP	765.00	1380.58	3347.30	1201.72	665.51	3239.38	138.28	17.59	120.70	0.00		
2	Pilamec Ltd	March 31, 2020	INR	1116.96	39829.86	65625.12	25683.56	0.00	42752.53	(4887.76)	366.88	(5254.64)	0.00	100.00	UK
			GBP	12.00	427.91	705.04	275.93	0.00	466.12	(53.29)	4.00	(57.29)	0.00		

		Closing rate	Average rate
* Exchange rate as on March 31, 2020	GBP	93.08	91.72

If Undelivered, please return to:

Freedom Registry Limited
Unit: Delta Manufacturing Limited (Formerly known as 'Delta Magnets Limited')
Plot No. 101/102, 19th Street, MIDC,
Satpur, Nasik - 422 007,
Maharashtra.

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