AIA Engineering Limited

August 10, 2018

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

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

Dear Sir/Madam,

Sub.: Submission of Annual Report of AIA Engineering Limited

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the 28th Annual Report of AIA Engineering Limited.

Kindly acknowledge the receipt and take the above on record.

Thanking you,

Yours faithfully,
For AIA Engineering Limited

AIA ENGINEERING LTD. AHMEDABAD 382410

S. N. Jetheliya
Company Secretary

Encl: As above



AIA Engineering Limited

28th Annual Report **2017-18**

Being UNIQUE

Navigating THROUGH THE PAGES

Corporate Overview

02 AIA Engineering Ltd– Uniquely positioned
04 Our business model in action
06 Partnering with customers for operational excellence
08 From the MD's Desk
10 Financial Scorecard for 2017-18
12 Board of Directors
14 Care for the community

Statutory Reports

17 Board Report
59 Report on Corporate Governance
76 Management Discussion and Analysis

Financial Section

80 Standalone Auditor's Report
86 Standalone Balance Sheet
87 Standalone Statement of Profit and Loss Account
89 Standalone Cash Flow Statement
91 Standalone Notes
140 Consolidated Auditor's Report
146 Consolidated Balance Sheet
147 Consolidated Statement of Profit and Loss Account
150 Consolidated Cash Flow Statement
152 Consolidated Notes

INVESTOR INFORMATION

₹ 135,953.38 million
Market capitalisation as on 31st March 2018

₹ 25,885.03 million
Total revenue

1,226
Total number of permanent employees as on 31st March 2018

61.65 %
Promoters holding as on 31st March 2018

BSE Code: **532683**

NSE Symbol: **AIAENG**

Bloomberg Code: **AIAE:IN**

Dividend for 2017-18: **400 %**

AGM Date: 9th August, 2018 at 09:00 AM

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

For online version of this annual report,
visit: http://www.aiaengineering.com/financials.php

Or Scan the QR Code

DISCLAIMER

This document contains statements about expected future events and financial and operating results of AIA Engineering Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements may not prove to be accurate. Readers are cautioned not to place undue reliance on forward looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the AIA Engineering Limited Annual Report 2017-18.

An early mover, WITH A CLEAR SENSE OF PURPOSE.

Our strategy over the years has remained unchanged. We deliver enhanced value to our customers through customised solutions suited to their actual operating environment and that is how we intend to explore larger business opportunities lying ahead.

Being unique has given us a distinctive edge and has led us to mark a dominating presence in our industry. Since inception, our business model has aimed at delivering enhanced value to our customers and stakeholders. We remain on course to meet our strategic targets by enhancing customer experience in dealing with us.

₹ **25,885.03 million**

Total revenues in 2017-18

₹ **6,575.15 million**

EBIDTA in 2017-18

₹ **4,436.21 million**

PAT in 2017-18

EBIDTA: Earnings before Interest Depreciation Taxes and Amortisation

PAT: Profit After Taxes

AIA ENGINEERING LTD –Uniquely positioned

AIA Engineering Limited (AIA) is one of the global leaders in manufacturing value-added, impact abrasion and corrosion resistant High Chrome Mill Internals (HCMI).

CORE COMPETENCE

Engaged in designing, developing, manufacturing and installing abrasion and corrosion resistant castings.

FOCUS AREAS

- Metallurgy
- New product development
- Grinding process technology

PRODUCTS OFFERED

Grinding media, liners, diaphragms, and vertical mill parts (collectively referred to as mill internals). These products find application in grinding and crushing operations.

GLOBAL PRESENCE

AIA Group has a global customer footprint and directly serves an ever-expanding customer base in over 125 countries panning all continents of the world. Our customer relationship across the world are nurtured and strengthened by strategically placed subsidiaries and representative offices in USA, Canada, UK, UAE, Australia, South Africa, China, Chile, Indonesia etc.

INDUSTRY SEGMENTS



Mining

Grinding of mineral ore before it is processed for further metal separation



Cement

Grinding of limestone and clinker



Thermal power

Grinding of coal before feeding into the boiler

1991

Year of incorporation

52%

Revenues from mining sector

36%

Revenues from cement sector

12%

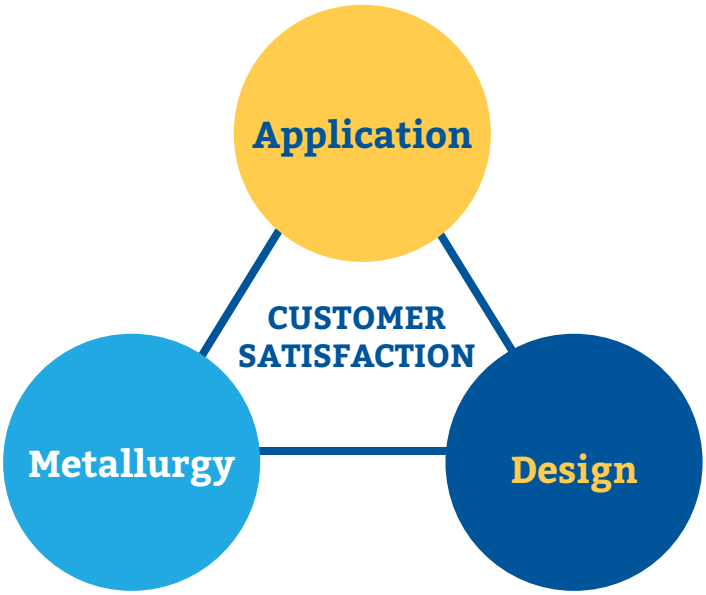
Revenues from thermal power sector

1,226

Permanent employees as on March 31, 2018

OUR BUSINESS MODEL IN ACTION

Our unique business model is the foundation which unifies our core strengths creating a strong platform for growth.



The golden triangle represents the Group's core competency – Knowledge of the end application, metallurgy and design. Our technical and service engineers, metallurgists and design engineers are one of the best in their craft.

Application

Understanding size reduction parameters of the crushing/milling equipment with a view to optimise grinding process and maintenance costs.

Metallurgy

Takes into consideration the three wear mechanisms – Impact, Corrosion & Abrasion.

Design

Implement precise design for perfect application.

CUSTOMER SATISFACTION

Supervising Installation

Installation of the wear parts supplied by the Company is done under the supervision of AIA technicians.

Optimisation of grinding systems

Conducting Mill audits with a view to optimise operating parameters and enhance grinding efficiencies.

The unique GROWTH STORY

2017 Completed GIDC Kerala Plant Phase - I

2016 Enhanced capacity to 3,40,000 MTPA by commissioning Phase - I of Kerala greenfield project

2014 Enhanced capacity to 2,60,000 MTPA at Moraiya facility

2013 Reached 1,00,000 MTPA annual sales to Mining Segment

2011 Enhanced capacity to 2,00,000 MTPA with a greenfield expansion

2009 Forayed into Mining Segment

2008 Commissioned 1,00,000 MTPA Grinding Media Plant at Moraiya

2001 Exited JV with a capacity 20,000 MTPA

PARTNERING WITH CUSTOMERS FOR OPERATIONAL EXCELLENCE

Our long-standing relationships with customers is a result of our constant interaction and involvement with them. We strengthen the customer's experience by offering customised applications through innovation and design changes.

TANGIBLE BENEFITS TO OUR CUSTOMERS:

- Longer wear life of parts, reducing wear costs
- Optimised mill operations, thereby reducing power costs and improving throughputs
- Abrasion, corrosion, impact resistance leading to grinding process
- Consistent end product quality

500+
Customers across the globe



Mining

Rio Tinto | Anglo American | BHP Billiton | Vale | Arcelor Mittal | Newmont Mining Corporation



Cement Plants

Lafarge | Holcim | Heidelberg | Cemex | Italicementi | Polysius | Votorantim



Thermal Power

National Thermal Power Corporation | All State Electricity Boards in India | Bharat Heavy Electricals Limited | Doosan Corporation | Larsen and Turbo | Hitachi and Alstom

Unique offerings READY CAPACITIES

3,40,000 MTPA
Current installed capacity

1,00,000 MTPA
Greenfield expansions over the next three years

4,40,000 MTPA
Proposed capacities by FY20

From the MD'S DESK



At AIA, we understand the importance and criticality of the products we offer to the mining, cement and power segments.

Dear Shareholders,

I'm delighted to report another satisfactory year for AIA. We continue to pursue our focused strategy and we remain positive about the future opportunities we see.

Underlying our confident outlook are our strengths: deep domain knowledge in the areas of metallurgy, grinding process and part design, global foot-print in terms of direct engagement with the customer which is supplemented by subsidiaries, representative and sales office and warehouses in key geographies across the world, a talent base which is clinically focussed on adding value to customer through innovation across the value chain and a strong balance

sheet. Our focus is now on leveraging our knowledge, expertise and resources to ensure that we continue to meet customers' needs and deliver the best possible products & services to them.

At AIA, we understand the importance and criticality of the products we offer to the mining, cement and power segments. HCMI forms as a small component of grinding cost, but it is essential for continuous production. Moreover, continuous consumption of the product ensures a replacement demand. Our manufacturing capabilities that enable us to produce consistent quality combined with our service offerings that ensure optimal grinding solutions and our global footprint have ensured long-standing relationship with customers.

As we go forward, we expect a large part of our growth to come from the Mining segment. In a mining plant, grinding of mineral ore is generally done in three stages called primary, secondary and tertiary grinding. The mill internals inside the grinding mills at these stages are composed of grinding media and mill linings. The overall consumable wear part demand in mining sector is estimated to be between 2.5 and 3 million MT per annum with high chrome segment forming less than 20% of the market with the balance being served by conventional products like forged grinding media. On account of this, there exists a large potential conversion opportunity that can fuel growth for high chrome mill internals. Besides this, there is a strong capex being planned by the key major players in the Copper and Gold mining business which should further help support growth in the market.

We continue to maintain our market share in the Cement market which remains affected by lower growth. We are seeing some green shoots in some countries like India where Cement capacity addition is being considered. We will continue to be beneficiary of any capacity addition in the Cement market globally.

With some capacity addition being done over last few years and more being done as we speak, we believe we are at an inflection point. Our current capacity stands at 340,000 MT per annum of high chromium wear parts. We are further pursuing capacity expansions to reach 440,000 MT by FY 20-21. Besides, we have also planned capex for setting up a manufacturing plant for mill linings for the Mining sector which is expected to be commissioned in FY 20-21.

We will continue to develop solutions in improved wear parts for crushing and grinding equipment and capitalise on the potential opportunity in wear parts in the Mining space. We will focus on building strategic partnerships and benefit from the synergies.

In the longer term, we remain excited about the significant structural growth opportunities globally and the potential for further revenue growth, margin improvement, as well as continued returns to shareholders.

Best Wishes,
Bhadresh K. Shah
Managing Director,
AIA Engineering Limited

₹ **744** Crores

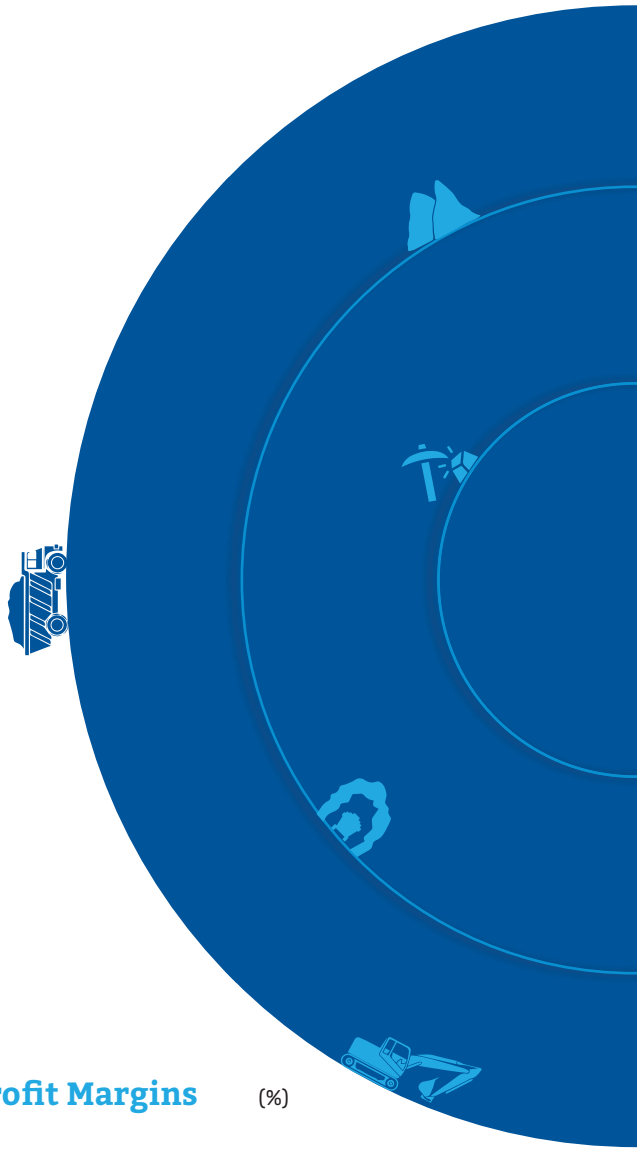
Order book as at 1st April, 2018

TECHNICAL COLLABORATION WITH EE MILL SOLUTIONS LLP, USA (EEMS)

EEMS has special knowledge of optimising energy efficiency and output of grinding equipment like AG/SAG/Ball Mills in wet & dry grinding industries through re-designing of mill internals viz. Head & shell liners, grate liners, pulp lifters.

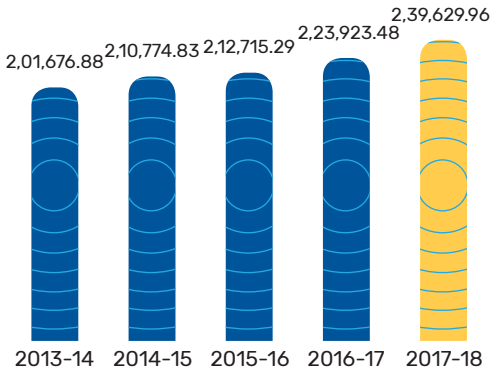
AIA has approved this technical collaboration and has proposed to set up a dedicated plant for manufacturing above products.

FINANCIAL SCORECARD FOR 2017-18



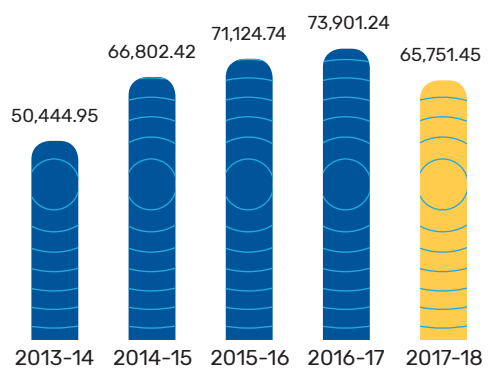
Net Sales

(₹ Lakhs)



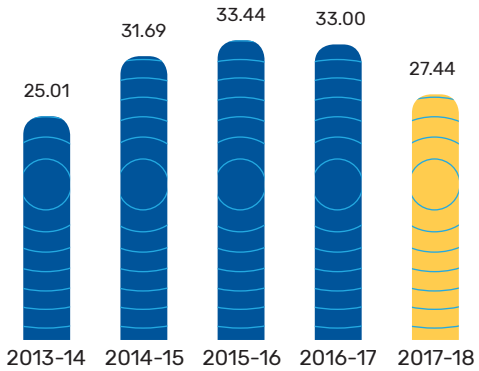
Operating Profit

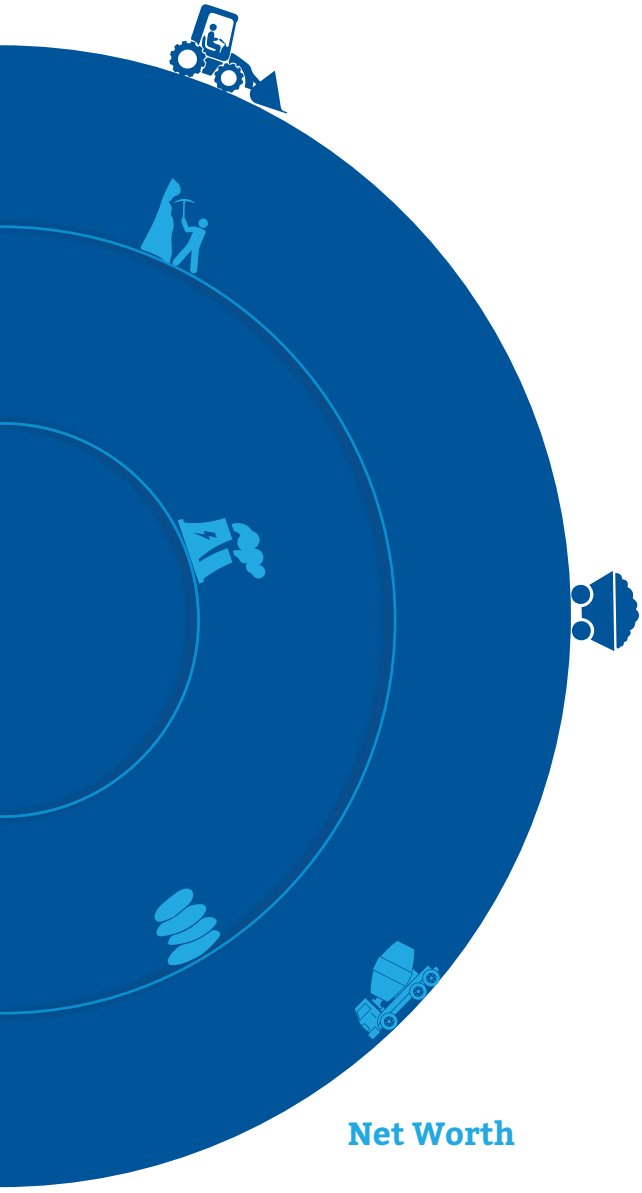
(₹ Lakhs)



Operating Profit Margins

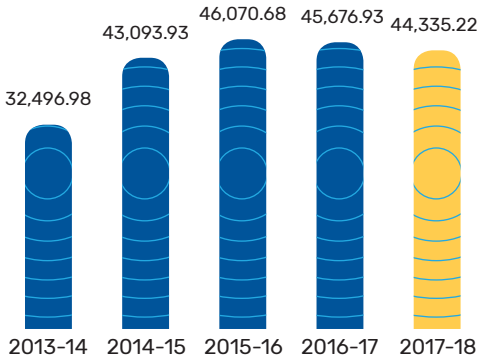
(%)





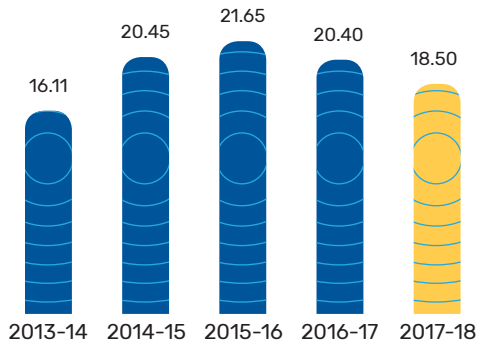
PAT

(₹ Lakhs)



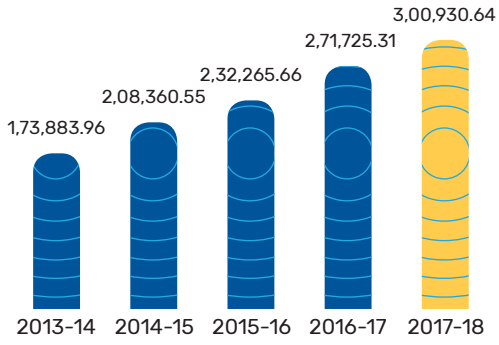
PAT

(%)



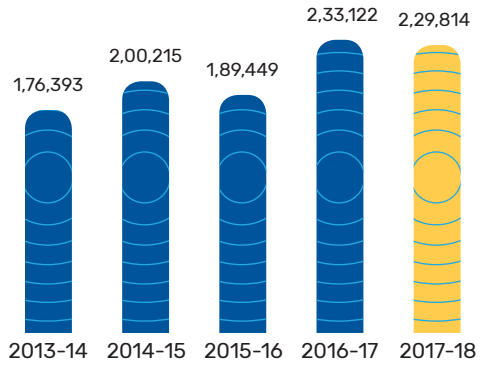
Net Worth

(₹ Lakhs)



Production Volume

(MT)



Board of DIRECTORS

MR. RAJENDRA S. SHAH
(DIN 00061922)

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

MR. BHADRESH K. SHAH
(DIN-00058177)

- B. Tech (Metallurgy) from Indian Institute of Technology, Kanpur
- Over 47 years in the manufacturing and design of various kinds of value-added, impact, abrasion and corrosion resistant high chrome castings
- Well versed in all aspects of Production, Finance Cost and Technical Administration
- Emphasis on manufacturing process improvements, new product development, quality and adhering to international manufacturing standards which ensured that Company's products are recognised domestically as well as internationally

DR. S. SRIKUMAR
(DIN-01025579)

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

MR. RAJAN RAMKRISHNA HARIVALLABHDAS
(DIN-00014265)

- Graduate from Gujarat University (India) with a Bachelors Degree in Commerce and Masters Degree of Business Administration from USA
- Former Managing Director and Director in various companies as a part of the family owning Textile, Engineering and Chemical companies known as Shri Ambica Group from 1973 to 1988; in this capacity he dealt with US, Swiss and German companies and acquired experience of management, finance and marketing from 1988 to 1996
- Promoted and managed the family's private chemical manufacturing companies
- Promoted and managed as Chairman and Managing Director of a Public Listed chemical manufacturing company HK. Finechem Limited from 1996 to 2010; the Company is one of the few manufacturers of specialty chemicals from vegetable oil-based raw materials using for the first time in India large molecular distillation equipment imported from UIC GmbH of Germany along with fractionation distillation column designed by Sulzer of Switzerland

MR. YASHWANT M. PATEL
(DIN-02103312)

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

MRS. KHUSHALI S. SOLANKI
(DIN 07008918)

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

MRS. BHUMIKA S. SHODHAN
(DIN 02099400)

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

MR. SANJAY S. MAJMUDAR
(DIN 00091305)

- B.Com, FCA & ACS
- Practicing Chartered Accountants
- Extensive experience and expertise in the field of Corporate Laws, Direct Tax Laws, Financial Advisory Services, Debt Syndications, Project Finance, International Structures and Taxation Planning, M & A etc
- Contributed Papers and participated as Speaker on Corporate Laws in Seminars and conferences hosted by ICAI and CA Association, Ahmedabad
- Regular Speaker in the SMTP Programme of the Institute of Company Secretaries of India, Ahmedabad Chapter

MR. DILEEP C. CHOKSI
(DIN 00016322)

- B.Com, LLB, FCA and Grad. CWA
- Leading Chartered Accountant, qualified Lawyer and a Cost Accountant with over 37 years of experience
- Areas of specialisation include tax planning and structuring for domestic and international clients, including expatriates, finalising collaborations and joint ventures, executive advisory and decision support, corporate restructuring with a focus on start-ups, turnaround and change management strategies and analyzing tax impact of various instruments
- Former joint Managing Partner of Deloitte in India
- He has set up C.C.Chokshi Advisors Private Limited, the activities of which aim to provide complete solutions for all business requirements

Care for the COMMUNITY

At AIA, our CSR initiatives focus on pursuing sustainable economic well-being of the local community and social empowerment. The Company has developed a variety of programs that support sustainable development with education as the key focus. Besides that, the Company also pays attention to healthcare, protection of national heritage and on improving quality of life of people.

Gyan Deep – Promoting education

A man in a mirror today is the reflection of his past in terms of values and education that got imbibed in his mind in the early childhood days. That is why the early stage of primary education is very critical when it comes to education. It lays the foundation for the future development of a person.

With this basic faith in mind, we at AIA truly believe that education is the birth-right of every child. All our efforts are focused to expand the reach of quality education to every corner of India with the help of technology and innovation.

Like minds think alike. We associated with Ahmedabad-based Schoolslens Solutions Pvt. Ltd. (SSPL) to make education interesting and affordable. SSPL identified the shortcomings and put together a proposal for conducting "Holistic Development Program" at a couple of Gujarati medium government primary school in rural area of Ahmedabad district, for a duration of three academic years (July 2017 to June 2020). We adopted the Blended Interactive Learning (BIL) – An education methodology for primary education through this program.

In the first year, three schools near our manufacturing facilities were selected. The program is meant for the all-round development of all the participants i.e. the students (up to 8th grade), teachers, the Principal and parents.







WE HAVE DEVELOPED AN EDUCATION TECHNOLOGY PLATFORM CALLED SCHOOL LENS EDUCATION (SL ED) STUDIO WHICH CONSISTS OF THE FOLLOWING MODULES:

- SLearn: This is an education software based on adaptive and activity-based learning methodology and suitable for 'tablet lab' or 'computer lab' within a school
- SLate: This is an education software based on Blended interactive learning methodology and suitable for 'smart class' based education within a school
- SLQuiz: This is an education software for conducting students' skill-based assessment using tablets or computers within a school





Besides, we have also developed an educational services initiative called 'education IDOL'.It focuses on 'Teachers Training' and 'Capacity Building'. It involves activities like conducting teachers' survey, teachers' training, community development, leadership workshop and students' assessment, among others.

At the start of the program, overall combined performance of three program schools was at 21.7%. After one year of its implementation, overall combined performance of same three schools has gone up to 31.21% - which is almost 50% year-on-year improvement.

In a nutshell, we are happy to say that Gyan Deep Program has been successful in bringing significant learning improvement among all the students. We truly believe that the second and third year of the program will be equally or even more successful than the first year.



₹ 545.40 Lakhs
Prevention and Promoting Healthcare

₹ 102 Lakhs
Promotion of Education

₹ 10 Lakhs
Eradicating Hunger and Development of Children

₹ 100 Lakhs
Community well-being initiatives- socio economic, education, environment, health and culture advancement

₹ 11.25 Lakhs
Protection of National Heritage, Art and Culture

₹ 4.48 Lakhs
Plantation - Green Environment

Board's Report



The Members of
AIA Engineering Limited
Ahmedabad

Your Directors take pleasure in submitting the 28th Annual Report and the Audited Annual Accounts of the Company for the year ended 31st March, 2018.

1. FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

	Standalone		Consolidated	
Particulars	**Year ended 31st March, 2018**	Year ended 31st March, 2017	**Year ended 31st March, 2018**	**Year ended 31st March, 2017**
Revenue from Operations	2,09,573.23	2,06,364.94	2,39,629.96	2,23,923.48
Other Operating Income	7,008.74	5,874.61	7,038.81	8,110.82
Total Income from Operations (net)	**2,16,581.97**	**2,12,239.55**	**2,46,668.77**	**2,32,034.30**
Other Income	**21,698.25**	**13,888.34**	**12,181.49**	**10,435.77**
Total Income	**2,38,280.22**	**2,26,128.09**	**2,58,850.26**	**2,42,470.07**
Profit before Finance Cost, Depreciation & Amortization and Tax Expenses	68,235.68	69,681.65	65,751.45	73,901.24
Finance Cost	656.72	446.39	692.76	449.22
Depreciation & Amortization	6,439.39	7,128.90	6,558.07	7,247.71
Profit Before Tax	**61,139.57**	**62,106.36**	**58,500.62**	**66,204.31**
(i) Provision for Taxation (Current)	14,709.53	17,200.00	14,887.54	17,366.59
(ii) Deferred Tax	(560.62)	3,175.01	-749.02	3,116.40
Total Tax (i+ii)	**14,148.91**	**20,375.01**	**14,138.52**	**20,482.99**
Profit after Tax	**46,990.66**	**41,731.35**	**44,362.10**	**45,721.32**
Non-Controlling Interest	-	-	25.99	42.31
Net Profit after Non-Controlling Interest	46,990.66	41,731.35	44,336.11	45,679.01
Other Comprehensive Income	120.65	(169.33)	(2,065.83)	(1,788.49)
Total Comprehensive Income /(Expenses)	47,111.31	41,562.02	42,270.28	43,890.52

Board's Report (Contd.)

Standalone Operating Results:

During the year under review, the Revenue from operation of the Company is ₹ 2,16,581.97 Lakhs as compared to ₹ 2,12,239.55 Lakhs in the previous Financial Year. Exports Turnover registered in the same period was ₹ 1,50,545.25 Lakhs as against the Export Turnover of ₹ 1,43,383.31 Lakhs in the previous Financial Year.

During the year under review, Company has earned a Profit Before Tax (PBT) of ₹ 61,139.57 Lakhs and Profit After Tax (PAT) of ₹ 46,990.66 Lakhs as compared to PBT of ₹ 62,106.36 Lakhs and PAT of ₹ 41,731.35 Lakhs respectively in the previous Financial year.

Consolidated Operating Results:

During the year under review, on a Consolidated basis, your Company (together with its Subsidiaries) has earned Revenue from Operations of ₹ 2,46,668.77 Lakhs as compared to ₹ 2,32,034.30 Lakhs in the previous Financial Year. Correspondingly, the Consolidated Profit After Tax (PAT) registered during the year under review is ₹ 44,336.11 Lakhs (After Minority Interest) as compared to PAT (After Minority Interest) of ₹ 45,679.01 Lakhs in the previous Financial Year.

2. DIVIDEND:

During the year under Report, the Company has declared an Interim Dividend of ₹ 8/- (400%) per share on 9,43,20,370 Equity Share of the face value of ₹ 2/- each amounting to ₹ 7,545.63 Lakhs for the Financial Year 2017-18 on 22nd March, 2018. Having declared Interim dividend for the year 2017-18, your Board has not recommended a Final dividend for the Financial Year 2017-18.

3. SHARE CAPITAL:

The paid up Equity Share Capital of the Company as on 31st March, 2018 is ₹ 1,886.41 Lakhs. During the year under review, the Company has neither issued shares with differential voting rights nor granted stock option or sweat equity.

4. FINANCE:

Cash and Cash Equivalents as at 31st March, 2018 were ₹ 1,06,826.34 Lakhs. The Company continues to focus on judicious management of its Working Capital, Receivables, Inventories, whole other Working Capital parameters were kept under strict check through continuous monitoring.

Capital Expenditure Outlay:

During the year under review, the Company has incurred an expense of ₹ 11,877.95 Lakhs (including ₹ 5,270.75 Lakhs of Capital Work-in-Progress) on Capital Expenditure.

Deposits:

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

Particulars of Loans, Guarantees or Investments:

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

Internal Financial Control and Audit:

The Company has designed and implemented a process driven framework for Internal Financial Controls [IFC] within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended on March 31, 2018, the Board is of the opinion that the Company has sound IFC commensurate with the size, scale and complexity of its business operations. The IFC operates effectively and no material weakness exists. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved internal controls whenever the effect of such gaps would have a material effect on the Company's operations.

The Board of Directors at the recommendations of the Audit Committee appointed M/s. Talati & Talati, Chartered Accountants as Internal Auditors of the Company for the Financial Year 2018-19 and M/s. NRCA & Associates, Chartered Accountants as Internal Auditors for Nagpur Unit for the Financial Year 2018-19.

Related Party Transactions:

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

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

The Policy on Related Party Transactions as approved by the Board of Directors is uploaded on the website of the Company.

Credit Rating:

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

Dun & Bradstreet Information India Private Limited (D & B) has evaluated the Company during October, 2017 and reassigned a Dun Bradstreet Rating of 5A1, which indicates that overall status of the Company is "Strong".

Board's Report (Contd.)

5. HUMAN RESOURCE:

The Company believes that human capital is its biggest asset and immensely values its human resource. The Company acknowledges that employee participation and involvement is the key to sustained growth and hence encourages various measures to promote the same. The Company is of the opinion that motivated employees are very crucial to the growth of the organization and hence puts in a lot of emphasis on promoting employee engagement at all levels.

A well-defined organization structure, with clarity of role profiles and key result areas is one thing which the Company had introduced for inculcating a performance oriented culture within the organization. This also leads to a lot of objectivity in the appraisal system and transparency within the organization. The Company also believes in providing ample opportunities to its employees for their all - round growth and hence organizes various functional, technical, behavioral and motivational training programs and seminars during the year.

The Company also believes in providing an environment which is conducive to development of entrepreneurial skills and team work. The employees are encouraged to participate in various sports activities and festival celebrations.

It is primarily because of these initiatives that in spite of having a professional culture, there is a very strong sense of loyalty towards the organization, resulting in a very low attrition rate over last so many years.

6. MATERIAL CHANGES, TRANSACTIONS AND COMMITMENTS:

There are no material changes and commitments, affecting the financial position of the Company which have occurred between the close of financial year on 31st March, 2018 to which the financial statements relates and the date of this Report.

7. BUSINESS PROSPECTS:

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

There is a large annual replacement market in the mining industry, primarily in four major metal ore types, viz., Iron, Platinum, Gold and Copper. While the Company started its engagement with the mining sector by offering high chrome metallurgy which reduced wear rates and thereby the cost of these consumables, over the past year, the Company has sharpened its engagement with its customers in the mining sector by offering solutions that improve their operations and reduce their costs. This includes reduction in the cost of other consumables (other than high-chrome grinding media), reduction in use of toxic reagents and thereby improving their environmental footprint and increasing metal recovery, especially relevant for gold and copper mines. This has helped your Company in being able to provide comprehensive solutions to the Mining Industry globally and in creating a unique positioning which augurs well for the consistent and steady growth in this industry over medium to long term.

One important announcement that the Company made in this year was around the niche market of "Mill Liners" for the Mining segment where it plans to make inroads. The Company has been making these parts for grinding mills for Cement grinding for more than 20 years. It now plans to offer these parts for grinding mills used for mineral ore grinding. The Company has entered into a technical collaboration with a US Company which has expertise in optimizing grinding efficiency. Company will be able to offer reduced power costs and increased throughputs as a solution to customers. These will be material savings for the customer and with Company's existing solutions around wear cost reduction, reagent consumption reduction and metal recovery improvement, it will position the Company as true partner with its Customers and help sharpen its engagement meaningfully.

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

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

Board's Report (Contd.)

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

8. FUTURE EXPANSION:

The Company's current capacity stands at 3,40,000 Mt of high chrome mill internals. The Company is in midst of expanding this capacity to 4,40,000 Mt by brownfield expansion at its existing plant in GIDC Kerala, near Ahmedabad in two phases of 50,000 Mt each. The first phase of 50,000 Mt has been delayed on account of financial issues faced by one important equipment supplier thereby delaying supply of that equipment. Accordingly, we should be able to reach 3,90,000 Mt in FY 2018-19 and 4,40,000 Mt in FY 2019-20. The incremental Capex to be incurred for this expansion is estimated at around ₹ 350 Crores.

The Company has also announced plans to set up a Greenfield facility to manufacture 50,000 Mt of "Mill Linings" at a cost of ₹ 250 Crores and to be commissioned in two years, i.e. in FY 2020-21.

Lastly, power is one of the most important cost line items for the Company. To help reduce the cost and also mitigate risks against an increase in power cost, the Company has made plans to invest approx. ₹ 100 Crores in wind mills.

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

9. SUBSIDIARY COMPANIES:

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, a statement containing salient features of financial statements of subsidiaries, associates and joint venture companies in Form AOC 1 is as per Annexure "**B**".

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

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

During the year under review, Vega Industries Chile SpA and AIA Ghana Limited, step down subsidiaries of the Company have been incorporated by Vega Industries (Middle East) FZC. UAE, a Wholly Owned Subsidiary of the Company.

10. INSURANCE:

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

11. INDUSTRIAL RELATIONS (IR):

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

12. CORPORATE GOVERNANCE:

In line with the Company's commitment to good Corporate Governance Practices, your Company has complied with all the mandatory provisions of Corporate Governance as prescribed in Regulations 17 to 27 of the SEBI Listing Regulations.

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

13. MANAGEMENT'S DISCUSSION AND ANALYSIS (MDA):

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

14. RISK MANAGEMENT:

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

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

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

The key elements of the framework include

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

Board's Report (Contd.)

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

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

- Oversight of risk management performed by the executive management:
- Reviewing the Corporate Risk Management Policy and framework within the local legal requirements and Listing Regulations;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownerships as per a predefined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

15. POLICIES:

(a) Vigil Mechanism / Whistle Blower Policy:

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

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

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

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

In pursuance to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and the SEBI Listing Regulations, the Company adopted the Code of Conduct to regulate, monitor and report trading by the Employees, insider and connected person(s) in order to protect the Investor's Interest. The details of the said Code of Conduct forms part of the Corporate Governance Report.

(d) Policy for Business Responsibility:

In pursuance of Regulation 34 of SEBI Listing Regulations, top 500 companies based on market capitalization (calculated as on 31st March, of every financial year) are required to prepare and enclose with its Annual Report, a Business Responsibility Report describing the initiatives taken by them from an environmental, social and governance perspectives. The policy for Business Responsibility was placed and approved in the Board Meeting of the Company held on 13.02.2017.

A separate report on Business Responsibility is Annexed herewith as Annexure "**C**".

(e) Dividend Distribution Policy:

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

16. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

(a) Board of Directors and KMP:

The Board of Directors of the Company is led by the Independent – Non Executive Chairman and comprises eight other Directors as on 31st March, 2018, including one Managing Director, one Whole-Time Director, three Independent Directors and three Non-Executive Directors (other than Independent Directors).

Mr. Yashwant M. Patel has been re-appointed as Whole Time Director for a further period of 5 (Five) years w.e.f. 1st April, 2017 vide Special Resolution passed in the Annual General Meeting held on 14th August, 2017.

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

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

The designation of Mr. Kunal Shah, was changed from Executive Director (Finance) CFO to Executive Director (Corporate Affairs) w.e.f. 14th November, 2017. Mr. Bhupesh Porwal was appointed as Chief Financial Officer (CFO) w.e.f. 14th November, 2017.

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

(b) Meetings:

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

Mr. Rajendra S. Shah, Chairman

Mr. Sanjay S. Majmudar, Member

Mr. Bhadresh K. Shah, Member

Mr. Rajan R. Harivallabhdas, Member

Board's Report (Contd.)

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

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

(c) Committees of the Board of Directors:

In compliance with the requirement of applicable laws and as part of the best governance practice, the Company has following Committees of the Board as on 31st March, 2018.

(i) Audit Committee
(ii) Stakeholder Relationship Committee
(iii) Nomination and Remuneration Committee
(iv) Corporate Social Responsibility Committee
(v) Risk Management Committee

The details with respect to the aforesaid Committees forms part of the Corporate Governance Report.

(d) Board Evaluation:

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

(e) Familiarization Program for Independent Directors:

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying them in their appointment letter alongwith necessary documents, reports and internal policies to enable them to familiarize with the Company's Procedures and practices. The Company has through presentations at regular intervals, familiarized and updated the Independent Directors with the strategy, operations and functions of the Company and Engineering Industry as a Whole. Site visits to various plant locations are organized for the Directors to enable them to understand the operations of the Company. The details of such familiarization programmes for Independent Directors is posted on the website of the Company and can be accessed athttp://www.aiaengineering.com/finances/corporategovernance.php.

(f) Remuneration Policy:

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

(g) Directors' Responsibility Statement:

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

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

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

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

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

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

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

17. AUDITORS:

Statutory Auditors:

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

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

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

Cost Auditors:

The Cost Auditors has filed the cost audit report for the financial year ended 31st March, 2017 within stipulated time frame.

The Board of Directors on the recommendation of the Audit Committee has appointed M/s Kiran J. Mehta & Co.,

Board's Report (Contd.)

Cost Accountants, Ahmedabad as the Cost Auditors of the Company to audit the cost accounting records of the Company for the financial year 2018-19. As required under the Companies Act, 2013, the remuneration payable to the Cost Auditors is required to be placed before the members of the Company for their ratification at the ensuing Annual General Meeting. Accordingly, a resolution seeking member's ratification of the remuneration payable to M/s Kiran J. Mehta & Co., Cost Accountants, Ahmedabad is included in the Notice convening the 28th Annual General Meeting.

Secretarial Auditors:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed, Mr. Tushar M. Vora, Practicing Company Secretary (ACS-3459, CP No. 1745), Ahmedabad to conduct a Secretarial Audit of the Company's Secretarial and related records for the year ended 31st March, 2018.

The Report on the Secretarial Audit for the year ended 31st March, 2018 is annexed herewith as Annexure "**E**" to this Board's Report. There were no qualification/observations in the report.

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

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

19. CONSOLIDATED FINANCIAL STATEMENTS:

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

20. EXTRACT OF ANNUAL RETURN:

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

21. CORPORATE SOCIAL RESPONSIBILITY (CSR):

As per the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder, the amount required to be spent on CSR activities during the year under review, is ₹ 1,079.65 Lakhs and the Company has spent ₹ 773.13 Lakhs during the Financial Year ended 31st March, 2018. The shortfall in the spending during the year under report is intended to be utilized in a phased manner in future, upon identification of suitable projects within the Company's CSR Policy. The requisite details of CSR activities pursuant to Section 135 of the Companies Act, 2013 and as per Annexure attached to the Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed as Annexure "**G**".

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

22. PARTICULAURS OF EMPLOYEES:

The information required pursuant to Section 197 of Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is annexed as Annexure "**H**". The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

23. ENVIRONMENT, HEALTH AND SAFETY:

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

24. SECRETARIAL STANDARDS:

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

25. ACKNOWLEDGEMENT:

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

For and on behalf of the Board,

Bhadresh K. Shah
Managing Director
(DIN:00058177)

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

Place : Ahmedabad
Date : 16th May, 2018

Board's Report (Contd.)

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

A) CONSERVATION OF ENERGY:

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

1. By changing the induction coils in the melting furnaces at our Moraiya units to reduce energy consumed per ton of liquid metal, the Company saved approx. 15 kWh/Metric ton of liquid metal.
2. We are in the process of installing dry type cooling towers for our melting furnaces in place of conventional wet type cooling towers. This is being done in our new Kerala GIDC plant. It shall translate into a water saving of approx. 45000 ltrs. Per day. 1.35 cr ltrs per annum.
3. We are in the process of installing two more 2.1 MW Wind Energy turbines thereby increasing our percentage of renewable energy consumed to approximately 7% of the total energy consumed by our Moraiya units.

(I) POWER & FUEL CONSUMPTION:

(₹ in Lakhs)

Particulars			Current Year 2017-18	Previous Year 2016-17
1.	Electricity			
	a)	Purchased Units	2,73,309,405	2,86,493,068
		Total Amount (₹ Lakhs)	1,89,86.27	1,90,62.15
		Rate/Unit(₹)	6.95	6.65
	b)	Own Generation		
		Through Diesel Generator Unit	14,74,162	12,81,349.00
		Unit per Litre of Diesel Oil	2.79	2.81
		Cost/Unit (₹)	21.78	21.04
	c)	Through Steam Turbine/Generator Units		
		Units per Litre Of Fuel/Oil/Gas	NA	NA
		Cost/Unit(₹)	NA	NA
	d)	Coal (Specify Quantity and where used)		
		Quantity (in Tons)	NA	NA
		Total Cost (₹)	NA	NA
		Average Rate(₹)	NA	NA
	e)	Light Diesel Oil/c9		
		Quantity (in Litre)	15,73,996	21,67,919
		Total Amount (₹ Lakhs)	570.95	836.07
		Average Rate (₹)	37.12	38.57
	f)	Others/Internal Generation PNG		
		Quantity Unit (SCM)	9,057	8,009
		Total Cost (₹ Lakhs)	2,939.35	2,428.74
		Rate/Unit (₹)	32.45	30.32

(II) CONSUMPTION PER UNIT OF PRODUCTION:

(₹ in Lakhs)

Particulars	Current Year 2017-18	Previous Year 2016-17
Product:		
Casting Unit (Tonnes)	1,91,899	1,96,269.99
Electricity per Ton of Castings (Units)	1,424.24	1,459.59

Board's Report (Contd.)

(A) T ECHNOLOGY ABSORPTION

I. RESEARCH & DEVELOPMENT (R & D)

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

- Development of new alloys of Grinding Media for application in Mining Industry.
- Development of new alloys of Grinding Media for application in Cement Industry.

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

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

c) Future plans of action.

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

d) Expenditure on R & D (₹ in Lakhs).

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

(B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

- Installation of automatic no-bake molding line for manufacturing of mill liners and quarry parts.

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

- Improvement in productivity.
- Improvement in quality of castings.

c) Imported technology.

- Equipment imported from UK.

d) Foreign Exchange Earnings and Outgo:

(₹ in Lakhs)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
i) Total Foreign exchange used	28,872.49	23,253.04
ii) Total Foreign exchange earned	1,62,026.46	1,47,375.61

For and on behalf of the Board,

Bhadresh K. Shah
Managing Director
(DIN:00058177)

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

Place : Ahmedabad
Date : 16th May, 2018

Annexure-"A"

FORM NO. AOC-2

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

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

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

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

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

i)	Name (s) of the Related Party and nature of Relationship	Vega Industries (Middle East) FZC
ii)	Nature of contract/arrangement/transactions	Distribution Agreement
iii)	Duration of contract/arrangements/transactions	Till the Agreement is mutually terminated
iv)	Salient Terms of contract/arrangements/transactions including the value if any	As per the Distribution Agreement dated 1st April, 2006
v)	Justification for entering into such contracts or arrangements or transactions	In order to optimize the Company's sales, Vega Industries (Middle East) FZC acts as Global Distributor of the Company.
vi)	Date(s) of approval by the Board	06.02.2018
vii)	Amount paid as Advances, if any	--

For and on behalf of the Board,

Bhadresh K. Shah
Managing Director
(DIN:00058177)

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

Place : Ahmedabad
Date : 16th May, 2018

Annexure-"B"

FORM NO. AOC-1

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

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

PART – "A": SUBSIDIARIES

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

Sr. No.	1	2	3	4	5	6	7	8	9	10
Name of the Subsidiary	WSL	VEGA – ME	VEGA – UK	VEGA – USA	VEGA – RSA	VEGA – WUXI	VEGA - INDONESIA	AIA CSR FOUNDATION	VEGA INDUSTRIES CHILE, SPA	AIA GHANA LIMITED
The date since when subsidiary was acquired	28.09.2005	20.12.2003	31.10.2004	31.10.2004	25.03.2009	28.08.2010	31.07.2015	23.10.2015	22.05.2017	01.03.2018
Reporting period for the subsidiary concerned, if different from the Holding Company's period.	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018
Reporting Currency and Exchange rate as on the last date of the relevant financial year in the case of the foreign subsidiary.	INR	USD BS-65.1366 PL-64.4888	Pound BS-91.2655 PL-86.2450	USD BS-65.1366 PL-64.7888	ZAR BS-5.4946 PL-5.1657	CNY BS-10.3799 PL-10.3093	IDR BS-211.3478 PL-211.0637	INR	CLP BS-9.2702 PL-9.1170	GHS
Share Capital	63.84	211.69	8.13	32.57	0.009	195.41	130.27	1.00	69.04	-
Reserves & Surplus	3,265.41	20,673.58	4,517.74	720.82	196.61	61.15	(69.10)	0.82	(14.39)	-
Total Assets	5,469.25	80,076.36	10,198.51	15,761.90	12,055.87	1,147.58	75.09	935.60	455.39	-
Total Liabilities	2,140.00	65,128.49	5,705.20	15,008.52	11,805.24	891.02	13.92	935.42	400.73	-
Investments	-	5,937.41	32.57	-	-	-	-	-	-	-
Turnover	23,966.88	1,72,370.06	19,774.14	23,233.49	15,134.83	1,784.71	-	-	160.79	-
Profit Before Taxation	226.32	7,144.94	189.99	106.46	67.40	(5.16)	(33.66)	(27.79)	(15.46)	-
Provision for Taxation	66.96	-	37.64	35.64	43.08	-	-	-	-	-
Profit After Taxation	159.36	7,144.94	152.35	70.82	24.32	(5.16)	(33.66)	(27.79)	(15.46)	-
Proposed Dividend	12.76	-	-	-	-	-	-	-	-	-
% of Shareholding	74.85%	100%	100% by Vega ME	100% by Vega UK	100% by Vega ME	100% by Vega ME	99% by Vega ME & 1% by AIA Engineering Ltd.	100%	100% by Vega ME	-

(a) Names of Subsidiaries which are yet to commence operations AIA Ghana Ltd., Ghana

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

Annexure-"B" (Contd.)

PART – "B": ASSOCIATES & JOINT VENTURES

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

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

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

For and on behalf of the Board of Directors

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

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

BHUPESH P. PORWAL
Chief Financial Officer

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

Place : Ahmedabad
Date : 16th May, 2018

Annexure-"C"

Business Responsibility Reporting

OVERVIEW

The Company serves the cement, power, mining and aggregates markets both national and international. In the international markets the Company markets its products under the brand name 'Vega', and as 'AIA' in the domestic market. The Directors of AIA present the Business Responsibility Report (BRR) of the Company for the Financial Year ended on 31st March, 2018, pursuant to Regulation 34 (2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

GENERAL INFORMATION

General Information about the Company

1. Corporate Identity Number (CIN) of the Company:L29259GJ1991PLC015182
2. Name of the Company: AIA Engineering Ltd
3. Registered Office Address: 115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad - 382410, Gujarat, India
4. Website: www.aiaengineering.com
5. E-mail Id: snj@aiaengineering.com
6. Financial Year/Period: 2017-18
7. Sector that Company is engaged in (Industrial activity code-wise):

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

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

Financial Details of the Company

1. Paid up Capital (INR): 18.86 Crores
2. Total Turnover (INR): 2,38,280.22 Lakhs
3. Total Profit after Taxes (INR): 46,990.66 Lakhs
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 1.65% (₹ 773.13 Lakhs)
5. Expenditure on CSR Activities in 4 above is based on Section 135 of the Companies Act 2013, read with the Rules made thereunder, the Company's CSR initiatives includes:
   - Promoting health care including preventive health care
   - Promoting education
   - Ensuring environmental sustainability
   - Protection of National Heritage, Art & Culture

Business Responsibility Reporting (Contd.)

Other Details:

Sr. No.	Disclosure item	Response
1	Does the Company have any Subsidiary Company/ Companies?	The Company has 10 subsidiary companies (including step-down subsidiaries) as on 31st March, 2018. 1. Welcast Steels Limited, Ahmedabad 2. Vega Industries (Middle East) FZC., UAE 3. Vega Industries Limited, UK 4. Vega Steel Industries (RSA) PTY Limited, South Africa 5. Wuxi Vega Trade Co. Limited, China 6. Vega Industries Indonesia, PT, Indonesia 7. Vega Industries Limited, USA 8. AIA CSR Foundation, Ahmedabad 9. Vega Industries Chile SpA, Chile 10. AIA Ghana Limited, Ghana
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	Business Responsibility initiatives of the parent Company are applicable to the Subsidiary companies to the extent that they are material in relation to the business activities of the subsidiaries
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with / participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities (less than 30%, 30-60%, more than 60%).	No

BR INFORMATION

1. Details of Director responsible for BR:

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

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

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

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

Business Responsibility Reporting (Contd.)

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

BR POLICIES AND COVERAGE OF NVG NINE PRINCIPLES:

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

Y Yes

N No

NA Not Applicable

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

** Policies available on Company website

Business Responsibility Reporting (Contd.)

3. If answer to Sr. No 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

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

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

4. Governance related to BR:

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.	The Managing Director assesses the BR performance of the Company once in 3-6 months.
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	This report comprises the Company's second BRR as per the National Voluntary Guidelines on Social, Environmental and Economic Responsibility of Business (NVG). The Company has published a separate Business Responsibility Report in its Annual Report 2016-17.

Principle-Wise Performance

Ethics, Transparency & Accountability

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

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

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

Our ethics policy will be shared with all live vendors including contractors, suppliers and all third parties in a structured engagement. We will begin assessment of key suppliers and contractors on ethical, EHS and HR considerations in the next reporting period (FY 2018-19).

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

Business Responsibility Reporting (Contd.)

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

a. Customers:39 were received, 29 were resolved

b. Employees: 3, all were resolved.

c. Shareholders / Investors: None received in the reporting period.

d. Suppliers / vendors and Contractors: 40 grievances were received, 5 remain pending

The Company has an effective vigil mechanism/ whistle blower policy in place to report to the management instances on unethical behaviour and any violation of the Company's code of conduct. There were no complaints received in 2017-18.

The Company has an Internal Complaints Committee (ICC) to redress complaints received regarding sexual harassment. No complaints were received by the ICC in 2017-18.

Products contributing to sustainability

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

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

- Product Design:

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

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

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

Customers in the mining and cement business are aware of the recyclability of the product at the end of life. The product composition being iron and steel, the customers hand over the worn-out products to recyclers for manufacture of recycled steel ingots, the Company also arranges for product buy-backs if required.

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

- Input material, energy and water
  - Over 65% of input material is sourced from scrap which is in turn sourced from the ship breaking industry
  - The process of substituting its conventional cooling towers with dry type cooling towers is under observation and trial, which, once decided, will be initiated. It will improve water consumption and performance.
  - The Company has enhanced the quality of STPs by adopting membrane technology. Grey water is processed to increase its re-usability in cooling towers and certain processes resulting in saving of 45 KL/ day.

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

Business Responsibility Reporting (Contd.)

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

- Product Labelling

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

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

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

- Fairness in sourcing

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

  I. Technical

  II. Commercial

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

- Vendor performance rating:

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

  The Company currently has 4,343 live vendors, the Company sources engineering products such as fixtures and parts that go into manufacturing of grinding media. Spare parts include standard, tailor made parts, pre-fabricated parts and fasteners.

- Stationery is procured from paper producers BILT and International Paper APPM whose plantations are sustainable managed.
- Key raw material comprises of metal scrap and Ferro chrome, the final product comprises 60-75% recycled materials such as scraps and returns. Ferro alloys are sourced from well established players such as Tata Steel, Dipak Ferro alloy, Essel mining and Team Ferro alloys.
- Sand procured is from the glass industry which produces high silica sand or from legally mined sand sources such as Ankleshwar and Surendranagar regions.
- In the last two years the Company has worked with the OEMs to improve power consumption in the foundries.
- The Company has partnered with quenching oil manufacturers to produce improved oils with a longer life.
- The Company monitors transport vehicle life and conditions, permissions and licenses. A monthly physical audit of the vehicle is done jointly by the HR and a company employee selected on a random basis.
- The Company partners with local vendors to develop their capacities for product packaging and machining of castings. Local vendor capacity has been developed for:
  a. Machining of castings
  b. Fabrication of parts
  c. Fasteners
  d. Electrification requirements such as panel boards and automation

  75% of our production is exported, Product packaging is completely local. The Company works with 2,905 local* vendors, 40% of our vendors are local, (*Local - Gujarat region)

  The Company has initiated the process of understanding the capability of key suppliers and have already assessed 20-25 core vendors on supply parameters. Performance assessment on environmental and social criteria will be conducted with critical suppliers in 2018-19, this will also include physical audits.

Business Responsibility Reporting (Contd.)

Welfare of Employees

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

The manpower at AIA Engineering Limited as on 31 March, 2018 was 1,226.

Employees Well-being

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

- Timely payment of all salaries / wages to all workers and staff.
- Top-up medical policy in addition to the individual Medi-claim and Group Term Life (GTL) policy to all permanent staff and workmen.
- Group personal accident policy (GPA) to managerial staff.
- Free transport facilities to our Moraiya and Kerala units.
- Perquisites such as subsidised food, free transport facility and uniforms, jaggery and lemon water during the summer on shop floors.
- Annual tie – ups with hospitals for health check-ups of our managerial staff. Provides data cards and mobiles to specific employees based on nature of their work.
- Car scheme for managerial category.
- Loan policy which is availed often by permanent staff and workmen.
- Rotational weekly offs for our permanent and staff workmen, they enjoy weekly offs, a work shift is not more than 8.5 hours. The Company provides 12 paid holiday & provide 12 casual leaves, and 30 privilege leaves to permanent staff and workmen.
- Contractual workmen also enjoy staggered weekly offs.
- Women enjoy all provisions as per statutory requirement including maternity benefits.
- Permanent and Contract workers are paid as per law, and statutory requirements such as PF, ESIC, Bonus, and Leave Salary are met. In case of emergencies, appropriate medical support or financial help is provided.

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

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

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

The attrition rate is < 5%, the average years of association of employees with the Company is > 10 years.

Group*	Total Strength	No. of female employees	% of female employees to total strength
Staff	956	8	0.84%
Worker	132	-	-
Casual / Temporary / Contractual	2,784	0	0.0%
D	-	-	-
Total	3,872	8	0.20%

Employees with disabilities 0%

Collective Bargaining

The Company has a union at Unit 1 in Odhav, 3.5% of total Strength viz. 39 nos. are members of the union. Workers at all other units have never expressed the desire to associate with a union.

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

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

Grievance Redressal, Safety and Security

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

Business Responsibility Reporting (Contd.)

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

The grievance redressal mechanism is deployed as follows:

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

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

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

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

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

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

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

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

Workplace Cleanliness and Hygiene:

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

	Drinking water access		Urinals	Latrines		Bathrooms	Wash Basins & others		
	Water Coolers	Drinking water Tap	Male	Male	Female	All	Hand wash	Tap	OHC
Total	**37**	**75**	**122**	**99**	**7**	**44**	**91**	**159**	**3**

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

Occupational Health and Safety

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

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

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

Safety & Fire Training Programs: The Company conducted more than 400 trainings in the reporting period covering 4600+ Participants.

Business Responsibility Reporting (Contd.)

LTIFR/ LDR/ Absentee Rate

Safety performance	Grinding Media	VSMS-Liner
	FY 2017-18	FY 2017-18
LTIR	6.11	2.29
LTIFR	2.35	0.92
LTISR	2.35	0.92

Training and Development

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

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

Second line leadership development:

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

Stakeholder Engagement

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

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

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

Employees

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

- Celebration of birthdays, festivals at Kerala plant
- One day picnic for Kerala plant
- Annual sports events at all units
- Awards and appreciation letter for completion of projects at the Kerala plant
- Completion of 25 years of service - hosting an appreciation event for the employee
- Training activities, safety day, safety competition and awards
- 5S awareness training programmes, and deployment of 1S and 2S at Moraiya, Kerala and Units 12 &13 at Odhav resp.

The Company plans to continue to expand its activities and extend the same to other units. Employee grievances received, addressed and resolved were a total of 3 in FY 2017-18.

Contractors

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

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

Statutory bodies

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

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

Shareholders

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

The Company intimates analysts and engages with them on the quarterly performance of the Company vide a concall, Q&A sessions. These analysts may

Business Responsibility Reporting (Contd.)

represent shareholders also, they predominantly use this interaction to communicate important trends to their clients.

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

Vendors

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

Grievances have been on account of payment cycle, single window communication, retention money and C- Forms, 40 grievances were received and addressed, 5 remains pending as on 31st March, 2018.

Vendor Capacity Building

The Company has undertaken a GST (Goods and Service Tax) training programme for our key vendors, a presentation that helps vendors understand the procedures, requirements and the registration process has been developed for this purpose.

Customers

The Company engages with customers through:

a. One-on-one meetings (sales meets)
b. Technical seminars organised by AIA in Ahmedabad (2 times a year)
c. Customer organises for technical meets, knowledge sharing
d. Email communication on technical developments, achievements

Vulnerable and marginalised stakeholders

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

Human Rights

Principle 5: Businesses should respect and promote human rights

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

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

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

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

Environment

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

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

The Company has initiated the implementation of Integrated Management Systems (ISO 14001:2015 OHSAS 18001:2007) and strives to improve its performances on a continuous basis.

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

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

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

- Raw material

  The main raw material which is steel is sourced through procurement of scrap from the ship-breaking industry.

  The Company mitigates the challenge of raw materials (scrap) by maintaining minimum 2 months stock since during the monsoons mining of bentonite and sand is risky. The Company similarly stocks Ferro chrome and maintains a high inventory of spares to ensure zero down time.

Business Responsibility Reporting (Contd.)

- Recycling of moulding sand

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

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

- Clean technology

  The Company has moved from LDO fired heat treatment furnaces to PNG fired in Kerala, 6 out of 8 heat treatment furnaces in Moraiya have also switched over, these initiatives were undertaken 2014 onwards.

- Energy

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

  Changing the induction coils in the melting furnaces at our Moraiya units to reduce energy consumed per ton of liquid metal. The Company saved approx. 15 kWh/Metric ton of liquid metal.

  Converting the high HP motors at Kerala to I 3 types. The same has already been initiated in Moraiya during the reporting period.

- Renewable energy

  The Company has installed a 2.1 MW Wind Turbine Generator (WTG) in Kutch which provides power to Moraiya Units, 2.4% of the energy consumed is replaced by renewable energy.

  Renewable energy generated in FY 2017-18 by the WTG is 36,33,961 KWH against total energy requirement of 15,05,93,209 kWh/Annum.

- Water

  The Company consumes 197,474 kl/annum of ground water. Water meters are installed at points of withdrawal and water balance is maintained.

Water conservation projects:

1. External spaces have been greened by planting tri-colour, red and white alternethra plants in the Kerala units, this replaced the conventional water intensive lawns.
2. Moraiya and Kerala plants have recharge wells where roof top water is channelled for ground water recharge.
3. Moraiya and Kerala plants are also zero discharge units.
4. Domestic (canteen, wash room) waste water is treated and reused in the sand and casting cooling processes.

- Waste

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

1. Currently, 25% of waste sand generated (fines and waste/ slag residue) is reused for:
   - Co-processing in the cement industry
   - Re-use at industrial constructions (roads and pavements)
2. Approx. 100kgs of canteen waste, dried leaves and vegetation generated at the Kerala plant is processed in the recently installed Bioneer composting plant. The manure generated is used in the horticulture garden and lawns.
3. The Company plans to introduce the Bioneer machines in Moriya and Odhav over the next two years.

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

Key Criteria		Unit of Measure	Grinding Media	Liners-VSMS
			2017-18	2017-18
Energy	Furnace Power/Metric Ton of Liquid metal charge	KWH	628.09	609.56
	PNG for Heat Treatment/Metric Ton of Gas fired quenched production	SCM	35.05	66.87
Water	Usage of Water for Production unit (KL/MT)	KL/MT	1.15	1.08
Waste	Waste sand & slag residue (MT) per Metric ton of production	MT/MT Of Production	0.05	0.052

Business Responsibility Reporting (Contd.)

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

- Air Emissions

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

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

- Industrial waste water

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

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

Policy Advocacy

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

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

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

Inclusive Growth

Principle 8: Businesses should support inclusive growth and equitable development

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

The Company has made contributions to various NGO/ Agencies for various CSR projects for the period under review and has spent ₹ 773.13 Lakhs towards the same. The Company through feedback from the NGO/ Agencies ensures that the contribution made by the Company is utilised for the purpose for which it was made and that the community development initiative is successfully adopted by the community.

Please refer to the CSR Report annexed to the Board's Report of FY 2017-18.

The Company has incorporated a Section 8 Company 'AIA CSR Foundation' during F.Y. 2015-16 and desires to spend its CSR funds through the Foundation. The Foundation is rigorously evaluating suitable projects to finalise its CSR spends.

Value to customers

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

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

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

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

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

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

A total of 39 customer complaints were received, 29 of these were addressed and resolved at the end of 2017-18, while 10 remain pending.

ANNEXURE-"D"
Dividend Distribution Policy

OBJECTIVE:

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

PHILOSOPHY:

The philosophy of the Company is to maximise the shareholders' wealth in the Company through various means. The Company believes that driving growth creates maximum shareholder value. Thus, the Company would first utilise its profits for working capital requirements, capital expenditure to meet expansion needs, reducing debt from its books of accounts, earmarking reserves for inorganic growth opportunities and thereafter distributing the surplus profits in the form of dividend to the shareholders.

REGULATORY FRAMEWORK:

The Securities and Exchange Board of India ("SEBI") vide its Notification dated July 08, 2016 has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy (the "Policy") in place by the top five hundred listed companies based on their market capitalization calculated as on the 31st day of March of every year.

The Company being one of the top five hundred listed companies as per the market capitalization as on the last day of the immediately preceding financial year, frames this policy to comply with the requirements of the SEBI Listing Regulations.

The Policy shall not apply to:

- Determination and declaring dividend on preference shares as the same will be as per the terms of issue approved by the shareholders.
- Distribution of dividend in kind, i.e. by issue of fully or partly paid bonus shares or other securities, subject to applicable law;
- Distribution of cash as alternative to payment of dividend by way of buyback of equity shares.

GENERAL POLICY OF THE COMPANY AS REGARDS DIVIDEND:

The general consideration of the Company for taking decisions with regard to dividend payout or retention of profits shall be as following:

1. Subject to the considerations as provided in the Policy, the Board shall determine the dividend payout in a particular year after taking into consideration the operating and financial performance of the Company, the advice of Advisory Board and other relevant factors.
2. The Board may also, where appropriate, aim at distributing dividends in kind, subject to applicable law, in form of fully or partly paid shares or other securities.
3. Company's Dividend Policy is to distribute 10-25% of its consolidated net profit as dividend (including Dividend Distribution Tax).

A. CIRCUMSTANCES UNDER WHICH DIVIDEND PAYOUT MAY OR MAY NOT BE EXPECTED:

The shareholders of the Company may not expect Dividend under the following circumstances:

- Whenever it undertakes or proposes to undertake a significant expansion project requiring higher allocation of capital;
- Significantly higher working capital requirements adversely impacting free cash flow;
- Whenever it undertakes any acquisitions or joint ventures requiring significant allocation of capital;
- Whenever it proposes to utilise surplus cash for buy-back of securities;
- In the event of inadequacy of profits or whenever the Company has incurred losses.

B. PARAMETERS FOR DECLARATION OF DIVIDEND:

In line with the philosophy stated above, the Board of the Company shall consider the following parameters for declaration of Dividend.

The Financial Parameters/Internal Factors:

The Board of the Company would consider the following financial parameters before declaring or recommending dividend to shareholders:

- Consolidated net operating profit after tax;
- Working Capital requirements;
- Capital expenditure requirements;
- Resources required to fund acquisitions and/or new businesses;
- Cash flow required to meet contingencies;
- Outstanding borrowings;
- Past Dividend Trends;
- Net sales of the Company;
- Return on invested capital; and
- Any other factor as deemed fit by the Board.

Annexure-"D"
Dividend Distribution Policy(contd.)

C. INTERNAL & EXTERNAL FACTORS TO BE CONSIDERED FOR DECLARATION OF DIVIDEND:

The Board of the Company would consider the following internal/external factors before declaring or recommending dividend to shareholders:

INTERNAL FACTORS

- Past performance/reputation of the Company
- Age of the Company and its product/market

EXTERNAL FACTORS

- Prevailing legal requirements, regulatory conditions or restrictions laid down under the Applicable Laws including tax laws;
- Dividend pay-out ratios of companies in the same industry;
- Product/Market expansion plan;
- Macroeconomic conditions; and
- Expectations of major stakeholders including small shareholders.

D. MANNER OF UTILIZATION OF RETAINED EARNINGS:

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan;
- Product expansion plan;
- Increase in production capacity;
- Modernization plan;
- Diversification of business;
- Long term strategic plans;
- Replacement of capital assets;
- Where the cost of debt is expensive; and
- Other such criteria as the Board may deem fit from time to time.

E. PARAMETERS FOR VARIOUS CLASSES OF SHARES:

1. The factors and parameters for declaration of dividend to different class of shares of the Company shall be same as covered above.
2. The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.
3. The dividends shall be paid out of the Company's distributable profits and/or general reserves, and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.

Dividend when declared shall be first paid to the preference shareholders of the Company as per the terms and conditions of their issue.

AMENDMENT

This Policy would be subject to modification in accordance with the guidelines/clarifications as may be issued from time to time by relevant statutory and regulatory authority. The Board may modify, add or amend any of the provisions of this Policy. Any exceptions to the Dividend Distribution Policy must be consistent with the Regulations and must be approved in the manner as may be decided by the Board.

Annexure-"E"

FORM NO.MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

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

To,

The Members,

AIA Engineering Limited

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion read with Annexure A forming part of this report, the Company has, during the audit period covering the financial year ended on 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

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

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

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

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

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

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

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

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

We have also examined compliance with the applicable clauses of

1. Secretarial Standards issued by the Institute of Company Secretaries of India.
2. The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited.
3. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

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

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

WE FURTHER REPORT THAT

a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors.

b) Adequate notice is given at least seven days in advance to all directors to schedule the Board Meetings. As informed to us, the Company has also provided agenda and detailed notes on agenda to

the directors, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c) Majority decision is carried through while the dissenting members' views are captured and recorded, wherever applicable, as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with other applicable Laws, Rules, Regulations and Guidelines.

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

1. Shareholders' approval by way of Special Resolution has been obtained for re-appointment of Mr. Yashwant M Patel as Whole time Director of the Company pursuant to Section 196, 197 etc. of the Companies Act, 2013.
2. Shareholders' approval by way of Ordinary Resolution has been obtained for related party transactions with Subsidiary Company pursuant to Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI Listing Regulations.
3. Shareholders' approval by way of Special Resolution has been obtained for adoption of new Articles of Association of the Company pursuant to Section 14 of the Companies Act, 2013.
4. Shareholders' approval by way of Special Resolution has been obtained for Keeping of Register/Index of Members at a place other than the Registered Office of the Company pursuant to Section 94 of the Companies Act, 2013.

FOR TUSHAR VORA & ASSOCIATES
Company Secretaries

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

16th, May, 2018
Place : Ahmedabad

"Annexure A"

To

The Members

AIA Engineering Limited

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

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

FOR TUSHAR VORA & ASSOCIATES
Company Secretaries

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

16th, May, 2018
Place : Ahmedabad

Annexure-"F"

FORM MGT 9

extract of annual return
as on the Financial Year ended 31st March, 2018

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

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

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATES COMPANIES:

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

FORM MGT 9 EXTRACT OF ANNUAL RETURN (Contd.)

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

i) Category - wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the Year				% Change during this year
	Demat	Physical	Total	%	Demat	Physical	Total	%	
A. PROMOTERS									
(1) Indian									
a) Individual/HUF	5,81,48,920	-	5,81,48,920	61.65%	5,81,48,920	-	5,81,48,920	61.65%	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt.(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	-	-	-	-	-	-	-	-	-
e) Banks/FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(1)	5,81,48,920	-	5,81,48,920	61.65%	5,81,48,920	-	5,81,48,920	61.65%	-
(2) Foreign									
a) NRI Individual	-	-	-	-	-	-	-	-	-
b) Other - Individual	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks /FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**5,81,48,920**	**-**	**5,81,48,920**	**61.65%**	**5,81,48,920**	**-**	**5,81,48,920**	**61.65%**	**-**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	51,30,648	-	51,30,648	5.44%	94,96,604	-	94,96,604	10.07%	4.63%
b) Banks/Fis	80,042	-	80042	0.08%	1,34,318	-	1,34,318	0.14%	0.06%
c) Cental Govt.	-	-	-	-	1,91,416	-	1,91,416	0.20%	0.20%
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	2,62,25,579	-	2,62,25,579	27.80%	2,17,78,289	-	2,17,78,289	23.09%	(4.72%)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others- Alternate Investment Fund	-	-	-	-	1,55,000	-	1,55,000	0.16%	0.16%
Sub-Total (B)(1)	**3,14,36,269**	**-**	**3,14,36,269**	**33.33%**	**3,17,55,627**	**-**	**3,17,55,627**	**33.67%**	**0.34%**
(2) Non- Institutional									
a) Bodies Corporate									
(i) Indian	25,01,549	-	25,01,549	2.65%	21,22,977	-	21,22,977	2.25%	(0.40%)
(ii) Overseas	-	-	-	-	-	-	-	-	-

FORM MGT 9 EXTRACT OF ANNUAL RETURN (Contd.)

B. PUBLIC SHAREHOLDING (CONTD.)

Category of Shareholders	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the Year				% Change during this year
	Demat	Physical	Total	%	Demat	Physical	Total	%	
b) Individuals									
(i) Individuals Shareholders holding share capital upto ₹ 1 Lac	18,25,641	2630	1828271	1.94%	19,12,000	2630	19,14,630	2.03%	0.09%
(ii) Individuals Shareholders holding share capital in excess of ₹ 1 Lac	55,082	-	55,082	0.06%	54,482	-	54,482	0.06%	0.00%
c) Others - Specify									
Clearing Member	82,762	-	82,762	0.09%	55,847	-	55,847	0.06%	-0.03%
NRI/NRI Repat	1,70,004	-	1,70,004	0.18%	1,76,701	-	1,76,701	0.19%	0.01%
Hindu Undivided Family	96,651	-	96,651	0.10%	90,324	-	90324	0.09%	-0.01%
Trust	862	-	862	-	862	-	862	-	-
Sub-Total (B)(2)	**47,32,551**	**2,630**	**47,35,181**	**5.02%**	**44,13,193**	**2630**	**44,15,823**	**4.68%**	**-0.34%**
Total Public Shareholding (B) = B(1) +B(2)	**3,61,68,820**	**2,630**	**3,61,71,450**	**38.35%**	**3,61,68,820**	**2630**	**3,61,71,450**	**38.35%**	**-**
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total(A+B+C)	**9,43,17,740**	**2,630**	**9,43,20,370**	**100%**	**9,43,17,740**	**2630**	**9,43,20,370**	**100%**	**-**

ii) Shareholding of Promoters and Promoter Group:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in shareholding during the year
		No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	No. of Shares	% of total shares of the Company	% of shares pledged/encumbered to total shares	
1	Bhadresh K. Shah	5,81,28,900	61.63	-	5,81,28,900	61.63	-	-
2	Khushali Shah	10,010	0.01	-	10,010	0.01	-	-
3	Bhumika Shah	10,005	0.01	-	10,005	0.01	-	-
4	Gita B. Shah	5	-	-	5	-	-	-
	Total	**5,81,48,920**	**61.65**	**-**	**5,81,48,920**	**61.65**	**-**	**-**

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

Particulars	Shareholidng at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
At the beginning of the year	5,81,48,920	61.65	5,81,48,920	61.65
Date-wise Increase/Decrease in Promoters shareholding during the years specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ swear equity etc.)	-	-	-	-
At the end of the year	5,81,48,920	61.65	5,81,48,920	61.65

FORM MGT 9 EXTRACT OF ANNUAL RETURN (Contd.)

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

Sr. No.	Particular	Shareholding at the beginning of the year 1st April, 2017		Date	Increase/ Decrease	Reason	Cumulative Shareholding during the year 2017-2018		Shareholding at the end of the year 31st March, 2018	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Nalanda India Equity Fund Limited	91,27,809	9.68	-	-	-	91,27,809	9.68	91,27,809	9.68
2	HDFC Trustee Company Limited -A/c HDFC Mid Capopportunities Fund	14,53,809	1.54	01 Dec 2017	5,00,000	Transfer	19,53,809	2.07	23,84,409	2.53
				08 Dec 2017	1,86,600	Transfer	21,40,409	2.27		
				15 Dec 2017	73,000	Transfer	22,13,409	2.35		
				22 Dec 2017	1,71,000	Transfer	23,84,409	2.53		
3	Matthews India Fund	29,78,540	3.16	07 Apr 2017	(41,598)	Transfer	29,36,942	3.11	23,62,314	2.50
				14 Apr 2017	(3,105)	Transfer	29,33,837	3.11		
				22 Dec 2017	(2,00,000)	Transfer	27,33,837	2.90		
				29 Dec 2017	(73,603)	Transfer	26,60,234	2.82		
				05 Jan 2018	(1,26,397)	Transfer	25,33,837	2.69		
				12 Jan 2018	(40,000)	Transfer	24,93,837	2.64		
				09 Feb 2018	(92,548)	Transfer	24,01,289	2.55		
				16 Feb 2018	(38,975)	Transfer	23,62,314	2.50		
4	SBI Magnum Balanced Fund	0	0.00	30 Jun 2017	3,62,540	Transfer	3,62,540	0.38	17,92,212	1.90
				07 Jul 2017	2,43,165	Transfer	6,05,705	0.64		
				14 Jul 2017	94,295	Transfer	7,00,000	0.74		
				01 Sep 2017	1,34,365	Transfer	8,34,365	0.88		
				08 Sep 2017	1,19,886	Transfer	9,54,251	1.01		
				01 Dec 2017	7,05,719	Transfer	16,59,970	1.76		
				08 Dec 2017	1,32,242	Transfer	17,92,212	1.90		
5	L & T Mutual Fund Trustee Limited - L & T Emerging Business Fund	3,50,650	0.37	09 Jun 2017	5,000	Transfer	3,55,650	0.38	15,11,815	1.6
				16 Jun 2017	19,300	Transfer	3,74,950	0.40		
				23 Jun 2017	68,950	Transfer	4,43,900	0.47		
				30 Jun 2017	10,100	Transfer	4,54,000	0.48		
				07 Jul 2017	9,671	Transfer	4,63,671	0.49		
				14 Jul 2017	8,528	Transfer	4,72,199	0.50		
				28 Jul 2017	60,426	Transfer	5,32,625	0.56		
				18 Aug 2017	1,329	Transfer	5,33,954	0.57		
				25 Aug 2017	64,409	Transfer	5,98,363	0.63		
				01 Sep 2017	32,262	Transfer	6,30,625	0.67		
				15 Sep 2017	12,626	Transfer	6,43,251	0.68		
				22 Sep 2017	7,417	Transfer	6,50,668	0.69		
				29 Sep 2017	37,375	Transfer	6,88,043	0.73		
				06 Oct 2017	15	Transfer	6,88,058	0.73		
				13 Oct 2017	19,396	Transfer	7,07,454	0.75		
				10 Nov 2017	1,701	Transfer	7,09,155	0.75		
				17 Nov 2017	4,429	Transfer	7,13,584	0.76		
				08 Dec 2017	13,015	Transfer	7,26,599	0.77		
				15 Dec 2017	1,06,031	Transfer	8,32,630	0.88		
				22 Dec 2017	2,69,481	Transfer	11,02,111	1.17		
				29 Dec 2017	43,329	Transfer	11,45,440	1.21		
				05 Jan 2018	1,55,498	Transfer	13,00,938	1.38		
				12 Jan 2018	1,00,733	Transfer	14,01,671	1.49		

FORM MGT 9 EXTRACT OF ANNUAL RETURN (Contd.)

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

Sr. No.	Particular	Shareholding at the beginning of the year 1st April, 2017		Date	Increase/ Decrease	Reason	Cumulative Shareholding during the year 2017-2018		Shareholding at the end of the year 31st March, 2018	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
5	L & T Mutual Fund Trustee Limited - L & T Emerging Business Fund	3,50,650	0.37	02 Feb 2018	28,351	Transfer	14,30,022	1.52	15,11,815	1.60
				09 Feb 2018	8,800	Transfer	14,38,822	1.53		
				16 Feb 2018	58,335	Transfer	14,97,157	1.59		
				23 Feb 2018	14,658	Transfer	15,11,815	1.60		
6	Pinebridge Investments GF Mauritus Limited	21,89,588	2.32	07 Apr 2017	(20,668)	Transfer	21,68,920	2.30	14,15,047	1.50
				18 Aug 2017	(75,000)	Transfer	20,93,920	2.22		
				25 Aug 2017	(5,500)	Transfer	20,88,420	2.21		
				10 Nov 2017	(70,000)	Transfer	20,18,420	2.14		
				08 Dec 2017	(1,35,000)	Transfer	18,83,420	2.00		
				15 Dec 2017	(1,25,000)	Transfer	17,58,420	1.86		
				22 Dec 2017	(60,000)	Transfer	16,98,420	1.80		
				02 Feb 2018	(2,41,866)	Transfer	14,56,554	1.54		
				09 Feb 2018	(41,507)	Transfer	14,15,047	1.50		
7	ICICI Prudential Long Term Equity Fund Tax Savings	8,78,956	0.93	07 Apr 2017	(8,660)	Transfer	8,70,296	0.92	12,21,531	1.30
				26 May 2017	17,660	Transfer	8,87,956	0.94		
				02 Jun 2017	83,853	Transfer	9,71,809	1.03		
				16 Jun 2017	99,469	Transfer	10,71,278	1.14		
				23 Jun 2017	22,487	Transfer	10,93,765	1.16		
				30 Jun 2017	2,488	Transfer	10,96,253	1.16		
				07 Jul 2017	954	Transfer	10,97,207	1.16		
				04 Aug 2017	32,726	Transfer	11,29,933	1.20		
				11 Aug 2017	2,543	Transfer	11,32,476	1.20		
				01 Sep 2017	(53,843)	Transfer	10,78,633	1.14		
				10 Nov 2017	75,431	Transfer	11,54,064	1.22		
				17 Nov 2017	64,569	Transfer	12,18,633	1.29		
				24 Nov 2017	45,803	Transfer	12,64,436	1.34		
				08 Dec 2017	27,262	Transfer	12,91,698	1.37		
				15 Dec 2017	(27,480)	Transfer	12,64,218	1.34		
				22 Dec 2017	(13,373)	Transfer	12,50,845	1.33		
				12 Jan 2018	(41,710)	Transfer	12,09,135	1.28		
				19 Jan 2018	4,871	Transfer	12,14,006	1.29		
				09 Feb 2018	73,954	Transfer	12,87,960	1.37		
				31 Mar 2018	(66,429)	Transfer	12,21,531	1.30		
8	Goldman Sachs India Limited	712969	0.76	30 Jun 2017	45,341	Transfer	7,58,310	0.80	8,91,944	0.95
				07 Jul 2017	56,676	Transfer	8,14,986	0.86		
				14 Jul 2017	77,008	Transfer	8,91,994	0.95		
9	Kotak Select Focus Fund	578720	0.61	07 Apr 2017	148	Transfer	5,78,868	0.61	6,54,837	0.69
				14 Apr 2017	632	Transfer	5,79,500	0.61		
				21 Apr 2017	3,616	Transfer	5,83,116	0.62		
				05 May 2017	5,884	Transfer	5,89,000	0.62		
				19 May 2017	5,000	Transfer	5,94,000	0.63		
				26 May 2017	10,000	Transfer	6,04,000	0.64		

FORM MGT 9 EXTRACT OF ANNUAL RETURN (Contd.)

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

Sr. No.	Particular	Shareholding at the beginning of the year 1st April, 2017		Date	Increase/ Decrease	Reason	Cumulative Shareholding during the year 2017-2018		Shareholding at the end of the year 31st March, 2018	
		No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
9	Kotak Select Focus Fund	5,78,720	0.61	02 Jun 2017	92	Transfer	6,04,092	0.64	6,54,837	0.69
				16 Jun 2017	9,107	Transfer	6,13,199	0.65		
				30 Jun 2017	801	Transfer	6,14,000	0.65		
				24 Nov 2017	(323)	Transfer	6,13,677	0.65		
				15 Dec 2017	(917)	Transfer	6,12,760	0.65		
				05 Jan 2018	50,000	Transfer	6,62,760	0.70		
				02 Feb 2018	(7,923)	Transfer	6,54,837	0.69		
10	Burgundy Emerging Markets Fund	6,18,247	0.66	07 Apr 2017	(4,161)	Transfer	6,14,086	0.65	6,34,325	0.67
				14 Apr 2017	(2,783)	Transfer	6,11,303	0.65		
				21 Apr 2017	(1,963)	Transfer	6,09,340	0.65		
				28 Apr 2017	(1,243)	Transfer	6,08,097	0.64		
				06 Oct 2017	4,733	Transfer	6,12,830	0.65		
				27 Oct 2017	2,404	Transfer	6,15,234	0.65		
				03 Nov 2017	16,491	Transfer	6,31,725	0.67		
				10 Nov 2017	2,122	Transfer	6,33,847	0.67		
				24 Nov 2017	478	Transfer	6,34,325	0.67		
11	Bajaj Allianz Life Insurance Company Limited	5,75,481	0.61	19 May 2017	(8,500)	Transfer	5,66,981	0.60	4,57,982	0.49
				26 May 2017	(15,000)	Transfer	5,51,981	0.59		
				30 Jun 2017	5,000	Transfer	5,56,981	0.59		
				14 Jul 2017	(6,000)	Transfer	5,50,981	0.58		
				25 Aug 2017	(31,000)	Transfer	5,19,981	0.55		
				01 Sep 2017	(25,000)	Transfer	4,94,981	0.52		
				08 Sep 2017	-25,000	Transfer	4,69,981	0.50		
				15 Sep 2017	(7,600)	Transfer	4,62,381	0.49		
				06 Oct 2017	5,601	Transfer	4,67,982	0.50		
				15 Dec 2017	20,000	Transfer	4,87,982	0.52		
				12 Jan 2018	(50,000)	Transfer	4,37,982	0.46		
				02 Feb 2018	5,000	Transfer	4,42,982	0.47		
				16 Mar 2018	8,000	Transfer	4,50,982	0.48		
				23 Mar 2018	5,000	Transfer	4,55,982	0.48		
				31 Mar 2018	2,000	Transfer	4,57,982	0.49		
12	Jwalamukhi Investment Holdings	12,11,932	1.28	24 Nov 2017	(1,211,932)	Transfer	0	0.00	0	0.00

FORM MGT 9 EXTRACT OF ANNUAL RETURN (Contd.)

v) Shareholidng of Directors and Key Managerial Personnel:

Particulars	Shareholding at the beginning of the year 1st April, 2017		Date	Increase/ Decrease	Reason	Cumulative Shareholding during the year 2017-2018		Shareholding at the end of the year 31st March, 2018	
	No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mr. Bhadresh K. Shah - *Managing Director*	5,81,28,900	61.63	-	-	-	5,81,28,900	61.63	5,81,28,900	61.63
Mr. Rajendra S. Shah - *Director*	847	-	-	-	-	847	-	847	-
Mrs. Khushali S. Solanki - *Director*	10,010	0.01	-	-	-	10,010	0.01	10,010	0.01
Mrs. Bhumika S. Shodhan - *Director*	10,005	0.01	-	-	-	10,005	0.01	10,005	0.01
Mr. Yashwant M. Patel, *Whole-Time Director,* **Dr. S. Srikumar, Mr. Rajan Harivallabhdas, Mr. Sanjay S. Majmudar & Mr. Dileep C. Choksi -** *Directors*	None of the directors hold shares in the Company								

Particulars	Shareholding at the beginning of the year 1st April, 2017		Date	Increase/ Decrease	Reason	Cumulative Shareholding during the year 2017-2018		Shareholding at the end of the year 31st March, 2018	
	No. of Shares	% of total shares of the Company				No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
Mr. Kunal D. Shah - *Executive Director - Finance* **(Ceased to be as CFO w.e.f. 14.11.2017)**	1,250	-	-	-	-	-	-	1,250	-
Mr. Bhupesh P. Porwal - *Chief Financial Officer* **(Appointed w.e.f. 14.11.2017)**	-	-	-	-	-	-	-	-	-
Mr. S. N. Jetheliya - *Company Secretary*	9,200	0.01	-	-	-	9,200	0.01	9,200	0.01

FORM MGT 9 EXTRACT OF ANNUAL RETURN (Contd.)

vi) INDEBTEDNESS:

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

₹ in Lakhs

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	6,719.27	7,300.78	-	14,020.05
ii) Interest due but not paid	27.33	-	-	27.33
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**6,746.60**	**7,300.78**	**-**	**14,047.38**
Change in Indebtedness during the Financial Year				
i) Addition	5,060.69	-	-	5,060.69
ii) Reduction	-	(7,300.78)	-	(7,300.78)
Net Change	**5,060.69**	**(7,300.78)**	**-**	**2,240.09**
Indebtedness at the end of the Financial Year				
i) Principal Amount	11,794.31	-	-	11,794.31
ii) Interest due but not paid	12.98	-	-	12.98
iii) Interest accrued but not due	-	-	-	
Total(i+ii+iii)	**11,807.29**			**11,807.29**

vii) Remuneration of Directors and Key Managerial Personnel:

A. Remuneration of Managing Director and Whole Time Director:

₹ in Lakhs

Sr. No.	Particulars of Remuneration	Name of MD/WTD		Total Amount
		Mr. Bhadresh K. Shah	Mr. Yashwant M. Patel	
1	Gross Salary			
	a) Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961	74.63	24.40	99.03
	b) Value of perquisite u/s 17(2) of the Income Tax Act, 1961	36.05	0.32	36.37
	c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-		
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - As % of Profit (Others, specify)	-	-	-
5	Others, Please Specify	-	-	-
	Total	**110.68**	**24.72**	**135.40**

FORM MGT 9 EXTRACT OF ANNUAL RETURN (Contd.)

B. Remuneration to other Directors:

₹ in Lakhs

Sr. No.	Particular of Remuneration	Names of Other Directors				
		Mr. Dileep C. Choksi	Mr. Rajendra S. Shah	Mr. Sanjay S. Majmudar	Mr. Rajan Harival-labhdas	Total Amount
1	**Gross Salary**					
	a) Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961	-	-	-	-	-
	b) Value of perquisite u/s 17(2) of the Income Tax Act, 1961	-	-	-	-	-
	c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	**Stock Option**	-	-	-	-	-
3	**Sweat Equity**	-	-	-	-	-
4	**Commission - As % of Profit (Others, specify)**	-	-	22.50	-	22.50
5	**Others, Sitting Fees**	0.30	1.15	1.15	0.90	3.50
	Total	**0.30**	**1.15**	**23.65**	**0.90**	**26.00**

Other Non-Executive Directors:

₹ in Lakhs

Sr. No.	Particular of Remuneration	Names of Other Non-Executive Directors			
		Dr. S. Srikumar	Mrs. Khushali S. Solanki	Mrs. Bhumika S. Shodhan	Total Amount
1	**Gross Salary**				
	a) Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961	-	-	-	-
	b) Value of perquisite u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	**Stock Option**	-	-	-	-
3	**Sweat Equity**	-	-	-	-
4	**Commission - As % of Profit (Others, specify)**	-	-	-	-
5	**Others, Sitting Fees**	-	0.60	0.75	1.35
	Total	**-**	**0.60**	**0.75**	**1.35**

FORM MGT 9 EXTRACT OF ANNUAL RETURN (Contd.)

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

₹ in Lakhs

Sr. No.	Particular of Remuneration	Key Managerial Personnel (Other than MD/WTD)			
		Executive Director Finance (upto 14.11.2017)	Chief Financial Officer (w.e.f. 14.11.2017)	Company Secretary	Total Amount
1	**Gross Salary**				
	a) Salary as per provision contained in Section 17(1) of the Income Tax Act, 1961	28.11	28.32	47.07	103.50
	b) Value of perquisite u/s 17(2) of the Income Tax Act, 1961	0.03	0.55	0.48	1.06
	c) Profit in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	**Stock Option**	-	-	-	-
3	**Sweat Equity**	-	-	-	-
4	**Commission - As % of Profit (Others, specify)**	-	-	-	-
5	**Others, Please Specify**	-	-	-	-
	Total	**28.14**	**28.87**	**47.55**	**104.56**

V PENTALTIES/PUNISHMENT/COMPUNDING OF OFFENCES:

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

Annexure-"G"

Annual Report on the Corporate Social Responsibility (CSR) Activities pursuant to the Companies (Corporate Social Responsibility Policy) Rules, 2014

1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

   Company's vision on CSR is to enhanced the quality of life and the economic will being of communities around our operations.

   For detailed policy, please refer http://www.aiaengineering.com/Finances/pdf/csr%20policy.pdf

2. The Composition of CSR Committee : The Company has a CSR Committee of Directors comprising of Mr. Bhadresh K. Shah, Chairman of the Committee, Mr. Yashwant M. Patel and Mr. Sanjay S. Majmudar.

3. CORPORATE SOCIAL RESPONSIBILITY (CSR) STATEMENT:

Sr. No.	Particulars	Amount (₹ in Lakhs)
1.	Average Net Profit of the Company for the last three years	53,982.70
2.	Prescribed CSR Expenditure (2% of the Amount of Net Profit)	1,079.65
3.	Details of CSR spent during the financial year	
	a) Total Amount spent for the financial year	773.13
	b) Amount unspent, if any	306.52
	c) Manner in which the amount spent during the financial year is given in a separate table	on next page

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

   The amount required to be spent on CSR activities during the year under report in accordance with the provisions of Section 135 of the Companies Act, 2013 and rules made thereunder is ₹ 1,079.65 Lakhs and the Company has spent ₹ 773.13 Lakhs during the financial year ended 31st March, 2018. The shortfall in the spending during the year under report is intended to be utilized in a phased manner in future, upon identification of suitable projects within the Company's CSR Policy.

5. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board,

Place : Ahmedabad
Date : 16th May, 2018

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

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

Annexure-"G" (Contd.)

Manner in which CSR amount was spent during the financial year

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise (₹ Lakhs)**	**Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads (₹Lakhs)**	**Cumulative expenditure upto to the reporting period (₹ Lakhs)**	**Amount spent : Direct or through implementing agency***
1	Prevention & Promoting Health care	Cl(i) - Healthcare	Local	450.00	450.00	450.00	Samast Patidar Aarogya Trust (Kiran Multi Super Speciality Hospital & Research Centre, Surat)
2.	Promotion of Education	Cl (ii) - Education of disabled students	Local	5.00	5.00	5.00	Vidya Charitable Trust
3.	Prevention & Promoting Health care	Cl(i) - Healthcare	Local	17.40	17.40	17.40	Nihar Charitable Trust
4.	Protection of National Heritage, Art & Culture	Cl(v)- Heritage, Art & Culture	Local	0.25	0.25	0.25	Saptak Annual Music Festival
5.	Prevention & Promoting Health care	Cl(i) - Healthcare	Local	20.00	20.00	20.00	Dr. Jivraj Mehta Smarak Health Foundation
6.	Prevention & Promoting Health care	Cl(i) - Healthcare	Local	10.00	10.00	10.00	Muljibhai Patel Society for Research in Nephro-Urolgy, Nadiad
7.	Protection of National Heritage, Art & Culture	Cl(v)- Heritage, Art & Culture	Local	10.00	10.00	10.00	Karmashetra Educational Foundation
8.	Protection of National Heritage, Art & Culture	Cl(v)- Heritage, Art & Culture	Local	1.00	1.00	1.00	Shree Jagannath Cultural Acedemy & Research Centre
9.	Prevention & Promoting Health care	Cl(i) - Healthcare	Local	11.00	11.00	11.00	Kanoria Hospital & Research Centre
10.	Prevention & Promoting Health care	Cl(i) - Healthcare	Local	11.00	11.00	11.00	The Gujarat Cancer Society
11.	Prevention & Promoting Health care	Cl(i) - Healthcare	Local	11.00	11.00	11.00	Sanjivani Health and Relief Committee
12.	Eradicating Hunger & Development of Children	Cl. (i) - Eradicating Hunger & development of Children	Local	10.00	10.00	10.00	Akshay Patra Foundation

Annexure-"G" (Contd.)

₹ in Lakhs

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	**CSR project or activity identified**	**Sector in which the Project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise (₹ Lakhs)**	**Amount spent on the projects or programs Sub – heads: (1) Direct expenditure on projects or programs (2) Overheads (₹ Lakhs)**	**Cumulative expenditure upto to the reporting period (₹ Lakhs)**	**Amount spent : Direct or through implementing agency***
13.	Prevention & Promoting Health care	Cl(i) - Healthcare	Local	15.00	15.00	15.00	Ashirvad Education Trust
14.	Promotion of Education	Cl (ii) -Education	Uttar Pradesh	25.00	25.00	25.00	IIT, Kanpur
15.	Promotion of Education of Differently Abled persons	Cl. (ii) – Education of Differently Abled Persons	Local	11.00	11.00	11.00	Aastha Charitable Trust for Welfare of the mentally Challenged, Ahmedabad
16.	Promotion of Education	Cl (ii) -Education	Hyderabad	61.00	61.00	61.00	Swaminarayan Gurukul
17.	Improvement of quality of life of people through initiatives of social, economics, educational, environmental, health and cultural advancement	Schedule VII of Companies Act, 2013	Local	100.00	100.00	100.00	AIA CSR Foundation
18	Plantation – Green Environment	Cl(iv) Environment	Local	4.48	4.48	4.48	Tree Plantation Project at Air Force Base in Chiloda, Gandhinagar Ahmedabad – Direct
	TOTAL					**773.13**	

Annexure-"H"

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

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

Name of the Director	Ratio of remuneration of each director to the median remuneration of the employees
Mr. Bhadresh K. Shah	28.83
Mr. Yashwant M. Patel	6.44
Mr. Rajendra S. Shah	0.30
Mr. Sanjay S. Majmudar	6.16
Mr. Rajendra Harivallabhdas	0.23
Dr. S. Srikumar	-
Mr. Dileep C. Choksi	0.08
Mrs. Khushali S. Solanki	0.16
Mrs. Bhumika S. Shodhan	0.20

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

Name of the Director, CFO and Company Secretary	% increase in remuneration in the Financial Year
Mr. Bhadresh K. Shah	(4.67)
Mr. Yashwant M. Patel	67.92
Mr. Rajendra S. Shah	-
Mr. Sanjay S. Majmudar	50
Mr. Rajan Harivallabhdas	-
Dr. S. Srikumar	-
Mr. Dileep C. Choksi	-
Mrs. Khushali S. Solanki	-
Mrs. Bhumika S. Shodhan	-
Mr. Kunal D. Shah – Executive Director – Finance	-*
Mr. Bhupesh P. Porwal – Chief Financial Officer	-#
Mr. S. N. Jetheliya, Company Secretary	(2.52)

* Ceased to be KMP w.e.f. 14.11.2017, so not comparable.

Appointed as KMP w.e.f. 14.11.2017, so not comparable.

3) The percentage increase in the median remuneration of employees in the financial year was 16.17%.

4) There were 1,226 permanent employees on the rolls of Company as on 31st March, 2018.

5) Average increase in the salaries of employees other than the managerial personnel in the last financial year was 11.07% whereas the average increase in the managerial remuneration was 3.49%.

6) The members have at the 24th Annual General Meeting of the Company held on 11th September, 2014 approved the payment of commission to the Non-Executive Directors within the ceiling of 0.25% of the Net Profits. The performance of the Company in terms of sales and profitability are the key parameters apart contributions of the Directors at the Board and the Committee meetings.

7) The Company affirms that the remuneration is as per the remuneration policy of the company.

For and on behalf of the Board,

Place : Ahmedabad
Date : 16th May, 2018

Bhadresh K. Shah
Managing Director
(DIN:00058177)

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

Report On Corporate Governance

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

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

Your Company believes that good Corporate Governance is essential for achieving long-term corporate goals of the Company and for meeting the needs and aspirations of its stakeholders, including shareholders. The Company's Corporate Governance philosophy has been further strengthened through the Model Code of Conduct for the Directors / Designated Employees of the Company for prevention of Insider Trading. The said Code of Conduct for prevention of the Insider Trading has also been amended from time to time in line with the amended Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 in this regard.

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

I. BOARD OF DIRECTORS

(A) COMPOSITION OF BOARD:

The Composition of the Board of Directors, with reference to the number of Executive and Non-executive Directors, meets the requirement of provisions of Corporate Governance. The Board is headed by the Non-Executive Chairman, Mr. Rajendra S. Shah. The present strength of the Board of Directors is 9 which include 1 Executive - Promoter Director, 1 Executive – Whole-Time Director, 4 Independent Directors and 3 Non Independent - Non-Executive Directors in terms of the SEBI Listing Regulations. Board represents a balanced mix of professionalism, knowledge and expertise.

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

(B) BOARD MEETINGS/DETAILS OF BOARD MEETINGS:

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

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

Company's Board met 5 times during the year under review on 25th May, 2017, 14th August, 2017, 14th November, 2017, 6th February, 2018 and 22nd March, 2018. The Company holds one Board Meeting in each quarter and the gap between any two Board Meetings was not more than One Hundred and Twenty days as prescribed under the SEBI Listing Regulations.

Corporate Governance (Contd.)

Details of the Directors, their positions, attendance record at Board Meetings and last Annual General Meeting (AGM), other Directorships (excluding Private Limited, Foreign Companies and Alternate Directorships) and the Memberships/ Chairmanships of Board Committees (only Audit Committee and Stakeholders' Relationship Committee) other than your Company as on 31st March, 2018 are as follows:

Name of the Board Member	Category	Attendance at the Board of Directors' Meeting held on					Attended AGM 14th August, 2017
		25th May, 2017	14th August, 2017	14th Nov., 2017	6th February, 2018	22nd March, 2018	
Mr. Rajendra S. Shah (Chairman)	Independent - Non Executive	√	√	√	√	√	√
Mr. Bhadresh K. Shah (Managing Director)	Executive - Promoter	√	√	√	√	√	√
Mr. Sanjay S. Majmudar	Independent Director	√	√	√	√	√	√
Dr. S. Srikumar	Non Independent - Non Executive	√	√	√	L.A.	L.A.	√
Mr. Yashwant M. Patel Whole-time Director	Executive	√	√	√	√	√	√
Mr. Dileep C. Choksi	Independent Director	L.A.	√	√	L.A.	L.A.	√
Mrs. Khushali S. Solanki	Non Independent - Non Executive	L.A.	√	√	√	√	√
Mrs. Bhumika S. Shodhan	Non Independent - Non Executive	√	√	√	√	√	√
Mr. Rajan Harivallabhdas	Independent Director	L.A.	√	√	√	√	√

L.A. (Leave of Absence)

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

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

L.A. (Leave of Absence)

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

Corporate Governance (Contd.)

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

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

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

(D) CODE OF CONDUCT:

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

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

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

(E) PROHIBITION OF INSIDER TRADING:

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

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

(F) VIGIL MECHANISM / WHISTLE BLOWER POLICY:

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

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

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

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

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

(H) FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:

The Independent Directors have been updated with their roles, rights and responsibilities in the Company by specifying them in their appointment letter along with necessary documents, reports and internal policies to enable them to familiarize with the Company's procedures and practices. The Company has through presentations at regular intervals, familiarized and updated the Independent Directors with the strategy, operations and functions of the Company and Engineering Industry as a whole. Site visits to various plant locations are organized for the Directors to enable them to understand the operations of the Company. The details of such familiarization programmes for Independent Directors are posted on the website of the Company and can be accessed at http://www.aiaengineering.com/finances/pdf/ FamilirazationProgramme.pdf

Corporate Governance (Contd.)

II. COMMITTEES OF THE BOARD:

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

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

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

a) AUDIT COMMITTEE:

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

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

Brief description of Terms of Reference:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible;
- Recommendation for Appointment, Remuneration and terms of appointment of Auditors of the Company;
- Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
- Reviewing, with the management, the Annual Financial Statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:

a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (c) of Sub-Section 3 of Section 134 of the Companies Act, 2013;
b. Changes, if any, in accounting policies and practices and reasons for the same;
c. Major accounting entries involving estimates based on the exercise of judgment by management;
d. Significant adjustments made in the Financial Statements arising out of audit findings;
e. Compliance with listing and other legal requirements relating to Financial Statements;
f. Disclosure of any related party transactions; and
g. Modified opinion(s) in the draft Audit Report.

- Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the Auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of Statutory and Internal Auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

Corporate Governance (Contd.)

- Discussion with Internal Auditors of any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the Depositors, Debenture Holders, Shareholders (in case of non-payment of declared dividends) and Creditors;
- To review the functioning of the Whistle Blower mechanism;
- Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Other Duties:

- Management discussion and analysis of financial conditions and results of operations;
- Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
- Internal Audit Reports relating to internal control weaknesses; and
- The Appointment, removal and terms of remuneration of the Chief Internal Auditor shall be subject to review by the Audit Committee.
- To grant omnibus approval for related party transactions which are in the ordinary course of business and on an Arm's Length pricing basis and to review and approve such transactions subject to the approval of the Board.
- Statement of deviations.

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

During Financial Year 2017-18, four (4) Audit Committee Meetings were held on 25th May, 2017, 14th August, 2017, 14th November, 2017 and 6th February, 2018. Necessary quorum was present in all the meetings. The time gap between any two Audit Committee Meetings was not more than four months.

As on 31st March, 2018, the Audit Committee comprises of 3 Independent Directors and 1 Executive Director. Names of the members and the Chairman of the Committee as on 31st March, 2018 together with their attendance are given in the following table.

Name of the Member / Chairman	Category	Attendance at the Audit Committee Meetings held on			
		25th May, 2017	14th August, 2017	14th November, 2017	6th February, 2018
Mr. Rajendra S. Shah - Chairman	Independent	√	√	√	√
Mr. Sanjay S. Majmudar	Independent	√	√	√	√
Mr. Rajan Harivallabhdas	Independent	L.A.	√	√	√
Mr. Bhadresh K. Shah	Executive	√	√	√	√

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

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

Statutory Auditors, Internal Auditors and their representatives are permanent invitees to the Audit Committee Meetings. They have attended all the Meetings during the year under review. The representative of the Cost Auditor is invited to attend the meeting of the Audit Committee when the Cost Audit Report is tabled for discussion. Executive Director (Finance), Chief Financial Officer and other Executives of the Company are also invited to attend the Audit Committee Meetings.

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

Corporate Governance (Contd.)

b) NOMINATION AND REMUNERATION COMMITTEE:

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

- 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;
- formulation of criteria for evaluation of performance of independent directors and the board of directors;
- devising a policy on diversity of board of directors;
- 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.
- 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.

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

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

Meeting and Attendance during the year:

Name of the Member / Chairman	Category	Attendance at the Nomination and Remuneration Committee Meetings held on	
		25th May, 2017	14th November, 2017
Mr. Sanjay S. Majmudar - Chairman	Independent	√	√
Mr. Rajendra S. Shah	Independent	√	√
Dr. S. Srikumar	Non-Executive	√	√

c) STAKEHOLDERS' RELATIONSHIP COMMITTEE:

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

- Redressal of Shareholders and Investors complaints like transfer of Shares, non-receipt of Annual Reports, non-receipt of declared Dividends etc.
- Transfer / transmission of Shares of the securities of the Company from time to time;
- Issue of share certificate on rematerialisation of Shares from time to time;
- Issue of new share certificates against sub-division of Shares, renewal, split or consolidation of certificate;
- Approval and monitoring of dematerialisation of Shares and all matters incidental thereto;
- Monitoring of redressal of Investors/ Stakeholders grievances; and
- Oversee the performance of the Registrar and Transfer Agents and recommend measures for overall improvement in the quality of Investor services.

Composition, Name of Members and Chairperson:

1. Mr. Rajendra S. Shah – Chairman
2. Mr. Bhadresh K. Shah – Member

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

Meetings and Attendance during the year:

Name of the Member / Chairman	Category	Attendance at the Stakeholders' Relationship Committee Meetings held on			
		25th May 2017	14th August, 2017	14th November, 2017	6th February, 2018
Mr. Rajendra S. Shah - Chairman	Independent	√	√	√	√
Mr. Bhadresh K. Shah	Executive	√	√	√	√

Corporate Governance (Contd.)

Number of Shareholders complaints received during the Financial Year:-

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

During the period under review, Company has not received any Complaint from Shareholders. There is no outstanding complaint as on 31st March, 2018.

d) CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE:

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

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

The Composition of the Corporate Social Responsibility Committee as on 31st March, 2018 and the details of members participation at the Meetings of the Committee are as under:

Composition, Name of Members and Chairperson of Corporate Social Responsibility Committee are:

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

Meeting and Attendance during the year:

During the year under review, three meetings of CSR Committee were held on 3rd April, 2017, 1st July, 2017 and 6th February, 2018 respectively in which all members of CSR Committee were present.

e) INDEPENDENT DIRECTORS' MEETING:

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

During the year under review, the Independent Directors met on 25th May, 2017, inter alia, to discuss:

- Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
- Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors;
- Evaluation of the quality, content and timeline of flow of information between the management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

III. SUBSIDIARY COMPANIES:

Company has one Material Subsidiary Company i.e. Vega Industries (Middle East) FZC. UAE whose Net worth exceeds 20% of the Consolidated Net Worth of the Holding Company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous financial year. The Company has complied with all compliances related to its Material Subsidiary.

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

The Company does not have any Unlisted Material Indian Subsidiary.

IV. RISK MANAGEMENT COMMITTEE:

Though the provisions of Regulation 21 of SEBI Listing Regulations relating to Risk Management Committee do not apply to the Company, the Board of Directors has constituted a Risk Management Committee, voluntarily.

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

Corporate Governance (Contd.)

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

The key elements of the framework include

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

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

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

- ➢ Oversight of risk management performed by the executive management:
- ➢ Reviewing the Corporate Risk Management Policy and framework within the legal requirements and the SEBI Listing Regulations;
- ➢ Reviewing risks and evaluate treatment including initiating mitigation actions and ownerships as per a predefined cycle;
- ➢ Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

The Composition of Risk Management Committee as on 31st March, 2018 and its Meetings and Attendance during the year are as under :

Name of the Member / Chairman	Category	Attendance at the Risk Management Committee Meetings held on			
		21st April, 2017	10th August, 2017	8th November, 2017	30th January, 2018
Mr. Bhadresh K. Shah- Chairman	Executive	√	√	√	√
Mr. Yashwant M. Patel - Member	Executive	√	√	√	√
Dr. Ajit Nath Jha- Member	Consultant	√	√	√	√

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

V. RELATED PARTY TRANSACTIONS:

All transactions entered into with Related Parties as defined under the Section 188 of the Companies Act, 2013 and SEBI Listing Regulations during the Financial Year 2017-18 were in the Ordinary Course of Business and at Arms' Length basis. Suitable disclosures as required under Indian Accounting Standards (Ind AS-24) have been made in the notes to the Financial Statements.

VI. DISCLOSURES:

(A) MATERIAL SIGNIFICANT RELATED PARTY TRANSACTIONS:

The Company has entered into transactions with related parties i.e. Directors or Management, its subsidiaries or relatives conflicting with the Company's interest at large. The Register of Contracts containing transactions in which Directors are interested is placed before the Audit Committee / Board regularly for their approval. The details of Related Party Transactions are disclosed in Financial Section of this Annual Report.

(B) DISCLOSURE OF ACCOUNTING TREATMENT:

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

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

Corporate Governance (Contd.)

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

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

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

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

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

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

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

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

   ii. Personal, Professional or business standing;

   iii. Diversity of the Board.

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

(2) Remuneration:

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

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

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

iii. In determining the quantum of commission payable to the Directors, the Nomination and Remuneration Committee shall make its recommendations after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director;

iv. The total commission payable to the Directors shall not exceed 0.25% per annum of the Net Profit of the Company as approved by the members of the Company in their Annual General Meeting held on 11th September, 2014;

v. The Independent Directors of the Company shall not be entitled to participate in the Stock Option Scheme of the Company, if any, pursuant to the provisions of Companies Act, 2013 and SEBI Listing Regulations.

(3) Remuneration Policy for the Senior Management Employees:

I. In determining the remuneration of the Senior Management Employees, the Nomination and Remuneration Committee shall ensure / consider the following:

- the relationship of remuneration and performance benchmark;
- the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
- the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
- the remuneration including annual increment and performance bonus is decided based on the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individual performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market.

Corporate Governance (Contd.)

II. The Managing Director carry out the individual performance review based on the standard appraisal matrix and take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the Nomination and Remuneration Committee for its review and approval.

(4) Performance Evaluation:

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

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

The details of remunerations paid to the Managing Director and Whole-Time Director during the year 2017-2018 are given below:

(₹ in Lakhs)

Name of the Director and Designation	Salary	Perquisites	Total
Mr. Bhadresh K. Shah, Managing Director	74.63	36.05	110.68
Mr. Yashwant M. Patel, Whole-Time Director	24.40	0.32	24.72

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

The details of Sitting Fees paid to the Non-Executive Directors for attending Board and Committee Meetings during the Financial Year 2017-2018 are given below:

(₹ in Lakhs)

Sr. No.	Name of the Director	Sitting Fees Paid
1.	Mr. Rajendra S. Shah	1.15
2.	Mr. Sanjay S. Majmudar*	1.15
3.	Mr. Dileep C. Choksi	0.30
4.	Mr. Rajan Harivallabhdas	0.90
5.	Dr. S. Srikumar	--
6.	Mrs. Khushali S. Solanki	0.60
7.	Mrs. Bhumika S. Shodhan	0.75

*In addition to sitting fees, ₹ 22.50 Lacs has been paid as Commission during the Financial Year 2017-18.

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

(D) MANAGEMENT

(i) Management Discussion and Analysis Report:

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

(ii) Disclosure of material Financial and Commercial Transactions:

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

(E) SHAREHOLDERS:

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

Mrs. Bhumika Shyamal Shodhan, Director of the Company will retire by rotation at the ensuing 28th Annual General Meeting of the Company and being eligible, has offered herself for re-appointment.

Corporate Governance (Contd.)

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

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

(iii) Shareholding of all Directors as on 31st March, 2018 is as under:

Name of Directors	Number of Shares
Mr. Bhadresh K. Shah	5,81,28,900
Mr. Yashwant M. Patel	NIL
Mr. Rajendra S. Shah	847
Mr. Sanjay S. Majmudar	NIL
Dr. S. Srikumar	NIL
Mr. Dileep C. Choksi	NIL
Mr. Rajan Harivallabhdas	NIL
Mrs. Khushali Samip Solanki	10,010
Mrs. Bhumika Shyamal Shodhan	10,005

(F) COMPLIANCE BY THE COMPANY:

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

VII. CEO /CFO CERTIFICATION:

The Managing Director and the Chief Financial Officer of the Company have certified to the Board that the Financial Results of the Company for the year ended 31st March, 2018 do not contain any false or misleading statements or figures and do not omit any material facts which may make the statements or figures contained therein misleading as required by Regulations 33 of SEBI Listing Regulations.

VIII. MEANS OF COMMUNICATION:

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

IX. GENERAL BODY MEETINGS: (LAST THREE YEARS DISCLOSURES)

Annual General Meeting:

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

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

Financial Year	Date	Venue	Time
2016-17	14th August, 2017	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380 015.	10.00 A.M.
2015-16	12th August, 2016	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380 015.	10.00 A.M.
2014-15	24th September, 2015	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad–380 015.	10.00 A.M.

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

Annual General Meeting held on 14th August, 2017:

(i) Appointment of Mr. Yashwant M. Patel as Whole Time Director.

(ii) Alteration of Articles of Association.

(iii) Keeping of Register/ Index of Members at a place other than the Registered Office of the Company.

Corporate Governance (Contd.)

Annual General Meeting held on 24th September, 2015:

(i) Approval of Related Party Transaction.

(ii) Holding of Office or Place of Profit by Mr. Yashwant Patel.

POSTAL BALLOT:

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

X. GENERAL SHAREHOLDERS' INFORMATION:

Date and Time of 28th AGM	:	Thursday the 9th August, 2018 at 9.00 a.m.
Venue of AGM	:	H.T. Parekh Convention Centre, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015
Financial Year	:	31st March, 2018
Registered Office Address	:	115, G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad 382 410
Compliance Officer	:	Mr. S. N. Jetheliya, Company Secretary
Email for redressal of Investors' Complaints	:	ric@aiaengineering.com
Website	:	www.aiaengineering.com
Financial Calender (subject to change) for Financial Year 2018-19	:	
First Quarter Results	:	On or before 14th August, 2018
Second Quarter/Half Yearly Results	:	On or before 14th November, 2018
Third Quarter Results	:	On or before 14th February, 2019
Audited Results for the year 2018-19	:	On or before 30th May, 2019

(a) Listing on Stock Exchanges:

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

The listing fees for the year 2018-19 have been paid to both the Stock Exchanges.

(b) Market Price Data:

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

Month	BSE Sensex	Bombay Stock Exchange Limited		National Stock Exchange of India Limited	
		High (₹)	Low (₹)	High (₹)	Low (₹)
April 17	29,918.40	1,599.35	1,450.00	1,600.00	1,439.90
May 17	31,145.80	1,550.00	1,304.25	1,550.00	1,302.00
June 17	30,921.61	1,493.70	1,320.00	1,498.00	1,322.10
July 17	32,514.94	1,485.10	1,363.05	1,479.00	1,364.00
Aug. 17	31,730.49	1,475.00	1,276.00	1,485.50	1,273.00
Sept. 17	31,283.72	1,405.75	1,288.55	1,405.00	1,288.00
Oct. 17	33,213.13	1,438.80	1,330.00	1,439.15	1,328.70
Nov.17	33,149.35	1,503.15	1,352.50	1,505.00	1,354.00
Dec.17	34,056.83	1,702.00	1,460.05	1,709.75	1,451.40
Jan.18	35,965.02	1,667.95	1,510.00	1,658.20	1,511.00
Feb.18	34,184.04	1,540.00	1,387.40	1,540.15	1,367.00
Mar.18	32,968.68	1,452.90	1,325.00	1,466.25	1,320.55

Corporate Governance (Contd.)

SHARE TRANSFER SYSTEM/ DIVIDEND AND OTHER RELATED MATTERS:

i. Share Transfers:

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

ii. Nomination facility for shareholding:

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

iii. Permanent Account Number (PAN):

Members who hold Shares in physical Form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferee/s, members, surviving joint holders / legal heirs be furnished to the Company while obtaining the services of transfer, transposition, transmission and issue of duplicate Share Certificates.

iv. Dividend:

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

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

b. Unclaimed Dividends:

The Company is required to transfer dividends which have remained unpaid/unclaimed for a period of seven years to the Investor Education & Protection Fund established by the Government. The Company will, in September, 2018 transfer to the said Fund, the unpaid Dividend for the year ended 31st March, 2011 which will remain unpaid.

v. Reconciliation of Share Capital Audit:

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

(c) Registrar & Transfer Agents:

MUMBAI OFFICE:
Link Intime India Private Limited

C 101, 247 Park, L B S Marg, Vikhroli (W), Mumbai

Phone No. 022-49186270 Fax No. 022-49186060

Email : rnt.helpdesk@linkintime.co.in

AHMEDABAD BRANCH OFFICE:
Link Intime India Private Limited

5th Floor 506 to 508, Amarnath Business Centre -1, Besides Gala Business Centre, Nr. St., Xavier's College Corner, Off. C. G. Road, Navrangpura, Ahmedabad 380 009

Phone – 079-26465179
Email: ahmedabad@linkintime.co.in

Corporate Governance (Contd.)

(d) Distribution of Shareholding:

(i) Shareholding pattern as on 31st March, 2018.

Category	No. of Shares held		No. of Shares	% of holding
	Physical	Electronic		
Promoters Shareholding	-	5,81,48,920	5,81,48,920	61.65
Mutual Funds	-	94,96,604	94,96,604	10.07
Alternative Investment Fund	-	1,55,000	1,55,000	0.16
Financial Institutions & Banks	-	1,34,318	1,34,318	0.14
Foreign Portfolio Investor	-	2,17,78,289	2,17,78,289	23.09
Central Government/State Governments	-	1,91,416	1,91,416	0.20
NRIs	-	1,76,701	1,76,701	0.19
Other Corporate Bodies	-	21,22,977	21,22,977	2.25
Indian Public	2,630	21,13,515	21,16,145	2.24
Total	**2,630**	**9,43,17,740**	**9,43,20,370**	**100.00**

(ii) Distribution of Shareholding as on 31st March, 2018.

No. of Equity Shares	No. of folios	% of total folios	No. of Shares	% of holding
1 to 500	15,451	94.68	11,52,706	1.22
501 to 1000	358	2.19	2,71,830	0.29
1001 to 2000	197	1.21	2,83,973	0.30
2001 to 3000	60	0.37	1,52,871	0.16
3001 to 4000	31	0.19	1,11,327	0.12
4001 to 5000	28	0.17	1,28,013	0.14
5001 to 10000	46	0.28	3,35,529	0.36
10001 & above	148	0.91	9,18,84,121	97.42
Grand Total	**16,319**	**100.00**	**9,43,20,370**	**100.00**
Shareholders in Physical Mode	7	0.04	2,630	0.00
Shareholders in Electronic Mode	16,312	99.96	9,43,17,740	100.00

(e) Dematerialization of Shares & Liquidity:

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

As on 31st March, 2018, 9,43,17,740 Equity Shares are in Dematerialized Form representing 99.99% of the total 9,43,20,370 Equity Share Capital of the Company. The ISIN allotted to the Company's scrip is INE212H01026. The Shares of the Company are actively traded at BSE Limited, Mumbai (BSE) and National Stock Exchange of India Limited, Mumbai (NSE).

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

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

(g) Outstanding Shares in Unclaimed Suspense Account of the Company transferred to IEPF account:

During the year 2017-18, the Company has transferred 990 equity shares to IEPF Authority.

(h) Plant Locations:

(a) 235-236 & Other Plants at G.V.M.M. Estate, Odhav Road, Odhav, Ahmedabad – 382 410

(b) 129/129-A, G.V.M.M. Estate, Odhav Road, (erstwhile Reclamation Welding Ltd.) Odhav, Ahmedabad – 382 410

(c) Plot Nos. 70-77, Survey Nos. 423/P, 426/P & 427/P, Mahagujarat Industrial Estate, Sarkhej-Bavla N. H. 8-A, Village: Moraiya, Post: Changodar, Taluka: Sanand, Ahmedabad – 382 213

Corporate Governance (Contd.)

(d) 18/P, 20th Mile Stone, Sarkhej-Bavla N. H. 8-A, Village: Moraiya, Post: Changodar, Taluka: Sanand, Ahmedabad – 382 213

(e) Plot No. 14, (Survey No. 67, 67A & 70), Girnar Scooter Compound, Odhav Road, Odhav, Ahmedabad – 382 410

(f) L-3, MIDC Industrial Area, (erstwhile Paramount Centrispun Castings Pvt. Ltd.) Hingna, Nagpur - 440 016

(g) SF No. 514, 5A1, 5A2, 5A3, (erstwhile DCPL Foundries Ltd.) Thathamangalam Village, Kariamanickam Road, S. Pudur, Samayapuram, Trichy - 621 115

(h) 103/104/115 to 118, Kerala GIDC Estate, Taluka Bavala, Ahmedabad - 382 220.

(i) Address for Correspondence:

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

Link Intime India Private Limited
C 101, 247 Park, L B S Marg,
Vikhroli (W), Mumbai - 400 083
Phone No. 022-49186270
Fax No. 022-49186060
Email : rnt.helpdesk@linkintime.co.in

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

b) Any query relating to Dividend, Annual Reports etc.

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

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

Corporate Office:
11-12, Sigma Corporates
B/h. HOF Showroom, Sindhu Bhavan Road,
Off. S.G. Highway, Bodakdev,
Ahmedabad-380054
Phone No. 079-66047800
Fax No. 079-66047848

Details of Non-Compliance:

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

NON-MANDATORY REQUIREMENTS:

a) Chairman of the Board

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

b) Shareholder Rights

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

Practicing Company Secretary's Certificate on Corporate Governance

To
The Members of
AIA Engineering Limited
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by AIA Engineering Limited, CIN - L29259GJ1991PLC015182 ("the Company") for the year ended on 31st March, 2018, as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 of the said Company.

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

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

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

For **Tushar Vora & Associates**
Company Secretaries

Tushar M. Vora
Proprietor
C.O.P. No.: 1745

Place : Ahmedabad
Date : 16th May, 2018

The above Corporate Governance Report was adopted by the Board of Directors at its meeting held on 16th May, 2018.

Declaration

In compliance with Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Bhadresh K. Shah, Managing Director of the Company hereby declares on the basis of information furnished to me that all Board Members and Senior Managerial Personnel have affirmed in writing the Compliance of their respective Code of Conducts adopted by the Board for the Financial Year 2017-18.

(Bhadresh K. Shah)
Managing Director
DIN: 00058177

Place : Ahmedabad
Date : 16th May, 2018

Managing Director / Chief Financial Officer Certification

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

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

(a) We have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March, 2018 and based on our knowledge and belief, we state that:

  (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

  (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing Indian Accounting Standards, applicable Laws & Regulations.

(b) We further state that to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.

(c) We accept responsibility for establishing & maintaining Internal Controls for financial reporting and we have evaluated the effectiveness of the Internal Control System of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control system, if any, and that we have taken the required steps to rectify these deficiencies.

(d) We have indicated, based on our evaluation, wherever applicable, to the Auditors' and the Audit Committee:

  (i) significant changes, if any, in internal control over financial reporting during the year;

  (ii) significant changes, if any, in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and

  (iii) instances of fraud which we have become aware and the involvement therein, if any, of management or an employee having significant role in the Company's internal control system over financial reporting.

Bhadresh K. Shah
Managing Director
DIN: 00058177

Place : Ahmedabad
Date : 16th May, 2018

Bhupesh P. Porwal
Chief Financial Officer

Place : Ahmedabad
Date : 16th May, 2018

Management Discussion and Analysis

A. INDUSTRY OVERVIEW:

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

AIAE now sells and services customers in more than 120 countries. Most of the growth is now targeted from the large opportunity of converting conventional grinding media used in the mining industry which are manufactured using the forging process and replacing them by cast high chrome grinding media. In line with this mission, Company has grown its presence in the mining space by increasing its sales which includes customers in gold, platinum, iron ore and copper ores.

In FY 2017-18, there was considerable volatility in the commodity prices, particularly Ferro Chrome prices. Thus, while the Ferro chrome prices were quite low in the first half of FY 2017-18, towards the end of the financial year, the prices moved up significantly in line with increased purchases from China. In the current fiscal year FY 2018-19 while the prices of Ferro Chrome have moved down slightly, the volatility still continues, though in a subdued manner. Along with raw material prices, shipping rates also saw a significant increase in most sea routes on account of major consolidation in the shipping industry.

On the business front, Cement markets continue to remain flat worldwide in line with trends observed over past many years. In Mining Segment, as per our internal estimates, the present annual requirement of consumable wear parts is in the region of around 2.5 million tons per annum. The Bulk of this is presently met by forged components, with less than 15% being serviced by high chrome wear parts. The prospect of conversion of the conventional wear parts to wear parts in high chrome metallurgy is a sizeable opportunity available to AIAE.

As far as prospects in India are concerned, GDP growth forecast of around 7% in India pre-supposes an improved manufacturing base and infrastructural push, which makes domestic business prospect for AIAE better albeit on a smaller base.

B. SEGMENTWISE PERFORMANCE:

The Company primarily operates in only one segment i.e. manufacturing of High Chrome Mill Internals. In Fiscal Year 2017-18, 25.23% of its total sales came from India while balance 74.77% came from sales outside India.

C. OUTLOOK AND PROSPECTS:

AIA has a strategic direction linked to growth in its market share in the Mining segment. In FY 2017-18, significant contribution in your Company's growth has come from the mining industry. The growth prospects are primarily emanating out of the large annual replacement market in this industry. Here, we are currently catering to the requirements of four major metal ore types, viz., Iron, Platinum, Gold and Copper, with total emphasis on the replacement market. Again, the company is now focusing on certain strategic drivers in the Mining Segment over and above the cost reduction due to much lower wear rates owing to High Chrome, viz. improved process efficiencies, reduction in the cost of other consumables (other than high-chrome grinding media), significantly reduced environment hazards and consequentially improved environmental benefits, etc. for providing comprehensive solution to the mining industry. This has helped your company in creating a unique positioning which augurs well for the consistent and steady growth in this industry over medium to long term. During last few years, we have steadily increased our presence in the major mining groups across the globe with a stronger focus on major mining centers like North America, Latin America, Australia, Africa, and Far East Asia, etc. Over the coming years, your company has fairly aggressive growth plans so as to capitalise upon the available opportunity in the mining segment and the vision is to emerge as the leading global solution provider in this segment. While the current focus of the Company in mining segment is outside India, your Company also has a major share of the domestic mining demand and shall be able to capture incremental demand as and when the same arises.

One important announcement that the Company made in this year was around the niche market of "Mill Liners" for the Mining segment where it plans to make inroads. The Company has been making these parts for grinding mills for Cement grinding for more than 20 years. It now plans to offer these parts for grinding mills used for mineral ore grinding. The Company has entered into a technical collaboration with a US Company which has expertise in optimizing grinding efficiency. The Company will be able to offer reduced power costs and increased throughputs as a solution to customers. These will be material savings for the customer and with Company's existing solutions around wear cost reduction, reagent consumption reduction and metal recovery improvement, it

Management Discussion and Analysis (Contd.)

will position the Company as a true partner with its Customers and help sharpen its engagement meaningfully.

In as much as the cement segment is concerned, the near term prospects continue to remain flat, although in India it seems that the average capacity utilization levels of cement companies have started to go up. As and when India's cement production will go up your company will be an immediate beneficiary in terms of incremental production going to service the additional requirement. On the global front, most developing and developed markets continue to be marginal growth phase reflecting flat sales for AIA. In China, the Company currently maintains a limited presence by marketing specific products. On the whole in near term your company continues to believe that the overall production and sales will remain flat in this segment.

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

D. CAPEX PLAN:

The Company's current capacity stands at 3,40,000 Mt of high chrome mill internals. The Company is in midst of expanding this capacity to 4,40,000 Mt by brownfield expansion at its existing plant in GIDC Kerala, near Ahmedabad in two phases of 50,000 Mt each. The first phase of 50,000 Mt has been delayed on account of financial issues faced by one important equipment supplier thereby delaying supply of that equipment. Accordingly, we should be able to reach 3,90,000 Mt in FY 2018-19 and 4,40,000 Mt in FY 2019-20. The incremental Capex to be incurred for this expansion is estimated at around ₹ 350 Crores.

The Company has also announced plans to set up a Greenfield facility to manufacture 50,000 Mt of "Mill Linings" at a cost of ₹ 250 Crores and to be commissioned in two years, i.e. in FY 2020-21.

Lastly, power is one of the most important cost line items for the Company. To help reduce the cost and also mitigate risks against an increase in power cost, the Company has made plans to invest approx. ₹ 100 Crores in wind mills.

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

E. RISKS AND CONCERNS:

Given its large exports, the Company is exposed to cross-currency foreign exchange rate fluctuation risk. The Company closely monitors the Currency movements and has a prudent hedging policy to mitigate this risk.

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

The Company is exposed to certain operating business risks, similar to most manufacturing companies, which is mitigated by regular monitoring and corrective actions. To protect itself against debtor defaults, which risk has increased due to the state of global economy and commodity price melt down, the Company has taken a comprehensive credit insurance policy.

F. INTERNAL CONTROL SYSTEM AND THE ADEQUACY:

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

Again, during the fiscal year 2017-18, your Company has comprehensively reviewed and re-designed the Internal Financial Controls across the organization encompassing all key functional areas as well as covering the entire gamut of entities/operational level controls commensurate with the nature and size of business.

A qualified and independent Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems as well as Internal Financial Controls and suggests improvements for strengthening them. Similarly, the Internal Auditors are also monitoring the Internal Control/ Internal Financial Control Systems.

Management Discussion and Analysis (Contd.)

G. FINANCIAL PERFORMANCE REVIEW:

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

I. Consolidated Performance:

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

- Physical Production:

The production achieved is as under:

(Qty. in M.T)

Product	F.Y. 2017-18	F.Y. 2016-17
High Chrome Mill Internals	2,29,815	2,33,122

- Sales Turnover (Consolidated):

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

(₹ in Lakhs)

Particular	F.Y. 2017-18	F.Y. 2016-17
Sales in India (25.23%)	60,455.75	65,642.19
Sales Outside India (74.77%)	1,79,174.21	1,58,281.29
Total	**2,39,629.96**	**2,23,923.48**

- Key Performance Indicators (Consolidated):

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

(₹ in Lakhs)

	Particular	F.Y. 2017-18	F.Y. 2016-17
1	Revenue from Operations (Net)	2,46,668.77	2,32,034.30
2	Cost of Materials Consumed	98,718.66	84,735.76
	- % of revenue from operations	40.02%	36.52%
3	Employee Benefits Expense	11,315.78	10,671.07
	- % of revenue from operations	4.59%	4.60%
4	Other Expenses	83,191.32	76,248.12
	- % of revenue from operations	33.73%	32.86%
5	EBIDTA	65,751.45	73,901.24
	- % of revenue from operations	26.66%	31.85%
6	Finance Costs	692.76	449.22
	- % of revenue from operations	0.28%	0.19%
7	Depreciation and Amortization Expense	6,558.07	7,247.71
	- % of revenue from operations	2.66%	3.12%
8	Profit Before Tax	58,500.62	66,204.31
	- % of revenue from operations	23.72%	28.53%
9	Profit After Tax (After Non-Controlling Interest and OCI)	42,270.28	43,890.52
	- % of revenue from operations	17.13%	18.92%

Management Discussion and Analysis (Contd.)

II. Standalone Performance

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

- Sales Turnover (Standalone):

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

(₹ in Lakhs)

Particular	F.Y. 2017-18	F.Y. 2016-17
Sales in India	59,027.98	62,981.63
Sales Outside India	1,50,545.25	1,43,383.31
Total	**2,09,573.23**	**2,06,364.94**

- Key Performance Indicators (Standalone):

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

(₹ in Lakhs)

Particular		F.Y. 2017-18	F.Y. 2016-17
1	Revenue from Operations (Net)	2,16,581.97	2,12,239.55
2	Cost of Materials Consumed	83,488.68	71,599.08
	- % of revenue from operations	38.55%	33.74%
3	Employee Benefits Expense	8,205.07	7,734.25
	- % of revenue from operations	3.79%	3.64%
4	Other Expenses	60,261.72	57,592.19
	- % of revenue from operations	27.82%	27.14%
5	EBIDTA	68,235.68	69,681.65
	- % of revenue from operations	31.51%	32.83%
6	Finance Costs	656.72	446.39
	- % of revenue from operations	0.30%	0.21%
7	Depreciation and Amortization Expense	6,439.39	7,128.90
	- % of revenue from operations	2.97%	3.36%
8	Profit Before Tax	61,139.57	62,106.36
	- % of revenue from operations	28.23%	29.26%
9	Profit After Tax(After Other Comprehensive Income)	47,111.31	41,562.02
	- % of revenue from operations	21.75%	19.58%

E. INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT:

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

CAUTIONARY STATEMENT:

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

Independent Auditor's Report

To the Members of AIA Engineering Limited

REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of AIA Engineering Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs, profit (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 Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safe guarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We are also responsible to 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31st March, 2018, its profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

OTHER MATTER

Corresponding figures for the year ended 31st March, 2017 have been audited by another auditor who expressed an unmodified opinion dated 25th May, 2017 on the standalone Ind AS financial statements of the Company for the year ended 31st March, 2017. Our opinion on the standalone Ind AS financial statements is not modified in respect of this matter.

Independent Auditor's Report To the Members of AIA Engineering Limited (Contd.)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

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

   c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

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

   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, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - refer note 40 and 41 to the standalone Ind AS financial statements;

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

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

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016 have not been made since they do not pertain to the financial year ended 31st March, 2018. However amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31st March, 2017 have been disclosed.

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 16th May, 2018

Annexure "A" to the Independent Auditor's Report – 31st March, 2018

(Referred to in our report of even date)

With reference to the "Annexure A" referred to in the Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31st March, 2018, we report the following:

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

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

(c) According to the information and explanations given to us and the records examined by us including registered titled deeds, we report that, the title deeds, comprising of all of immovable properties of land and buildings which are freehold, are held in the name of the Company as at Balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as property, plant and equipment in the standalone Ind AS financial statements, the lease agreements are in the name of the Company, where the Company is lessee in the agreement.

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

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

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

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

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

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Goods and Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Goods and Service tax, Duty of customs, Duty of excise, Value added tax, Cess and other material statutory dues were in arrears as at 31st March, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Service tax, Goods and Service tax, Duty of customs, Duty of excise, Value added tax and Cess as at 31st March, 2018, which have not been deposited with the appropriate authorities on account of any dispute, other than those mentioned in the Appendix I to this report.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans and borrowings to banks and government. The Company did not have any outstanding loans and borrowings from financial institutions and there are no dues to debenture holders during the year.

(ix) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any money by way of initial public offer or further public

Annexure "A" to the Independent Auditor's Report – 31st March, 2018 (Contd.)

offer (including debt instruments) during the year. In our opinion and accordingly to the information and explanations given to us, the term loans taken by the Company were applied for the purpose for which they were raised.

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

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

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

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

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

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

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

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 16th May, 2018

Annexure "A" to the Independent Auditor's Report – 31st March, 2018 (Contd.)

APPENDIX – I

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount related	Amount involved (₹ in Lakhs)	Amount unpaid (₹in Lakhs)
Income tax Act, 1961	IT matters under dispute	High Court of Gujarat	A.Y. 2006-07	407.44	407.44
		High Court of Gujarat	A.Y. 2007-08	1,100.66	1,100.66
		ITAT	A.Y. 2008-09	910.29	910.29
		ITAT	A.Y. 2009-10	1,909.02	1,909.02
		ITAT	A.Y. 2010-11	1,830.28	1,830.28
		ITAT	A.Y. 2011-12	1,729.92	1,729.92
		ITAT	A.Y. 2012-13	1,610.63	1,610.63
		ITAT	A.Y. 2013-14	2,173.48	2,173.48
		CIT	A.Y. 2014-15	3,657.95	3,657.95
State Sales tax Act	Sales tax including interest	Sales tax Tribunal- Nagpur	F.Y. 2001-02	19.76	19.76
Service tax (Finance Act, 1994)	Service tax	CESTAT	F.Y. 2010-11 to F.Y. 2014-15	121.43	98.20
		Dy. Commissioner, Ahmedabad.	F.Y. 2008-09 and 2011-12 to 2017-18	22.62	22.62
		Commissioner (Appeals)	F.Y. 2012-13 to 2013-14	0.06	0.06
Central Excise Act, 1944	Duty of excise, including interest and penalty (as applicable)	Assistant Commissioner– of Excise; Nagpur	F.Y. 2006-07 to 2008-09	2.34	2.34
		CESTAT, Ahmedabad	F.Y. 2006-07 to 2007-08 and 2009-10 to 2012-13	2,424.09	1,542.81
		High Court of Gujarat	F.Y. 2000-01 to 2002-03	55.79	55.79
		Dy. Commissioner, of Excise Ahmedabad	F.Y. 2011-12 to 2017-18	77.02	77.02
States' value added tax Acts	Value added tax	VAT Tribunal – Ahmedabad	F.Y. 2009-10	9.31	9.31
		Joint Commissioner VAT – Ahmedabad	F.Y. 2010-11	8.57	8.57
			F.Y. 2011-12	0.64	0.64
			F.Y. 2012-13	9.63	9.63
			F.Y. 2013-14	3.13	3.13
			F.Y. 2014-15	1.83	1.83
		VAT Tribunal – Madurai	F.Y. 2013-14	9.16	9.16

Annexure "B" to the Independent Auditor's Report – 31st March, 2018

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of AIA Engineering Limited ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls 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 on Audit of Internal Financial Controls over Financial Reporting 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 its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 auditors' judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial controls over financial reporting 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 over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts 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 OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, 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 issued by the ICAI.

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

NIRAV PATEL
Partner
Membership No: 113327
Place : Ahmedabad
Date : 16th May, 2018

Standalone Balance Sheet as at 31st March, 2018

(₹ in Lakhs)

Particulars	Note	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	64,429.50	64,305.44
(b) Capital work-in-progress	5	9,514.07	4,243.32
(c) Goodwill	6	460.69	460.69
(d) Other intangible assets	6	228.66	216.56
(e) Financial assets			
(i) Investments	7	1,578.38	1,590.03
(ii) Trade receivables	8	115.49	123.23
(iii) Loans	9	656.08	560.52
(f) Other tax assets (net)	10	2,251.11	1,535.57
(g) Other non-current assets	11	5,163.12	4,315.31
Total non-current assets		**84,397.10**	**77,350.67**
Current assets			
(a) Inventories	12	34,496.30	29,911.15
(b) Financial assets			
(i) Investments	13	1,03,162.78	92,505.82
(ii) Trade receivables	14	70,299.22	66,100.52
(iii) Cash and cash equivalents	15	3,028.93	1,718.38
(iv) Bank balances other than (iii) above	15	8,191.44	614.60
(v) Loans	16	251.65	263.86
(vi) Derivatives	-	-	1,153.22
(vii) Other financial assets	17	4,508.23	3,082.99
(c) Other current assets	18	12,291.40	11,207.13
Total current assets		**2,36,229.95**	**2,06,557.67**
Total assets		**3,20,627.05**	**2,83,908.34**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	19	1,886.41	1,886.41
(b) Other equity	20	2,74,140.87	2,40,321.55
Total equity		**2,76,027.28**	**2,42,207.96**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	19.85	33.57
(b) Provisions	22	556.24	504.56
(c) Deferred tax liabilities (net)	37(b)	8,182.27	8,708.04
Total non-current liabilities		**8,758.36**	**9,246.17**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	11,794.31	11,545.64
(ii) Trade payables	24	12,218.85	11,677.36
(iii) Derivatives	-	229.34	3.66
(iv) Other financial liabilities	25	7,656.40	2,548.72
(b) Other current liabilities	26	2,398.08	4,815.00
(c) Provisions	27	456.22	416.06
(d) Current tax liabilities (net)	28	1,088.21	1,447.77
Total current liabilities		**35,841.41**	**32,454.21**
Total liabilities		**44,599.77**	**41,700.38**
Total equity and liabilities		**3,20,627.05**	**2,83,908.34**

The accompanying notes are integral part of these standalone financial statements 2 - 51

As per our report of even date attached.

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 16th May, 2018

For and on behalf of the Board of Directors

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

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

BHUPESH P. PORWAL
Chief Financial Officer

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

Place : Ahmedabad
Date : 16th May, 2018

Standalone Statement of Profit and Loss

for the year ended 31st March, 2018

(₹ in Lakhs)

Particulars	Note	Year ended 31st March, 2018	Year ended 31st March, 2017
INCOME			
Revenue from operations	29	2,16,581.97	2,12,239.55
Other income	30	21,698.25	13,888.54
Total income		**2,38,280.22**	**2,26,128.09**
EXPENSES			
Cost of materials consumed	31	83,488.68	71,599.08
Excise duty on sales		1,543.20	5,664.39
Purchases of stock-in-trade		22,017.14	19,138.56
Changes in inventories of finished goods and work-in-progress	32	(5,471.27)	(5,282.03)
Employee benefits expense	33	8,205.07	7,734.25
Finance costs	34	656.72	446.39
Depreciation and amortisation expense	35	6,439.39	7,128.90
Other expenses	36	60,261.72	57,592.19
Total expenses		**1,77,140.65**	**1,64,021.73**
Profit before tax		**61,139.57**	62,106.36
Tax expense	37(a)		
Current tax		14,709.53	17,200.00
Deferred tax		(560.62)	3,175.01
		14,148.91	**20,375.01**
Profit for the year		**46,990.66**	**41,731.35**
Other Comprehensive Income			
A (i) Items that will not be reclassified to Statement of profit and loss	39(iv)	59.71	(151.02)
(ii) Income tax relating to items that will not be reclassified to Statement of profit and loss		-	-
B (i) Items that will be reclassified to Statement of profit and loss	20	95.79	(28.00)
(ii) Income tax relating to items that will be reclassified to Statement of profit and loss	37(c)	(34.85)	9.69
Other comprehensive income for the year (net of tax)		**120.65**	**(169.33)**
Total comprehensive income for the year (comprising profit and other comprehensive income for the year)		**47,111.31**	**41,562.02**
Earnings per equity share			
Equity share of par value ₹ 2 each			
Basic and Diluted	38	49.82	44.24
The accompanying notes are integral part of these standalone financial statements	2 - 51		

As per our report of even date attached.

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 16th May, 2018

For and on behalf of the Board of Directors

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

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

BHUPESH P. PORWAL
Chief Financial Officer

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

Place : Ahmedabad
Date : 16th May, 2018

Standalone Statement of Changes in Equity

for the year ended 31st March, 2018

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Balance at the beginning of the reporting year	1,886.41	1,886.41
Changes in equity share capital during the year	-	-
Balance at the end of the reporting year	**1,886.41**	**1,886.41**

B. OTHER EQUITY

(₹ in Lakhs)

	Reserves and Surplus				Other Comprehensive Income		
Particulars	**Securities premium reserve**	**Capital redemption reserve**	**General reserve**	**Retained earnings**	**Cash Flow hedge reserve**	**Remeasure-ment of defined benefit plan**	**Total**
Balance as at 1 April, 2016	26,579.52	1,925.74	16,189.27	1,58,230.45	286.58	35.70	2,03,247.26
Additions during the year:							
Profit for the year	-	-	-	41,731.35	-	-	41,731.35
Dividend paid on equity shares	-	-	-	(3,772.81)	-	-	(3,772.81)
Tax on dividends	-	-	-	(655.52)	-	-	(655.52)
Amortisation of leasehold land	-	-	-	(59.40)	-	-	(59.40)
Remeasurement of defined benefit plan	-	-	-	-	-	(151.02)	(151.02)
Net movement in Cash Flow hedge reserve (net of tax)	-	-	-	-	(18.31)	-	(18.31)
Balance as at 31 March, 2017	**26,579.52**	**1,925.74**	**16,189.27**	**1,95,474.07**	**268.27**	**(115.32)**	**2,40,321.55**
Additions during the year:							
Profit for the year	-	-	-	46,990.66	-	-	46,990.66
Dividends paid on equity shares				(11,318.44)			(11,318.44)
Tax on dividends	-	-	-	(1,973.55)	-	-	(1,973.55)
Remeasurement of defined benefit plan	-	-	-	(55.61)	-	115.32	59.71
Net movement in Cash Flow hedge reserve (net of tax)	-	-	-	-	60.94	-	60.94
Balance as at 31st March, 2018	**26,579.52**	**1,925.74**	**16,189.27**	**2,29,117.13**	**329.21**	**-**	**2,74,140.87**

The accompanying notes are integral part of these standalone financial statements 2 - 51

As per our report of even date attached.

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 16th May, 2018

For and on behalf of the Board of Directors

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

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

BHUPESH P. PORWAL
Chief Financial Officer

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

Place : Ahmedabad
Date : 16th May, 2018

Standalone Cash Flow Statement

for the year ended 31st March, 2018

(₹ in Lakhs)

	Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before tax	61,139.57	62,106.36
	Add / (less): adjustments		
	Interest income	(248.85)	(194.62)
	Dividend income	(11,414.68)	(3,788.29)
	Profit on sale of current investments	(904.71)	(709.25)
	Fair valuation of current investments	(5,177.09)	(6,415.69)
	Unrealised (gain) on foreign exchange fluctuation (net)	(577.46)	(197.95)
	(Profit) / loss on sale of assets (net)	(28.86)	25.28
	Sundry balances written back	(15.01)	(14.49)
	Depreciation and amortisation	6,439.39	7,128.90
	Provision for doubtful receivables	63.01	-
	Finance costs	656.72	446.39
	Provision for product warranties	201.00	201.00
	Fair value of forward contracts	73.96	(231.17)
		50,206.99	**58,357.47**
	Changes in working capital:		
	(Increase) in trade receivables	(2,131.20)	(26,904.24)
	(Increase) / decrease in loans	(83.35)	71.49
	Decrease / (increase) in other non-current assets	801.42	(3,335.32)
	(Increase) in inventories	(4,585.15)	(9,068.76)
	(Increase) in other financial assets	(1,415.48)	(574.13)
	(Increase) / decrease in other current assets	(1,084.28)	944.41
	(Decrease) in provisions	(49.45)	(563.71)
	Increase in trade payables	554.03	1,139.56
	(Decrease) / increase in other current liabilities	(2,416.92)	1,104.76
	Cash generated from operations	**39,796.62**	**21,170.53**
	Income taxes paid (net of refunds)	(15,784.63)	(16,238.19)
	Net cash from operating activities (A)	**24,011.99**	**4,932.34**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of property, plant and equipment, capital work-in-progress and other intangibles	(13,527.18)	(7,944.41)
	Proceeds from sale of property, plant and equipment	60.51	31.63
	Proceeds from sale of current investments	7,305.32	5,564.77
	Purchase of current investments	(11,880.48)	(112.04)
	Purchase of non-current investments	(1.30)	-
	Investment in fixed deposits with bank (net)	(31.12)	(15.05)
	Interest income	239.09	227.70
	Dividend income	11,414.68	3,788.29
	Net cash (used in) / from investing activities (B)	**(6,420.48)**	**1,540.89**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Repayment of non-current and current borrowings (net)	(2,311.32)	(2,740.17)
	Dividends paid (including taxes on dividend)	(13,291.99)	(4,428.33)
	Finance costs paid	(671.06)	(481.05)
	Net cash flows (used in) financing activities (C)	**(16,274.37)**	(7,649.55)
D.	**Net increase / (decrease) in cash and cash equivalents (A+B+C)**	**1,317.14**	(1,176.32)
E.	**Add : Cash and cash equivalents at the beginning of the year**	**1,718.38**	2,893.24
F.	**Less: Foreign exchange (loss) / gain on restatement of cash and cash equivalents**	**(6.59)**	1.46
G.	**Cash and cash equivalents at the end of the year**	**3,028.93**	1,718.38

Standalone Cash Flow Statement for the year ended 31st March, 2018 (Contd.)

Notes:

(₹ in Lakhs)

Particulars		Year ended 31st March, 2018	Year ended 31st March, 2017
1	Cash and cash equivalents include (refer note 15):		
	Balances with banks	**3,020.75**	1,709.66
	Cash on hand	**8.18**	8.72
		3,028.93	**1,718.38**

2 Movement in financial liabilities and financial assets arising from financing activities as at 31st March, 2018:

(₹ in Lakhs)

Particulars	Non-current borrowings (including current maturities of long term debt)	Current borrowings	Dividends paid (including taxes)	Finance costs
Balance at the beginning of the year	2,474.41	11,545.64	-	27.33
Proceeds from borrowings	-	40,073.27	-	-
Repayment of borrowings	(2,438.81)	(39,945.78)	-	-
Dividends paid (including taxes)			(13,291.99)	-
Interest paid	-	-	-	(671.06)
Net cash outflows	**(2,438.81)**	**(49.54)**	**(13,291.99)**	**(671.06)**
Charge to Statement of profit and loss	-	-	-	656.72
Foreign exchange fluctuation	-	121.18		-
Balance at the end of the year	**35.60**	**11,794.31**	-	**12.99**

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

The accompanying notes are integral part of these standalone financial statements 2 - 51

As per our report of even date attached.

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 16th May, 2018

For and on behalf of the Board of Directors

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

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

BHUPESH P. PORWAL
Chief Financial Officer

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

Place : Ahmedabad
Date : 16th May, 2018

Notes to the Standalone Financial Statements for the year ended 31st March, 2018

1. BACKGROUND

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These standalone financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

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

2.2 Basis of measurement

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

Items	Measurement basis
Certain Financial Assets and Liabilities (Including Derivative Instruments)	Fair value
Employee defined benefit Plans	Plan assets measured at fair value less present value of defined benefit obligation

2.3 Use of estimates and judgments

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

Judgments

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

- Note 47 – determining the amount of expected credit loss on financial assets (including trade receivables) and
- Note 45 – lease classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31st March, 2018 is included in the following notes:

- Note 4 and 6– estimate of useful life used for the purposes of depreciation and amortisation on property, plant and equipment and other intangible assets, impairment of goodwill;
- Note 37 (c) – recognition of deferred tax liabilities;
- Note 39 –measurement of defined benefit obligations key actuarial assumptions;
- Notes 22, 27 and 40 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 47 – impairment of financial assets.

2.4 Measurement of fair values

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

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

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

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

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

3. SIGNIFICANT ACCOUNTING POLICIES

a) Foreign currency transactions

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

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

b) Financial instruments

Recognition and initial measurement

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

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

Financial assets - classification and subsequent measurement

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

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

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

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

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

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

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

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

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

Financial assets: Business model assessment

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

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

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

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

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

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

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

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

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

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

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

Derecognition

Financial assets

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

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

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

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

Offsetting

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

c) Derivative financial instruments and hedge accounting

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

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

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

Recognition and measurement of cash flow hedge:

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

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

Derecognition:

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

d) Property, plant and equipment

Recognition and measurement

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

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

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

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

Subsequent measurement

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

Depreciation

The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Freehold land is not depreciated.

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

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

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

Leasehold land is amortised over the lease period

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

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

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

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

Derecognition:

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

e) Goodwill and Other intangible assets

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

Subsequent measurement

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

Amortisation

Goodwill is not amortised and is tested for impairment annually.

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

The estimated useful lives of intangibles is as per below:

Software	6 years
Patent	20 years

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

f) Inventories

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

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

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

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

g) Impairment

Impairment of financial assets

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

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

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

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

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

financial instrument) has not increased significantly since initial recognition, which are measured as 12 month expected credit losses.

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

Assets (other than goodwill) for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Employee benefits

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in Statement of profit and loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other comprehensive income. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Statement of profit and loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Re measurements gains or losses are recognised in Statement of profit and loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring.

i) Provisions (other than employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities. A liability is recognised at the time the product is sold. The Company does not provide any extended warranties to its customers.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

j) Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

Other operating revenue – export incentives

Export benefits are recognised as income on all the eligible exports and where there is no significant uncertainty regarding the ultimate collection of relevant exports

k) Leases

Asset held under lease

Leases of property, plant and equipment that transfer substantially all the risks and rewards of ownership are classified as finance leases. All the other leases are classified as operating leases. For finance leases, the leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under operating leases are neither recognised in (in case the Company is lessee) nor derecognised (in case the Company is lessor) from the Company's Balance Sheet.

Lease payments

Payments made under operating leases are generally recognised in Statement of profit and loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

l) Recognition of dividend income, interest income or expense

Dividend income is recognised in profit or loss on the date on which the Company's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

m) Income taxes

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

n) Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

o) 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. For the disclosure on reportable segments see Note 43

p) Cash and cash equivalents

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

q) Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. The Company did not have any potentially dilutive securities in any of the years presented.

r) Events after reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of materialsise or nature are only disclosed.

s) Investments in subsidiaries

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

t) Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Group has not applied as they are effective for annual periods beginning on or after April 1, 2018:

- Ind AS 115 *Revenue from Contracts with Customers*
- Ind AS 21 *The effect of changes in Foreign Exchange rates*
- Ind AS 12 – *Income taxes*
- Ind AS 40 – *Investment property*

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 *Revenue*, Ind AS 11 *Construction Contracts* when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company is in the process of evaluating the possible impact of IND AS 115 including transition approach. The Company does not expect the impact of the adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The amendment explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Company is evaluating the impact of this amendment on its financial statements, but does not expect the impact to be material.

Ind AS 12 – Income taxes

The amendment explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilisation are two separate steps.

Ind AS 40 – Investment property

The amendment lays down the principle regarding the transfer of asset to, or from, investment property

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 4 Property, plant and equipment

(₹ in Lakhs)

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Others*	Total
Gross block:									
Balance as at 1st April, 2016	2,272.53	2,998.62	25,769.20	37,147.65	1,005.70	163.28	157.01	782.64	70,296.63
Additions during the year	490.02	-	3,176.91	2,932.50	167.20	3.28	89.08	94.91	6,953.90
Disposal / adjustments during the year	-	-	(43.75)	(8.95)	(1.56)	(22.32)	(6.38)	(16.72)	(99.68)
Balance as at 31st March, 2017	2,762.55	2,998.62	28,902.36	40,071.20	1,171.34	144.24	239.71	860.83	77,150.85
Additions during the year	227.98	-	2,898.93	3,050.22	175.55	101.76	22.29	59.50	6,536.23
Disposal / adjustments during the year	-	-	(0.09)	(308.74)	(6.61)	(33.17)	(0.39)	(54.61)	(403.61)
Balance as at 31st March, 2018	**2,990.53**	**2,998.62**	**31,801.20**	**42,812.68**	**1,340.28**	**212.83**	**261.61**	**865.72**	**83,283.47**
Accumulated depreciation / amortisation:									
Balance as at 1st April, 2016	-	-	829.05	4,664.26	142.09	(3.26)	26.63	109.71	5,768.48
Charge for the year	-	16.86	1,144.73	5,444.89	191.89	29.32	67.28	165.33	7,060.30
Disposal / adjustments during the year #	-	59.40	(1.56)	(6.98)	(1.09)	(11.20)	(6.06)	(15.88)	16.63
Balance as at 31st March, 2017	-	76.26	1,972.22	10,102.17	332.89	14.86	87.85	259.16	12,845.41
Charge for the year	-	16.86	1,177.91	4,794.38	167.31	30.08	43.21	150.77	6,380.52
Disposal / adjustments during the year	-	-	(0.09)	(289.81)	(5.73)	(24.07)	(0.37)	(51.89)	(371.96)
Balance as at 31st March, 2018	**-**	**93.12**	**3,150.04**	**14,606.74**	**494.47**	**20.87**	**130.69**	**358.04**	**18,853.97**
Net block:									
as at 31st March, 2017	2,762.55	2,922.36	26,930.14	29,969.03	838.45	129.38	151.86	601.67	64,305.44
as at 31st March, 2018	**2,990.53**	**2,905.50**	**28,651.16**	**28,205.94**	**845.81**	**191.96**	**130.92**	**507.68**	**64,429.50**

* Others include laboratory equipments and computer hardware.

\# Amortisation of Leasehold land (under perpetual lease) includes ₹ 59.40 lakhs for earlier years.

Notes:

1. Out of total assets, identified assets comprising factory land, buildings and plant and machineries of the Company are mortgaged / hypothecated to State Bank of India for availing various working capital facilities to the tune of ₹ 233.80 crores.
2. Refer note 40 (b) for contractual commitments with respect to property, plant and equipment.

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 5 Capital work-in-progress

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balance at the beginning of the year	4,243.32	3,780.03
Additions during the year	7,464.14	3,368.82
Capitalisation during the year	(2,193.39)	(2,905.53)
Balance at the end of the year	**9,514.07**	**4,243.32**

Note: The year end balance of capital work-in-progress primarily consist of proposed capacity expansion at Kerala GIDC, Ahmedabad.

NOTE - 6 Other intangible assets and Goodwill

(₹ in Lakhs)

Particulars	Other intangibles			Goodwill (refer note (a))
	Software	Patents and Copyrights	Total	
Gross block:				
Balance as at 1st April, 2016	548.54	35.24	583.78	460.69
Additions during the year	74.52	3.00	77.52	-
Disposal / adjustments during the year	-	-	-	-
Balance as at 31st March, 2017	623.06	38.24	661.30	460.69
Additions during the year	70.10	0.87	70.97	-
Disposal / adjustments during the year	-	-	-	-
Balance as at 31st March, 2018	**693.16**	**39.11**	**732.27**	**460.69**
Amortisation:				
Balance as at 1st April, 2016	368.91	7.23	376.14	-
Charge for the year	66.86	1.74	68.60	-
Disposal / adjustments during the year	-	-	-	-
Balance as at 31st March, 2017	435.77	8.97	444.74	-
Charge for the year	56.82	2.05	58.87	-
Disposal / adjustments during the year	-	-	-	-
Balance as at 31 March 2018	**492.59**	**11.02**	**503.61**	-
Net block:				
as at 31st March, 2017	187.29	29.27	216.56	460.69
as at 31st March, 2018	**200.57**	**28.09**	**228.66**	**460.69**

Note (a):

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

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

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 7 Investments

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current investments		
A. Investment in equity instruments		
Subsidiaries (measured at cost)		
(i) Fully paid equity shares (quoted)		
4,77,661 (previous year: 4,77,661) equity shares of Welcast Steels Limited of face value ₹ 10/- each	1,341.05	1,341.05
(ii) Fully paid equity shares (unquoted)		
(a) 32,500 (previous year: 32,500) equity shares of Vega Industries (Middle East) F.Z.C., U.A.E. of face value US$ 10/- each	149.39	149.39
(b) 10,000 (previous year: 10,000) equity shares of AIA CSR Foundation of face value ₹ 10/- each	1.00	1.00
(c) 2,000 (previous year: Nil) equity shares of PT. Vega Industries Indonesia of face value IDR 13,116/- each	1.30	-
Others companies (unquoted) (measured at FVTPL) #		
(a) 25 (previous year: 25) equity shares of Koramangala Properties Limited of face value ₹ 100/- each, fully paid up	0.03	0.03
(b) 8,55,501 (previous year: 9,85,045) equity shares of Arkay Energy (Rameswarm) Limited of face value ₹ 10/- each, fully paid up	85.55	98.50
B. Investment in Government Securities (unquoted) (measured at cost)		
National Savings Certificate	0.06	0.06
Total	**1,578.38**	**1,590.03**
Aggregate book value of quoted investments	1,341.05	1,341.05
Aggregate market value of quoted investments	4,475.21	2,804.83
Aggregate book value of unquoted investments	237.33	248.98

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

NOTE - 8 Trade receivables

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current trade receivables		
Unsecured, considered good *	115.49	123.23
Total	**115.49**	**123.23**

* Trade receivables are hypothecated to secure working capital facilities from Banks (refer note 23).

NOTE - 9 Loans

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current loans		
Security deposits (unsecured, considered good)	494.50	392.59
Loans to staff		
Secured, considered good	70.02	100.20
Unsecured, considered good	91.56	67.73
Total	**656.08**	**560.52**

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 10 Other tax assets (net)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Advance income tax / tax deducted at source (net of provision for tax ₹ 1,00,184.73 lakhs)	2,251.11	1,535.57
Total	**2,251.11**	**1,535.57**

NOTE - 11 Other non-current assets

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital advances	2,629.22	979.99
Others		
Balance with government authorities	2,202.63	2,995.90
Advance paid under protest	331.27	339.42
Total	**5,163.12**	**4,315.31**

NOTE - 12 Inventories *

(Valued at lower of cost or net realisable value)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Raw materials	5,936.92	6,685.00
Raw materials in transit	654.99	1,468.51
Work-in-progress	11,350.80	14,104.12
Finished goods	8,224.59	-
Stores and spares	8,132.68	7,410.43
Stores and spares in transit	196.32	243.09
Total	**34,496.30**	**29,911.15**

* Inventories are hypothecated to secure working capital facilities from Banks (refer note 23).

NOTE - 13 Investments

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current investments - (measured at FVTPL)		
Investment in mutual funds (quoted)	1,01,162.78	92,505.82
Investment in non-convertible debentures (unquoted)		
10,00,000 (previous year: Nil) 7.9% Debentures of ₹ 200 each, maturing in 2018-19	2,000.00	-
Total	**1,03,162.78**	**92,505.82**
Aggregate book value of quoted investments	84,018.62	80,538.76
Aggregate market value of quoted investments	1,01,162.78	92,505.82
Aggregate book value of unquoted investments	2,000.00	-

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 14 Trade receivables

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current trade receivables		
Unsecured, considered good * #	70,299.22	66,100.52
Doubtful	63.01	-
Less: Provision for doubtful receivables	(63.01)	-
	-	-
Total	**70,299.22**	**66,100.52**
* Trade receivables are hypothecated to secure working capital facilities from Banks (refer note 23).		
# Includes trade receivable from related parties (refer note 42 (d))	56,844.21	49,402.05

NOTE - 15 Cash and bank balances

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents		
Balances with banks	3,020.75	1,709.66
Cash on hand	8.18	8.72
Sub Total (a)	**3,028.93**	**1,718.38**
Other bank balances		
Balances with bank in fixed deposit accounts (maturity within 3-12 months from reporting date)	634.63	603.51
Earmarked balances with bank (unpaid dividend) *		11.09
Sub Total (b)	**8,191.44**	**614.60**
Total (a+b)	**11,220.37**	**2,332.98**

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

NOTE - 16 Loans

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current loans		
Security deposits (unsecured, considered good)	142.57	131.73
Loans to staff		
Secured, considered good	28.51	18.47
Unsecured, considered good	80.57	113.66
Total	**251.65**	**263.86**

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 17 Other financial assets

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Export incentives receivable	4,487.10	3,071.62
Interest accrued on investments	21.13	11.37
Total	**4,508.23**	**3,082.99**

NOTE - 18 Other current assets

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Advances other than capital advances		
Advances to related parties	6.82	-
Other advances		
Advances to suppliers	2,282.52	1,430.65
Advances to staff	-	8.97
Others		
Balance with government authorities	9,694.06	9,392.46
Prepaid expenses	308.00	375.05
Total	**12,291.40**	**11,207.13**

NOTE - 19 Share capital

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Authorised share capital		
23,00,00,000 (previous year: 23,00,00,000) equity shares of face value ₹ 2/- each.	4,600.00	4,600.00
Total	**4,600.00**	**4,600.00**
Issued , subscribed and fully paid up share capital		
9,43,20,370 equity shares (previous year: 9,43,20,370) of face value ₹ 2/- each, fully paid up	1,886.41	1,886.41
Total	**1,886.41**	**1,886.41**

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

(₹ in Lakhs)

	As at 31st March, 2018		As at 31st March, 2017	
Particulars	**No. of shares**	**Amount**	**No. of shares**	**Amount**
Shares outstanding at the beginning of the year	9,43,20,370	1,886.41	9,43,20,370	1,886.41
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	9,43,20,370	1,886.41	9,43,20,370	1,886.41

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 19 Share capital (contd.)

(b) Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity share having a par value of ₹ 2 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding. The Company has paid interim dividend for the financial year 2017-18 and hence the board has not recommended final dividend for the year.

(c) The details of shareholders holding more than 5% shares are set out below :

	As at 31st March, 2018		As at 31st March, 2017	
Name of the shareholders	**No. of shares**	**% of holding**	No. of shares	% of holding
Bhadresh K. Shah	5,81,28,900	61.63%	5,81,28,900	61.63%
Nalanda India Equity Fund Limited	91,27,809	9.68%	91,27,809	9.68%

NOTE - 20 Other equity

(₹ in Lakhs)

Particulars		As at 31st March, 2018	As at 31st March, 2017
Reserves and surplus			
(a)	Securities premium reserve		
	Balance at the beginning and at the end of the year	26,579.52	26,579.52
(b)	Capital redemption reserve		
	Balance at the beginning and at the end of the year	1,925.74	1,925.74
(c)	General reserve		
	Balance at the beginning and at the end of the year	16,189.27	16,189.27
(d)	Retained earnings		
	Balance at the beginning of the year	1,95,474.07	1,58,230.45
	Add: Profit for the year	46,990.66	41,731.35
	Add: Remeasurement of defined benefit plan	(55.61)	-
	Less: Dividends paid #	(11,318.44)	(3,772.81)
	Less: Income tax on dividends paid #	(1,973.55)	(655.52)
	Less: Amortisation of leasehold land	-	(59.40)
	Total (d)	2,29,117.13	1,95,474.07
	Total reserves and surplus (a+b+c+d)	**2,73,811.66**	**2,40,168.60**
Other comprehensive income			
(a)	Cash flow hedge reserve:		
	Balance at the beginning of the year	268.27	286.58
	Recognised in Statement of profit and loss		
	Mark to market of hedging designated instruments and effective as hedges of future cash flow	(1,304.94)	855.89
	Restatements of trade receivables to the extent of hedging	1,400.73	(883.89)
		95.79	(28.00)

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 20 Other equity (contd.)

(₹ in Lakhs)

Particulars		As at 31st March, 2018	As at 31st March, 2017
	Effect of tax on above	(34.85)	9.69
	Balance at the end of the year	329.21	268.27
(b)	Remeasurement of defined benefit plans		
	Balance at the beginning of the year	(115.32)	35.70
	Recognised in Statement of profit and loss	59.71	(151.02)
	Less: Transferred to retained earnings	(55.61)	-
	Balance at the end of the year	-	(115.32)
	Total other comprehensive income	**329.21**	**152.95**
	Total other equity	**2,74,140.87**	**2,40,321.55**

(₹ in Lakhs)

# Dividend on equity shares paid during the year:	As at 31st March, 2018	As at 31st March, 2017
Final dividend for the financial year 2016-17 [₹ 4 (previous year: Nil) per equity share of ₹ 2 each]	3,772.81	-
Dividend distribution tax on final dividend	663.83	-
Interim dividend for the financial year 2017-18 [₹ 8 (previous year: ₹ 4) per equity share of ₹ 2 each]	7,545.63	3,772.81
Dividend distribution tax on interim dividend	1,309.72	655.52

Nature and purpose of reserves:

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

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

(c) General reserve: Pursuant to provisions of the Companies Act, 1956, the Company has transferred a portion of its net profit for the year to general reserve before declaring dividend. Mandatory transfer to general reserve is not required under Companies Act 2013.

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

NOTE - 21 Borrowings

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current borrowings		
Deferred payment liabilities * (unsecured)	19.85	33.57
Total	**19.85**	**33.57**

* Deferred sales tax under Package Scheme of Incentives 1993 of Maharashtra for erstwhile Paramount Centrispun Castings Private Limited.

Terms of repayment of deferred sales tax:

Year	(₹ in Lakhs)
2019-20	19.85

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 22 Provisions

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current provisions		
Provision for employee benefits (refer note 39)		
Gratuity	-	141.51
Leave encashment	-	22.26
Provision for warranties	556.24	340.79
Total	**556.24**	**504.56**
Movement in provision for warranties (also refer note 27)		
Balance at the beginning of the year	541.79	380.65
Utilisation during the year	(42.33)	(39.86)
Provision for the year (refer note 36) #	201.00	201.00
Balance at the end of the year	**700.46**	**541.79**

Provision for warranties is created considering historical experience of the Company @ 0.35% of domestic sales.

NOTE - 23 Borrowings

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current borrowings		
Loans repayable on demand		
From banks		
Secured *	11,794.31	4,295.91
Unsecured	-	7,249.73
Total	**11,794.31**	**11,545.64**

Nature of security *

1. Export Packing Credit ('EPC') and Packing Credit in Foreign Currency ('PCFC') facilities from Citi Bank N.A. carrying interest rate ranging from 4.60 % - 5.05% on EPC and from 1.33 % to 2.99 % on PCFC respectively and is secured by:
   - Pari passu charge over inventories and book debts of the Company to the extent of ₹ 150.00 crores, and
   - Demand Promisory Note and Letter of Continuity for ₹ 150.00 crores.
2. EPC facility from HSBC Bank carrying interest rate ranging from 4.60 % - 4.80 % is secured by pari passu charge over current assets of the Company
3. PCFC facility from State Bank of India in previous year carrying interest rate of 4.8% is secured against:
   - hypothecation of entire chargeable current assets of the Company, including receivables and inventories;
   - collateral security (exclusive charge) by way of mortgage of identified factory land and buildings and hypothecation of identified plant and machineries of the Company.

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 24 Trade payables

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Total outstanding dues of micro enterprises and small enterprises (refer note 44)	1,153.04	788.11
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Due to related parties [refer note 42 (D)]	859.34	734.51
Due to others	10,206.47	10,154.74
Total	**12,218.85**	**11,677.36**

NOTE - 25 Other financial liabilities

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Other current financial liabilities		
Current maturities of long term debt #	15.75	2,440.84
Unpaid dividends *	7,556.81	11.09
Other payables	83.84	96.79
Total	**7,656.40**	**2,548.72**

Previous year includes External Commercial Borrowings (ECB) amounting to USD 18,700,000 secured by hypothecation of identified plant and machineries procured from proceeds of the borrowings and installed at Moraiya Unit (M1) of the Company. The Loan is repayable in 15 equal quarterly instalments of USD 1,246,667 after a moratorium period of 18 months from the date of first draw-down, i.e., 3rd October, 2012. The loan carries a floating interest rate of 285 bps 3M LIBOR to be reset at every 3 months. The Company has entered into an interest rate swap to convert the loan to 4.1% fixed rate of interest. The last instalment due was paid by the Company in October 2017.

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

NOTE - 26 Other current liabilities

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Customer advances	951.03	3,438.60
Others		
Security deposits	105.47	112.01
Salary, wages and bonus payable (refer note a)	1,002.06	916.91
Other payables*	339.52	347.48
Total	**2,398.08**	**4,815.00**

* Includes statutory dues.

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
a. Reconciliation of bonus payable:		
Balance at the beginning of the year	512.87	485.59
Payments made during the year	(512.87)	(491.14)
Expense for the year	552.00	518.42
Balance at the end of the year	552.00	512.87

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 27 Provisions

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current provisions		
Provision for employee benefits (refer note 39)		
Gratuity	118.64	162.00
Leave encashment	193.36	53.06
Provision for warranties (refer note 22)	144.22	201.00
Total	**456.22**	**416.06**

NOTE - 28 Current tax liabilities (net)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provision for income tax (net of advance tax and tax deducted at source amounting to ₹ 14,908.79 lakhs)	1,088.21	1,447.77
Total	**1,088.21**	**1,447.77**

NOTE - 29 Revenue from operations

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Sale of products		
Export sales	1,50,545.25	1,43,383.31
Domestic sales (including excise duty) *	59,027.98	62,981.63
Total	**2,09,573.23**	**2,06,364.94**
Other operating revenue		
Exports incentives	7,008.74	5,874.61
Total	**2,16,581.97**	**2,12,239.55**

* Effective 1st July, 2017, the Government of India has introduced Goods and Service Tax (GST) whereby sales are recorded net of GST whereas earlier sales were recorded gross of excise duty which formed part of expenses.

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 30 Other income

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Interest income from financial assets*	248.85	194.62
Dividend income	11,414.68	3,788.29
Other non-operating income		
Profit on sale of mutual fund units	904.71	709.25
Gain on foreign exchange fluctuation (net)	3,777.31	2,208.66
Fair value of current investments	5,177.09	6,415.69
Fair value of forward contracts	-	231.17
Profit on sale of assets (net)	28.86	-
Miscellaneous receipts	146.75	340.86
Total	**21,698.25**	**13,888.54**

* Interest amount mainly includes interest on fixed deposits, staff loan and refund of income tax.

NOTE - 31 Cost of materials consumed

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Opening stock at the beginning of the year	8,153.51	5,474.94
Add: Purchases during the year	81,927.08	74,277.65
Less: Closing stock at the end of the year	6,591.91	8,153.51
Total	**83,488.68**	**71,599.08**

NOTE - 32 Changes in inventories of finished goods and work-in-progress

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Opening stock		
Work-in-progress	14,104.12	8,822.09
Finished goods	-	-
	14,104.12	8,822.09
Closing stock		
Work-in-progress	11,350.80	14,104.12
Finished goods	8,224.59	-
	19,575.39	14,104.12
Total	**(5,471.27)**	**(5,282.03)**

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 33 Employee benefits expense

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Salaries, wages and bonus	7,467.17	7,048.20
Contribution to provident and other funds	485.80	462.98
Expenses related to post employment defined benefit plans [refer note 39 (iv)]		
Staff welfare expenses	73.75	70.58
Total	**8,205.07**	**7,734.25**

NOTE - 34 Finance costs

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Interest on:		
Bank borrowings	468.50	307.65
Income-tax	95.00	80.00
Others	5.35	0.56
Foreign exchange adjustments to borrowing costs	87.87	58.18
Total	**656.72**	**446.39**

NOTE - 35 Depreciation and amortisation

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Depreciation of property, plant and equipment (refer note 4)	6,380.52	7,060.30
Amortisation of intangible assets (refer note 6)	58.87	68.60
Total	**6,439.39**	**7,128.90**

NOTE - 36 Other expenses

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Consumption of stores	21,127.81	20,805.68
Power and fuel	21,953.65	21,420.25
Contract labour charges	6,216.57	6,014.33
Repairs and maintenance		
- buildings	149.56	221.66
- plant and machineries	531.96	430.50
- others	554.55	375.36
Rent	132.06	119.64
Insurance	487.89	481.66
Rates and taxes	290.89	368.63
Security expenses	366.66	359.42
Printing, stationery and communication expenses	197.89	148.04
Travelling and conveyance expense	776.86	709.34
Advertisement and sales promotion	59.40	25.42
Clearing, forwarding and freight outward expenses	3,712.40	3,566.92
Commission expenses	407.81	115.06

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 36 Other expenses (contd.)

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Warranty expenses	201.00	201.00
Directors' sitting fees	4.85	4.50
Payments to auditors		
- Statutory audit fees	16.00	15.00
-Tax audit fees	-	1.50
-Other services	10.40	8.64
-Reimbursement of expenses	0.93	-
Legal and professional consultancy fees	1,677.01	963.81
Bank commission charges	121.15	166.25
Donation	38.69	41.07
Corporate social responsibility expenses (refer note 49)	773.13	618.63
Loss on sale of assets (net)	-	25.28
Fair value of forward contracts	73.96	-
Provision for doubtful trade receivables	63.01	-
Other miscellaneous expenses	315.63	384.60
Total	**60,261.72**	**57,592.19**

NOTE - 37 Tax expenses

(a) Income tax expenses

(₹ in Lakhs)

Current tax	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Provision for current tax	15,902.00	17,200.00
Excess provision for current tax of earlier years written back	(1,192.47)	-
Net deferred tax [refer note 37(c)]	(560.62)	3,175.01
Income tax expense for the year	14,148.91	20,375.01

(b) Deferred tax

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Deferred tax liabilities		
Difference between written down value of fixed assets as per books of account and income-tax	4,688.28	4,451.66
Fair valuation of current investments	3,317.62	4,141.56
Cash flow hedge reserve balance	176.83	141.98
Sub Total (a)	**8,182.73**	**8,735.20**
Deferred tax assets		
Leave encashment	-	26.07
Others	0.46	1.09
Sub Total (b)	**0.46**	**27.16**
Deferred tax liabilities (net) (a+b)	**8,182.27**	**8,708.04**

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 37 Tax expenses (Contd.)

(c) Movement in deferred tax

(₹ in Lakhs)

Particulars	Opening balance as at 1st April	Statement of profit and loss	Other comprehensive income	Closing balance as at 31st March
2017-18				
Deferred tax liabilities				
Difference between written down value of fixed assets as per the books of accounts and Income tax Act, 1961.	4,451.66	236.62	-	4,688.28
Fair valuation of current investments	4,141.56	(823.94)	-	3,317.62
Cash flow hedge reserve balance	141.98	-	34.85	176.83
Sub Total (a)	**8,735.20**	**(587.32)**	**34.85**	**8,182.73**
Deferred tax assets				
Leave encashment	26.07	(26.07)	-	-
Others	1.09	(0.63)	-	0.46
Sub Total (b)	**27.16**	**(26.70)**	**-**	**0.46**
Deferred tax liabilities (net) (a+b)	**8,708.04**	**(560.62)**	**34.85**	**8,182.27**

(₹ in Lakhs)

Particulars	Opening balance as at 1st April	Statement of profit and loss	Other comprehensive income	Closing balance as at 31st March
2016-17				
Deferred tax liabilities				
Difference between written down value of fixed assets as per the books of accounts and Income Tax Act, 1961.	3,580.75	870.91	-	4,451.66
Fair valuation of current investments	1,921.20	2,220.36	-	4,141.56
Reversal of goodwill amortisation	53.14	(53.14)	-	-
Cash flow hedge reserve balance	151.67	-	(9.69)	141.98
Sub Total (a)	**5,706.76**	**3,038.13**	**(9.69)**	**8,735.20**
Deferred tax assets				
Leave encashment	162.32	(136.25)	-	26.07
Others	1.72	(0.63)	-	1.09
Sub Total (b)	**164.04**	**(136.88)**	**-**	**27.16**
Deferred tax liabilities (net) (a+b)	**5,542.72**	**3,175.01**	**(9.69)**	**8,708.04**

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 37 Tax expenses (Contd.)

(d) Effective tax reconciliation

Reconciliation of the tax expense (i.e., current tax and deferred tax) amount considering the enacted Income tax rate and effective Income tax rate of the Company is as follows:

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Profit before tax for the year	61,139.57	62,106.36
Tax at statutory income tax rate of 34.608% in India	21,159.18	21,493.77
Adjustments:		
Effect of income which is taxed at special rates	(3,950.40)	(1,311.05)
Non-deductible expenses for tax purposes	(6.80)	(62.48)
Income not chargeable for tax purpose	(1,805.67)	(133.13)
Effects of excess / (less) tax for tax purpose on capital gain / (loss)	-	245.46
Impact of change in enacted tax rate for subsequent year	(54.93)	17.48
Tax of earlier years written back	(1,192.47)	-
Income tax expense reported in the Statement of profit and loss	14,148.91	20,375.01

The Company has ongoing dispute with Income tax authorities relating to tax treatement of certain items. These amounts have been disclosed as contingent liabilities (refer note 40).

NOTE - 38 Earnings per share

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Net profit attributable to the equity shareholders (₹ in lakhs)	46,990.66	41,731.35
Weighted average number of equity shares outstanding during the period	9,43,20,370	9,43,20,370
Nominal value of equity share (₹)	2.00	2.00
Basic and diluted earnings per share (₹)	49.82	44.24

NOTE - 39 Employee benefits

The Company has the following employment benefit plans:

A. Defined contribution plan

Contribution to defined contribution plan, recognised as expense is as under:

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Employer's contribution to provident fund	364.73	351.64

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 39 Employee benefits (Contd.)

B. Defined benefit plans

Gratuity: The employees' gratuity fund scheme is a defined benefit plan managed by a Trust. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The benefits are governed by the Payment of Gratuity Act, 1972. The key features are as under :

Benefits offered	15 / 26 x Salary x Duration of service
Salary definition	Basic salary
Benefit ceiling	Benefit ceiling of ₹ 20 lakhs is not applied
Vesting conditions	5 years of continuous service (not applicable in case of death / disability)
Benefit eligibility	Upon death or resignation / withdrawal or retirement
Retirement age	58, 60, 62, 65 or 70 years

(i) Risks associated to the defined benefit plan:

a. Actuarial risk: Risks due to adverse salary growth / Variability in mortality and withdrawal rates.

b. Investment risk: Risks due to significant changes in discount rate during the inter-valuation period.

c. Liquidity risk: Risks on account of Employees resign/retire from the Company and as result strain on the cash flow arises.

d. Market risk: Risks related to changes and fluctuation of the financial markets and assumption depends on the yields on the corporate/government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

e. Legislative risk: Risks of increase in the plan liabilities or reduction in plan assets due to change in legislation.

(ii) Reconciliation of opening and closing balances of defined benefit obligation:

(₹ in Lakhs)

	Gratuity (funded)	
Particulars	**2017-18**	2016-17
Defined benefit obligation at the beginning of the year	2,102.89	1,747.68
Recognised in Statement of profit and loss:		
Current service cost	162.00	135.74
Interest cost	146.16	128.06
Actuarial (gain) / loss recognised in other comprehensive income:		
Due to change in financial assumptions	(48.25)	161.17
Due to experience adjustments	(30.84)	13.49
Benefits paid	(104.39)	(83.25)
Defined benefit obligation at the end of the year	2,227.57	2,102.89

(iii) Reconciliation of opening and closing balances of fair value of plan assets:

(₹ in Lakhs)

	Gratuity (funded)	
Particulars	**2017-18**	2016-17
Fair value of plan assets at the beginning of the year	1,799.38	1,465.07
Interest income	129.81	111.31
Return on plan assets excluding amounts included in interest income	(19.38)	23.64
Contributions by the employer	303.51	282.61
Benefits paid	(104.39)	(83.25)
Fair value of plan assets at the end of the year	2,108.93	1,799.38
Actual return on plan assets	110.43	134.95

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 39 Employee benefits (Contd.)

(iv) Expense recognised during the year:

(₹ in Lakhs)

Particulars	Gratuity (funded) 2017-18	2016-17
Current service cost	162.00	135.74
Net interest cost	16.35	16.75
Net value of remeasurements on the obligation and plan assets	-	-
Net cost recognised in Statement of profit and loss	178.35	152.49
Components of actuarial gains / (losses):		
Due to change in financial assumptions	(48.25)	161.17
Due to experience adjustments	(30.84)	13.49
Return on plan assets excluding amounts included in interest income	19.38	(23.64)
Net cost recognised in other comprehensive income	(59.71)	151.02

(v) Reconciliation of fair value of assets and obligations:

(₹ in Lakhs)

Particulars	Gratuity (funded) 2017-18	2016-17
Present value of obligation	2,227.57	2,102.89
Fair value of plan assets	2,108.93	1,799.38
Net defined benefit liability at end of the year	118.64	303.51

(vi) Composition of plan assets:

Particulars	Gratuity (funded) 2017-18	2016-17
Debt instruments		
Government of India securities	-	3%
High quality corporate bonds	1%	2%
State government securities	1%	2%
Cash and cash equivalents		
Bank balances	1%	2%
Special deposit scheme	1%	1%
Investment funds		
Insurance policies	95%	90%
Others	1%	-
Total	**100%**	**100%**

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 39 Employee benefits (Contd.)

(vii) Key actuarial assumptions:

	Gratuity (funded)	
Particulars	**2017-18**	2016-17
Financial assumptions		
Discount rate	7.60%	7.35%
Expected rate of return on plan assets	7.60%	7.35%
Salary growth rate	8.50%	8.50%
Demographic assumptions		
Withdrawal rate	5% at younger ages reducing to 1% at older ages	
Mortality table	Indian assured lives mortality (2006-08)	

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

(viii) Sensitivity analysis:

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Impact on defined benefit obligations - Gratuity:

	Increase in assumption		Decrease in assumption	
Particulars	**2017-18**	**2016-17**	**2017-18**	**2016-17**
Discount rate				
Change in assumption by 0.50%	-4.10%	-4.20%	4.40%	4.50%
Salary growth rate				
Change in assumption by 0.50%	4.40%	4.40%	-4.10%	-4.10%
Withdrawal rate				
Change in assumption by 0.10%	-0.20%	-0.20%	0.20%	0.21%

The Methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior period.

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 39 Employee benefits (Contd.)

(ix) Maturity profile of the defined benefit obligation:

(₹ in Lakhs)

Particulars	Gratuity (funded) 2017-18	2016-17
Age wise distribution of defined benefit obligation		
Age in years		
Less than 30	56.20	70.14
31 to 40	460.19	407.07
41 to 50	637.46	641.86
51 and above	1,073.72	983.82
Accrued gratuity for left employees	-	-
Total	**2,227.57**	**2,102.89**
Past service wise distribution of defined benefit obligation		
Service period in years		
0 to 4	36.50	37.47
4 to 10	352.77	449.21
10 to 15	422.98	239.22
15 and above	1,415.32	1,376.99
Accrued gratuity for left employees	-	-
Total	**2,227.57**	**2,102.89**

C. Other long-term employee benefits

Leave encashment: The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The benefits are governed by the Company's leave policy. The key features are as under :

Salary for encashment	Basic salary
Salary for availment	Cost to Company
Benefit event	Death or resignation or retirement or availment
Maximum accumulation	90
Benefit formula	(Leave days) x (Basic salary) / (Leave denominator)
Leave denominator	30
Leave credited annually	30
Retirement age	58, 60, 62, 65 or 70 years

Key actuarial assumptions:

Particulars	Leave encashment (funded) 2017-18	2016-17
Financial assumptions		
Discount rate	7.60%	7.80%
Expected rate of return on plan assets	7.60%	7.80%
Salary growth rate	8.50%	8.00%
Demographic assumptions		

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 39 Employee benefits (Contd.)

Withdrawal rate	5% at younger ages reducing to 1% at older ages
Mortality table	Indian assured lives mortality (2006-08)

D. Company's estimate of contributions expected to be paid during financial year 2018-19 is as under:

(i)	Defined contribution plan:	
	(a) Employer's contribution to provident fund	12% of basic salary
(ii)	Defined benefit plan:	
	(a) Gratuity	168.42
(iii)	Other long term employee benefits	
	(a) Leave encashment	105.39

NOTE - 40 Contingent liabilities and capital commitments

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Contingent liabilities		
Claims against the Company not acknowledged as debts:		
Central Excise and Service tax matters	2,678.07	3,227.41
Income tax matters	15,329.67	11,640.28
Sales tax / VAT matters	52.72	57.24
Guarantees:		
Outstanding bank guarantees	15,052.69	14,605.11
Outstanding corporate guarantees given to customers of the Company	289.32	579.94
Letter of Credit (L/C)	65.28	1,017.88
Others matters including claims related to ESIC, Electricity and Ex-employees	604.26	617.58
Total	**34,072.01**	**31,745.44**
(b) Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	4,471.49	565.47
Total	**4,471.49**	**565.47**

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

Notes:

(i). Most of the issue of litigation pertaining to Central Excise/ Service tax / Income tax are based on interpretation of the respective law & rules thereunder. Management has been opined by its counsel that many of the issues raised by revenue will not be sustainable in law as they are covered by judgements of respective judicial authorities which supports its contention. As such no material impact on the financials of the Company is envisaged.

(ii). Sales tax/VAT related litigation/demand primarily pertains to non submission of required declaration forms in time due to non-receipt of the same from customers and / or some interpretation related issues. However in most of the cases, required documents are being filed and given in minor impact if any, shall be the year of final outcome of respective matter in appeal.

NOTE - 41 Arbitration matter

On termination of Joint Venture and Shareholders' Agreement between Mr. Bhadresh K. Shah, Managing Director of the Company and Magotteaux International S.A. Belgium (Magotteaux), a Settlement Deed dated 16th February, 2000 was executed. Under the arbitral mechanism provided in Settlement Deed, Magotteaux has initiated arbitral proceedings against Mr. Bhadresh K. Shah and the Company before the International Chamber of Commerce, London (ICC) claiming the reliefs of injunction and damages inter alia alleging infringement of its Patent by the Company (in relation to the Company's Sintercast Product) and breach of the Settlement Deed (in relation to Company's Sintercast product). The amount involved in the said arbitral dispute is approximately US $ 60 Mn, including costs and damages. However, the Company disputes the arbitration request and denies the allegations made therein and is confident of successfully defending the matter in accordance with law.

NOTE - 42 Related party disclosures

A List of related parties:

(i) Subsidiaries:

Sr. no.	Name of entity	Country of incorporation	% of holding As at 31st March, 2018	% of holding As at 31st March, 2017
Direct subsidiaries				
1	Welcast Steels Limited	India	74.85%	74.85%
2	Vega Industries (Middle East) F.Z.C.	U.A.E.	100.00%	100.00%
3	AIA CSR Foundation	India	100.00%	100.00%
Indirect subsidiaries				
4	Vega Industries Limited *	U.K.	100.00%	100.00%
5	Vega Industries Limited **	U.S.A.	100.00%	100.00%
6	Vega Steel Industries (RSA) Proprietary Limited ***	South Africa	74.63%	100.00%
7	Wuxi Vega Trade Co. Limited *	China	100.00%	100.00%
8	PT. Vega Industries Indonesia #	Indonesia	100.00%	100.00%
9	Vega Industries Chile SpA *	Chile	100.00%	-
10	AIA Ghana Limited *	Ghana	100.00%	-

* Wholly owned subsidiaries of Vega Industries (Middle East) F.Z.C., U.A.E.

** Wholly owned subsidiary of Vega Industries Limited, U.K.

*** Subsidiary of Vega Industries (Middle East) F.Z.C., U.A.E.

99% of shares are held by Vega Industries (Middle East) F.Z.C., U.A.E. and balance 1% is held by AIA Engineering Limited.

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 42 Related party disclosures (Contd.)

(ii) Key managerial personnel ('KMP'):

Sr. no.	Name	Designation
1	Mr. Rajendra S. Shah	Chairman
2	Mr. Bhadresh K. Shah	Managing Director
3	Mr. Yashwant M. Patel	Whole-Time Director
4	Mr. Kunal D. Shah	Executive Director - Finance (upto 13th November, 2017)
5	Dr. S. Srikumar	Non Executive & Non Independent
6	Mr. S. N. Jetheliya	Company Secretary
7	Mr. Bhupesh P. Porwal	Chief Financial Officer (w.e.f. 14th November, 2017)

(iii) Independent directors:

Sr. no.	Name
1	Mr. Rajendra S. Shah
2	Mr. Sanjay S. Majmudar
3	Mr. Dileep C. Choksi
4	Mr. Rajan Harivallabhdas

(iv) Others:

Sr. no.	Name	Relationship
1	AIA Employee's Gratuity Trust Fund, India	Post employment benefit plan of AIA Engineering Limited
2	Mrs. Giraben K. Shah	Relatives of key managerial personnel
3	Mrs. Gitaben B. Shah	
4	Mrs. Khushali Samip Solanki *	
5	Mrs. Bhumika Shyamal Shodhan *	
6	AB Tradelink Limited	Enterprise over which key managerial personnel have significant influence
7	Powertec Engineering Private Limited	
8	Powertec Infrastructure Private Limited	
9	Vee Connect Travels Private Limited	
10	Discus IT Private Limited	
11	Harsha Engineers Limited	
12	RNCA & Associates	

* Non-executive director of the Company.

NOTE - 42 Related party disclosures (contd.)

B Details of related party transactions during the year:

(₹ in Lakhs)

Sr. no.	Nature of transaction	Subsidiaries		Key Managerial Personnel		Independent Directors		Enterprise over which key managerial personnel have significant influence		Relatives of key managerial personnel		Post employment benefit plan of the Company	
		31st March, 2018	31st March, 2017	**31stMarch, 2018**	31st March, 2017	**31st March, 2018**	31st March, 2017	**31st March, 2018**	31st March, 2017	**31st March, 2018**	31s March, 2017	**31st March, 2018**	31st March, 2017
1	Sale of products (inclusive of taxes)	1,49,919.91	1,42,246.01	-	-	-	-	-	-	-	-	-	-
2	Recovery of freight charges	3,007.38	2,503.08	-	-	-	-	-	-	-	-	-	-
3	Miscellaneous receipt of Income	76.07	204.02	-	-	-	-	-	-	-	-	-	-
4	Purchase of goods (inclusive of taxes)	25,549.46	20,837.87	-	-	-	-	3,087.37	2,170.40	-	-	-	-
5	Investment in equity shares	1.30	-	-	-	-	-	-	-	-	-	-	-
6	Recovery of travelling expenses	134.12	153.31	-	-	-	-	-	-	-	-	-	-
7	CSR expenses	100.00	480.00	-	-	-	-	-	-	-	-	-	-
8	Commission expense on purchases	-	-	-	-	-	-	87.32	80.12	-	-	-	-
9	Legal and professional consultancy fees	-	-	-	-	-	-	48.79	53.75	-	-	-	-
10	SAP ERP functional and technical support	-	-	-	-	-	-	119.99	71.63	-	-	-	-
11	Salary, bonus and perquisites	-	-	104.56	109.11	-	-	-	-	1.54	1.54	-	-
12	Contribution to gratuity fund	-	-	-	-	-	-	-	-	-	-	178.36	152.49
13	Rent, rates and taxes	-	-	-	-	-	-	-	-	2.66	2.36	-	-
14	Repairs & maintenance of equipments	-	-	-	-	-	-	17.70	17.69	-	-	-	-
15	Travelling expenses	-	-	-	-	-	-	169.33	151.35	-	-	-	-
16	Telephone expenses	2.96	2.47	-	-	-	-	-	-	-	-	-	-
17	Professional tax	0.10	0.09	-	-	-	-	-	-	-	-	-	-
18	Dividend received	11,414.69	3,788.28	-	-	-	-	-	-	-	-	-	-
19	Directors' remuneration and perquisites	-	-	135.40	130.83	-	-	-	-	-	-	-	-
20	Sitting fees paid	-	-	-	-	3.50	3.45	-	-	1.35	1.05	-	-
21	Remuneration for finance related	-	-	-	-	22.50	15.00	-	-	-	-	-	-
22	Bank guarantees given by the Company on behalf of subsidiaries	1,954.29	8,423.44	-	-	-	-	-	-	-	-	-	-
	Total	**1,92,160.28**	**1,78,638.57**	**239.96**	**239.94**	**26.00**	**18.45**	**3,530.50**	**2,544.94**	**5.55**	**4.95**	**178.36**	**152.49**
	Outstanding balance receivable at year end	56,844.21	49,402.05	-	-	-	-	6.82	-	-	-	-	-
	Outstanding balance payable at year end	754.55	613.31	-	-	-	-	104.79	121.20	-	-	-	-

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 42 Related party disclosures (Contd.)

C Disclosures in respect of transactions with related parties during the year:

(₹ in Lakhs)

Sr. no.	Nature of transaction	Name of related party	31st March, 2018	31st March, 2017
1	Sale of products (inclusive of taxes)	Vega Industries (Middle East) F.Z.C.	1,49,342.15	1,42,192.27
		Welcast Steels Limited	577.76	53.74
2	Recovery of freight charges	Vega Industries (Middle East) F.Z.C.	3,007.38	2,503.08
3	Miscellaneous receipt of Income	Vega Industries (Middle East) F.Z.C.	43.50	178.19
		Vega Industries Limited, U.K.	16.28	16.20
		Wuxi Vega Trade Co. Limited	16.29	9.63
4	Purchase of goods (inclusive of taxes)	Welcast Steels Limited	25,549.46	20,837.87
		Harsha Engineers Limited	3,087.37	2,170.40
5	Investment in equity shares	PT Vega Industries Indonesia	1.30	-
6	Recovery of travelling expenses	Vega Industries (Middle East) F.Z.C.	134.12	153.31
7	CSR expenses	AIA CSR Foundation	100.00	480.00
8	Commission expense on purchases	AB Tradelink Limited	87.32	80.12
9	Legal and professional consultancy fees	Powertec Engineering Private Limited	-	23.00
		Powertec Infrastructure Private Limited	42.99	23.05
		RNCA & Associates	5.80	7.70
10	SAP ERP functional and technical support	Discus IT Private Limited	119.99	71.63
11	Salary, bonus and perquisites	Mrs. Gitaben B. Shah	1.54	1.54
		Mr. S. N. Jetheliya	47.55	48.78
		Mr. Kunal D. Shah (up to 13th November, 2017)	28.14	60.33
		Mr. Bhupesh P. Porwal (w.e.f. 14th November, 2017)	28.87	-
12	Contribution to gratuity fund	AIA Employee's Gratuity Trust Fund	178.36	152.49
13	Rent, rates and taxes	Mrs. Giraben K. Shah	2.66	2.36
14	Repairs & maintenance of equipments	Powertec Engineering Private Limited	-	8.86
		Powertec Infrastructure Private Limited	17.70	8.83
15	Travelling expenses	Vee Connect Travel Private Limited	167.87	148.30
		AB Tradelink Limited	1.46	3.05
16	Telephone expenses	Welcast Steels Limited	2.96	2.47
17	Professional tax	Welcast Steels Limited	0.10	0.09
18	Dividend received	Vega Industries (Middle East) F.Z.C.	11,405.13	3,788.28
		Welcast Steels Limited	9.55	-

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 42 Related party disclosures (Contd.)

(₹ in Lakhs)

Sr. no.	Nature of transaction	Name of related party	31st March, 2018	31st March, 2017
19	Directors' remuneration and perquisites	Mr. Bhadresh K. Shah	110.68	116.11
		Mr. Yashwant M. Patel	24.72	14.72
20	Sitting fees paid	Mr. Rajendra S. Shah	1.15	1.00
		Mr. Sanjay S. Majmudar	1.15	1.00
		Mr. Dileep C. Choksi	0.30	0.45
		Mr. Rajan Harivallabhdas	0.90	1.00
		Mrs. Khushali Samip Solanki	0.60	0.60
		Mrs. Bhumika Shyamal Shodhan	0.75	0.45
21	Remuneration for finance related services	Mr. Sanjay S. Majmudar	22.50	15.00
22	Bank guarantees given by the Company on behalf of subsidiaries	Vega Industries Limited, U.K.	651.43	647.96
		Vega Industries (Middle East) F.Z.C.	651.43	7,127.52
		Wuxi Vega Trade Co. Limited	651.43	647.96

D The details of amounts due to or due from related parties as at 31 March are as follows:

(₹ in Lakhs)

Sr. no.	Particulars	Name of related party	31st March, 2018	31st March, 2017
1	**Trade receivables**			
	(a) Subsidiaries	Vega Industries (Middle East) F.Z.C.	56,811.64	49,372.98
		Wuxi Vega Trade Co., Limited	16.29	9.63
		Vega Industries Limited, U.K.	16.28	16.20
		Welcast Steels Limited	-	3.24
			56,844.21	49,402.05
2	**Trade payables**			
	(a) Subsidiaries	Welcast Steels Limited	754.55	613.31
			754.55	613.31
	(b) Enterprise over which key managerial personnel have significant influence	AB Tradelink Limited	3.44	2.37
		RNCA & Associates	1.02	2.28
		Harsha Engineers Limited	90.76	108.65
		Vee Connect Travels Private Limited	9.57	7.90
			104.79	121.20
			859.34	734.51
3	**Advances**			
	(a) Others	Discus IT Private Limited	6.82	-
		Total	**6.82**	**-**

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 42 Related party disclosures (Contd.)

E Breakup of compensation paid to key managerial personnel:

(₹ in Lakhs)

Sr. no.	Particulars	Name of key managerial personnel	For the year ended 31st March, 2018	For the year ended 31st March, 2017
1	Short-term employee benefits	Mr. Bhadresh K. Shah	110.68	116.11
		Mr. Yashwant M. Patel	24.72	14.72
		Mr. Kunal D. Shah	28.14	60.33
		Mr. Bhupesh P. Porwal	28.32	-
		Mr. S. N. Jetheliya	46.28	47.51
		Sub Total (a)	**238.14**	**238.67**
2	Post-employment benefits	Mr. Bhupesh P. Porwal	0.55	-
		Mr. S. N. Jetheliya	1.27	1.27
		Sub Total (b)	**1.82**	**1.27**
		Total (a+b)	**239.96**	**239.94**

Key Managerial Personnel and Relatives of Promoters who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

All related party transactions entered during the year were in ordinary course of the business and are on arm's length basis. No amount has been recognised as bad or doubtful in respect of transactions with the related parties.

NOTE - 43 Operating segments

(a) Information about reportable segment:

The Company operates mainly in manufacturing of High Chrome Mill Internals (Castings) and all other activities are incidental thereto, which have similar risk and return, accordingly, there are no separate reportable Segment.

(b) Information about geographical segment:

The geographical information analyses the Company's revenues and non-current assets by the Company's country of domicile (i.e., India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets have been based on the geographical location of assets.

(₹ in Lakhs)

Particulars		For the year ended 31st March, 2018	For the year ended 31st March, 2017
(1).	Revenues from external customers including operating revenue:		
	India	66,036.72	68,856.24
	United Arab Emirates [revenue from Vega Industries (Middle East) F.Z.C.]	1,49,342.15	1,42,192.27
	Other countries	1,203.10	1,191.04
(2).	Non-current assets:		
	India	79,796.04	73,541.32
	Other Countries	-	-

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 43 Operating segments (Contd.)

(₹ in Lakhs)

Particulars		For the year ended 31st March, 2018	For the year ended 31st March, 2017
(a)	Breakup of revenues :		
	Revenue from operations	2,09,573.23	2,06,364.94
	Other operating revenue	7,008.74	5,874.61
(b)	Non-current assets		
	Non-current assets (excluding financial instruments and tax assets). All non-current assets of the Company are located in India	79,796.04	73,541.32

There are no transactions with a single external customer which amounts to 10% or more of the Company's revenue. The sales to Vega Industries (Middle East) F.Z.C. is disclosed above.

NOTE - 44 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March is are provided as under for to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

(₹ in Lakhs)

Sr. no.	Particulars	As at 31st March, 2018	As at 31st March, 2017
i	Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act):		
	Principal amount due to micro and small enterprise	1,153.04	788.11
	Interest due on above	-	-
ii	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	-	-
iii	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
iv	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
v	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

Note:

The Company had sought confirmation from its vendors on their status under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from 2nd October, 2006. Dues to micro and small enterprises have been determined to the extent confirmations received by the Company from its vendors. This has been relied upon by the auditors.

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 45 Lease transactions

The operating lease arrangements are cancellable subject to the stipulated notice period which generally does not exceed 3 months. Thus, management is of the view that there is no right to receive or obligation to pay the agreed lease rentals in case of termination.

NOTE - 46 Details of hedged and unhedged exposure in foreign currency denominated monetary items

(a) Foreign currency exposure as at 31 March hedged by derivative instruments:

The Company enters into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purposes.

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

		No. of contracts		Amount As at 31st March, 2018		Amount As at 31st March, 2017	
Currency - bought / sold	**Exposure to buy / sell**	**2018**	**2017**	**₹ in Lakhs**	**Foreign currency**	₹ in Lakhs	Foreign currency
EUR / USD		10	17	2,007.14	25,00,000	2,942.33	42,50,000
USD / INR	Sell	88	113	15,471.46	2,37,50,000	18,304.79	2,82,50,000
ZAR / INR		36	49	3,324.24	6,05,00,000	4,761.83	9,84,50,000

(b) Foreign currency exposure as at 31 March not hedged by derivative instruments:

	Amount As at 31st March, 2018		Amount As at 31st March, 2017	
Particulars	**FC**	**₹ in Lakhs**	FC	₹ in Lakhs
Payables against import of goods:				
US dollar	1,38,730	90.37	1,39,871	90.63
Euro	3,57,873	287.32	6,814	4.72
GBP	-	-	4,933	0.00
Receivables against export of goods:				
US dollar	4,31,02,716	28,078.40	2,56,88,095	16,644.83
Euro	47,01,773	3,774.85	31,27,631	2,165.30
ZAR	11,85,43,506	6,513.49	4,01,62,233	1,942.57

NOTE - 47 Financial risk management

The Company's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk, market risk and commodity risk. The Company's senior management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Management Committee which is responsible for developing and monitoring the Company's risk management policies. The key risks and mitigating actions are also placed before the Audit Committee of the Company. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Risk Management Committee of the Company is supported by the Finance team and experts who provide assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The activities are designed to protect the Company's financial results and position from financial risks, maintain market risks within the acceptable parameters while optimiSing returns and protect the Company's financial investments while maximising returns.

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 47 Financial risk management (Contd.)

This note explains the sources of risk which the Company is exposed to and how the Company manages the risk in the financial statements.

Nature of risk	Exposure arising from	Measurement	Management
Credit risk	Cash and Cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis, Credit rating	Credit limit set and aging analysis protect Company from potential losses due to excess credit to the customers. Further the Company has also obtained ECGC insurance cover for export sales.
Liquidity risk	Borrowing and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk - foreign exchange	Future commercial transactions recognised financial assets and liabilities not denominated in INR	Cash flow forecasting, Sensitivity analysis	Forward foreign exchange contracts.
Commodity risk	Purchase of raw material	Fluctuation in imported metal scrap and ferro chrome prices and currency rates	Procurement and inventory strategy

Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle the obligation as agreed. To manage this, the Company periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable. Customer wise limits are set accordingly.

The Company considers the probability of default of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

(i) Actual or expected significant adverse changes in business;

(ii) Actual or expected significant changes in the operating results of the counterparty;

(iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;

(iv) Significant increase in credit risk on other financial instruments of the same counterparty.

The Company categorises financial assets based on the assumptions, inputs and factors specific to the class of financial asset into High-quality assets, negligible credit risk; Quality assets, low credit risk; Standard assets, moderate credit risk; Substandard assets, relatively high credit risk; Low quality assets, very high credit risk; Doubtful assets, credit impaired.

Financial assets are written off only when there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than one year past due. Where loans or receivables have been written off, the Company continues engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the Statement of profit and loss.

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 47 Financial risk management (Contd.)

Provision for expected credit losses:

		Basis for recognition of expected credit loss provision		
Description of category	**Category**	**Investments**	**Loans and deposits**	**Trade receivables**
Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	High-quality assets, negligible credit risk	12 month expected credit losses	12 month expected credit losses	Life time expected credit losses (simplified approach)
Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.	Quality assets, low credit risk	12 month expected credit losses	12 month expected credit losses	
Assets where the probability of default is moderate, counter-party where the capacity to meet the obligations is not strong.	Standard assets, moderate credit	12 month expected credit losses	12 month expected credit losses	
Assets where there has been a significant increase in credit risk since initial recognition where payments are more than 360 days past due	Substandard assets, relatively high credit risk	Life time expected credit losses	Life time expected credit losses	
Assets where there is a high probability of default. It includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 360 days past due.	Low quality assets, very high credit risk	Life time expected credit losses	Life time expected credit losses	
Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the Company.	Doubtful assets, credit impaired	Asset is written off		

Expected credit loss for loans and deposits:

As at 31st March, 2018

(₹ in Lakhs)

Particulars	**Asset group**	**Estimated gross carrying amount at default**	**Expected probability of default**	**Expected credit losses**	**Carrying amount net of impairment provision**
Loss allowance measured at 12 month expected credit losses:					
Financial assets for which credit risk has not increased significantly since initial recognition	Loans	270.66	-	-	270.66
	Deposits	637.07	-	-	637.07
Loss allowance measured at life time expected credit losses:					
Financial assets for which credit risk has increased significantly and not credit impaired or credit impaired	NA	-	-	-	-

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 47 Financial risk management (Contd.)

As at 31st March, 2017

(₹ in Lakhs)

Particulars	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses					
Financial assets for which credit risk has not increased significantly since initial recognition	Loans	300.06	-	-	300.06
	Deposits	524.32	-	-	524.32
Loss allowance measured at life time expected credit losses					
Financial assets for which credit risk has increased significantly and not credit impaired or credit impaired	NA	-	-	-	-

Expected credit loss for trade receivables under simplified approach:

Ageing of trade receivables as at year end:

(₹ in Lakhs)

Due from date of invoice	As at 31st March, 2018	As at 31st March, 2017
Not due	29,967.78	40,605.58
0 - 3 months	27,641.66	17,410.98
3 - 6 months	8,294.30	7,244.93
6 - 12 months	3,818.38	453.51
Beyond 12 months	755.60	508.75
Gross carrying amount	70,477.72	66,223.75
Expected credit loss	(63.01)	-
Net carrying amount	70,414.71	66,223.75

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

Financing arrangements

The Company had access to following undrawn borrowing facilities as at year end:

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Fund and non-fund based facilities	67,468.03	55,790.00

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 47 Financial risk management (Contd.)

The table below analyses derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted.

(₹ in Lakhs)

Particulars As at 31st March, 2018	0-1 years	1-5 years	Total
Non-derivative financial liabilities			
Long- term borrowings (including current maturity of long term debt)	15.75	19.85	35.60
Short- term borrowings	11,794.31	-	11,794.31
Trade payables	12,218.85	-	12,218.85
Other financial liabilities	7,640.65	-	7,640.65
Total	**31,669.56**	**19.85**	**31,689.41**
Derivative financial liabilities			
Forward exchange contracts used for hedging inflows	229.34	-	229.34

As at 31st March, 2017

(₹ in Lakhs)

Particulars	0-1 years	1-5 years	Total
Non-derivative financial liabilities			
Long - term borrowings (including current maturity of long term debt)	2,440.84	33.57	2,474.41
Short - term borrowings	11,545.64	-	11,545.64
Trade payables	11,677.36	-	11,677.36
Other financial liabilities	107.88	-	107.88
Total	**25,771.72**	**33.57**	**25,805.29**
Derivative financial liabilities			
Forward exchange contracts used for hedging inflows	3.66	-	3.66

Note: Guarantees issued by the Company aggregating to ₹ 1,954.29 lakhs (previous year: ₹ 8,423.44 lakhs) on behalf of subsidiaries are with respect to borrowing limits obtained by the respective entity. These amounts will be payable on default by the concerned entity. As of the reporting date, none of the subsidiaries have any outstanding borrowing and hence the Company does not have any present obligation to third parties in relation to such guarantees.

Market risk - interest rate

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimise the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Exposure to interest rate risk

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Borrowings bearing fixed rate of interest	11,794.31	13,986.48
Borrowings bearing variable rate of interest	-	-

Interest rate sensitivity

A change of 50 bps in interest rates would have following impact on profit before tax:

(₹ in Lakhs)

Movement - effects on profit before tax	2017-18	2016-17
50 bp increase-decrease in profits	-	(57.73)
50 bp decrease-increase in profits	-	57.73

The Company has no significant long-term debt.

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 47 Financial risk management (Contd.)

Market risk - Foreign currency risk

The Company operates internationally and large portion of the business is transacted in several currencies. Consequently the Company is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Exports of the Company are significantly higher in comparison to its imports. As a policy, the Company does not cover the foreign exchange requirements for its imports and the same is managed from the export earnings in foreign currency. Foreign currency exchange rate exposure for exports is managed by prudent hedging policy.

Foreign currency exposure:

As at 31st March, 2018:

Particulars	USD	EURO	ZAR	GBP	CAD
Trade receivables (net of hedge) (a)	4,31,02,716	47,01,773	11,85,43,506	-	-
Bank balances in EEFC accounts (b)	1,62,397	52,185	5,92,235	-	42
Exposure to foreign currency risk (assets) (a+b)	4,32,65,113	47,53,958	11,91,35,741	-	42
Trade payables (c)	1,38,730	3,57,873	-	-	-
Foreign currency loans (d)	1,35,00,000	-	-	-	-
Exposure to foreign currency risk (liabilities) (c+d)	1,36,38,730	3,57,873	-	-	-

As at 31st March, 2017:

Particulars	USD	EURO	ZAR	GBP	CAD
Trade receivables (net of hedge) (a)	2,56,88,095	31,27,631	4,01,62,233	-	-
Bank balances in EEFC accounts (b)	14,99,299	1,50,647	3,20,786	-	42
Exposure to foreign currency risk (assets) (a+b)	2,71,87,394	32,78,278	4,04,83,019	-	42
Trade payables (c)	1,39,871	6,814	-	4,933	-
Foreign currency loans (d)	1,19,90,000	-	-	-	-
Exposure to foreign currency risk (liabilities) (c+d)	1,21,29,871	6,814	-	4,933	-

Foreign currency risk sensitivity

(₹ in Lakhs)

	Movement (%)		Effect on profit before tax	
Particulars	31st March, 2018	31st March, 2017	31st March, 2018	31st March, 2017
USD sensitivity				
INR / USD- increase by	1.00	1.00	193.00	151.81
INR / USD- decrease by	1.00	1.00	(193.00)	(151.81)
Euro sensitivity				
INR / Euro- increase by	1.00	1.00	35.29	22.65
INR / Euro- decrease by	1.00	1.00	(35.29)	(22.65)
ZAR sensitivity				

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 47 Financial risk management (Contd.)

(₹ in Lakhs)

Particulars	Movement (%)		Effect on profit before tax	
	31st March, 2018	31st March, 2017	**31st March, 2018**	31st March, 2017
INR / ZAR- increase by	1.00	1.00	65.46	19.58
INR / ZAR- decrease by	1.00	1.00	(65.46)	(19.58)
GBP sensitivity				
INR / GBP- increase by	1.00	1.00	-	(0.04)
INR / GBP- decrease by	1.00	1.00	-	0.04

The following significant exchange rates have been applied during the year

Rupees	Average rate		Year-end spot rate	
	31st March, 2018	31st March, 2017	**31st March, 2018**	31st March, 2017
USD	64.97	65.52	65.14	64.80
EUR	74.76	72.35	80.29	69.23
ZAR	5.17	4.67	5.49	4.84

Derivative financial instruments

The Company holds derivative financial instruments such as foreign currency forwards to mitigate the risk of changes in exchange rate on foreign currency exposures. The counterparty for these contracts are banks. These derivative financial instruments generally with a maturity upto 1 year.

Commodity Risk

Principal Raw Material for Company's products are Metal scrap and ferro chrome. Company sources its raw material requirement from domestic and international markets. Domestic market price generally remains in line with international market prices. Volatility in metal prices, currency fluctuation of rupee viz a viz other prominent currencies coupled with demand-supply scenario in the world market affect the effective price of metal scrap and ferrous metal. Company effectively manages availability of material as well as price volatility through:

(i) widening its sourcing base;

(ii) appropriate contracts with vendors and customers and commitments;

(iii) well planned procurement and inventory strategy.

Risk committee of the Company has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 47 Financial risk management (Contd.)

Consumption details of Metal scrap and Ferro chrome:

(Qty in MT)

Particulars	2017-18	2016-17
Metal scrap	1,50,954	1,56,042
Ferro chrome	45,503	46,945

Commodity price sensitivity:

Increase / (decrease) in prices of scrap / ferro chrome by Re. 1 per kg would have following impact on profit before tax:

(₹ in Lakhs)

Particulars	2017-18	2016-17
Re. 1 increase in commodity price	(1,964.57)	(2,029.87)
Re. 1 decrease in commodity price	1,964.57	2,029.87

(B) Capital Management

A. The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern so that they can continue to provide return for shareholders and benefits for other stakeholders.
- maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the following debt equity ratio:

(₹ in Lakhs)

Particulars	2017-18	2016-17
Debt*	11,829.91	14,020.05
Total equity	2,76,027.28	2,42,207.96
Debt to total equity	0.04	0.06

* Debt Comprise of non-current borrowings (including current maturity of long-term debts) and current borrowings.

Company believes in conservative leverage policy. Company's capital expenditure plan over the medium term shall be largely funded through internal accruals and suppliers' credit.

B. The Company follows the policy of Dividend for every financial year as may be decided by the Board considering financial performance of the Company and other internal and external factors enumerated in the Company's dividend policy. Company's Dividend policy is to distribute 10%-25% of its consolidated net profit as dividend (including Dividend Distribution Tax).

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 48 Fair value measurements

The Company uses the following hierarchy for determining the fair value of financial instruments by valuation technique :

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable input).

A. Financial assets :

As at 31st March, 2018

(₹ in Lakhs)

Particulars	Note	Instruments carried at			Total carrying value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
Non-current investments #	7	85.58	-	-	85.58	85.58
Current investments	13	1,03,162.78	-	-	1,03,162.78	1,03,162.78
Trade receivables	8, 14	-	-	70,414.71	70,414.71	-
Loans	9, 16	-	-	907.73	907.73	-
Cash and cash equivalents	15	-	-	3,028.93	3,028.93	-
Bank balances other than above	15	-	-	11,220.37	11,220.37	-
Derivatives		-	-	-	-	-
Other financial assets	17	-	-	4,508.23	4,508.23	-
Total		**1,03,248.36**	**-**	**90,079.97**	**1,93,328.33**	**1,03,248.36**

As at 31st March, 2017

(₹ in Lakhs)

Particulars	Note	Instruments carried at			Total carrying value	Total fair value
		FVTPL	FVTOCI	Amortised cost		
Non-current investments #	7	98.53	-	-	98.53	98.53
Current investments	13	92,505.82	-	-	92,505.82	92,505.82
Trade receivables	8, 14	-	-	66,223.75	66,223.75	-
Loans	9, 16	-	-	824.38	824.38	-
Cash and cash equivalents	15	-	-	1,718.38	1,718.38	-
Bank balances other than above	15	-	-	2,332.98	2,332.98	-
Derivatives		1,153.22	-	-	1,153.22	1,153.22
Other financial assets	17	-	-	3,082.99	3,082.99	-
Total		**93,757.57**	**-**	**74,182.48**	**1,67,940.05**	**93,757.57**

Investments in subsidiaries classified as equity investments have been accounted at historical cost. Since these are scope out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the above table. Investments in unquoted equity shares of entities other than subsidiaries have been designated as FVTPL and such investment upon sale is only going to fetch the principle amount invested and hence the Company considers cost and fair value to be the same.

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 48 Fair value measurements (Contd.)

B. Financial liabilities :

As at 31st March, 2018

(₹ in Lakhs)

Particulars	Note	Instruments carried at FVTPL	FVTOCI	Amortised cost	Total carrying value	Total fair value
Borrowings	21, 23	-	-	11,814.16	11,814.16	-
Trade payables	24	-	-	12,218.85	12,218.85	-
Derivatives		229.34	-	-	229.34	229.34
Other financial liabilities	25	-	-	7,656.40	7,656.40	-
Total		**-**	**229.34**	**31,689.39**	**31,918.75**	**229.34**

As at 31st March, 2017

(₹ in Lakhs)

Particulars	Note	Instruments carried at FVTPL	FVTOCI	Amortised cost	Total carrying value	Total fair value
Borrowings	21, 23	-	-	11,579.21	11,579.21	-
Trade payables	24	-	-	11,677.36	11,677.36	-
Derivatives		3.66	-	-	3.66	3.66
Other financial liabilities	25	-	-	2,548.72	2,548.72	-
Total		**3.66**	**-**	**25,805.29**	**25,808.95**	**3.66**

The following table provides the fair value measurement hierarchy of the group's financial assets and financial liabilities:

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

Financial assets

(₹ in Lakhs)

Particulars	Note	Fair value	Level 1	Level 2	Level 3
As at 31st March, 2018					
Current investments	13				
Investments in mutual funds (quoted)		1,01,162.78	1,01,162.78	-	-
Investments in debentures (unquoted)		2,000.00	-	2,000.00	-
Financial liabilities					
Derivatives		229.34	-	229.34	-
Financial assets					
As at 31st March, 2017					
Current investments	13				
Investments in mutual funds (quoted)		92,505.82	92,505.82	-	-
Derivatives		1,153.22	-	1,153.22	
Financial liabilities					
Derivatives		3.66	-	3.66	-

Note: During the year, there has not been any transfer of any financial assets or financial likeabilities between label 1 and lebel 2

NOTE - 49 Corporate social responsibility ('CSR') expenses

Based on the guidance note on Accounting for Expenditure on Corporate Social Responsibility Activities (CSR) issued by the Institute of Chartered Accountants of India and Section 135 of the Companies Act, 2013, read with rules made thereunder, the Company has incurred the following expenditure on CSR activities for the year ended 31st March:

(₹ in Lakhs)

Sr. no.	Particulars	31st March, 2018	31st March, 2017
1	Gross amount required to be spent by the Company during the year	1,079.65	969.08
2	Details of amount spent during the year:		
	Eradicating hunger, poverty and malnutrition	10.00	10.00
	Promoting healthcare including preventing health care	545.40	80.00
	Promoting education	102.00	45.00
	Ensuring environmental sustainability	4.48	3.63
	Heritage, art and culture	11.25	-
	Contribution to AIA CSR Foundation as per Schedule 7 of the Companies Act, 2013 (refer 3 below)	100.00	480.00
	Total amount spent during the year	**773.13**	**618.63**

Notes to the Standalone Financial Statements for the year ended 31st March, 2018 (Contd.)

(₹ in Lakhs)

Sr. no.	Particulars	31st March, 2018	31st March, 2017
3	Related party transactions in relation to CSR expenses: Contribution to AIA CSR Foundation	100.00	480.00
4	Amount unspent, if any.	306.52	350.45
5	Provision movement during the year:		
	Opening provision	-	-
	Additions during the year	773.13	618.63
	Utilised during the year *	(773.13)	(618.63)
	Closing provision	-	-

* Represents actual outflow during the year.

NOTE - 50 Details of Specified Bank Notes ('SBN')

The disclosures regarding details of specified bank notes held and transacted during 8th November, 2016 to 30th December, 2016 has not been made since the requirement does not pertain to financial year ended 31st March, 2018. Corresponding amounts as appearing in the audited Standalone Ind AS financial statements for the period ended 31st March, 2017 have been disclosed below:

(₹ in Lakhs)

Particulars	SBNs*	Other denomination notes	Total
Closing cash on hand as on 8th November, 2016 **	14.19	0.00	14.19
(+) Permitted receipts	-	46.13	46.13
(-) Permitted payments	-	(40.21)	(40.21)
(-) Amount deposited in banks	(14.19)	(0.00)	(14.19)
Closing cash on hand as on 30th December, 2016	-	5.92	5.92

* For the purpose of this clause 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

** Includes ₹ 1.41 lakhs held by employees as travelling advance.

NOTE - 51 Previous Year's figures have been regrouped / reclassified wherever necessary to confirm to current year presentation.

As per our report of even date attached.

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 16th May, 2018

For and on behalf of the Board of Directors

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

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

BHUPESH P. PORWAL
Chief Financial Officer

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

Place : Ahmedabad
Date : 16th May, 2018

Independent Auditor's Report

REPORT ON THE AUDIT OF CONSOLIDATED IND AS FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of AIA Engineering Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies listed in annexure I (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss, Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement, for the year then ended, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated state of affairs, consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We are also responsible to 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 Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Group to cease to continue as a going concern.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph 2 (a) of the Other

Independent Auditor's Report (Contd.)

Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2018, and their consolidated profit (including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows for the year ended on that date.

OTHER MATTERS

1. Corresponding figures for the year ended 31st March, 2017 have been audited by another auditor who expressed an unmodified opinion dated 25th May, 2017 on the consolidated Ind AS financial statements of the Company for the year ended 31st March, 2017. Our opinion on the consolidated Ind AS financial statements is not modified in respect of this matter.

2. (a) We did not audit the financial statements of eight subsidiaries, whose financial statements reflect total assets of ₹ 95,047.61 lakhs as at 31st March, 2018, total revenues of ₹ 2,01,805.73 lakhs and net cash outflows amounting to ₹ 8,187.02 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

   Certain of these subsidiaries are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management has converted the financial statements of such subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

   (b) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 455.22 lakhs as at 31st March, 2018, total revenues of ₹ 162.34 lakhs and net cash inflows amounting to ₹ 41.20 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

   Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

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

Independent Auditor's Report (Contd.)

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. Refer Note 40 and 41to the consolidated Ind financial statements.

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

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

iv. The disclosures in the consolidated Ind AS financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016 have not been made since they do not pertain to the financial year ended 31st March, 2018. However amounts as appearing in the audited consolidated Ind AS financial statements for the period ended 31st March, 2017 have been disclosed.

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 16th May, 2018

Independent Auditor's Report (Contd.)

ANNEXURE - I

Sr. no	Name of entity	Country	Relationship
1	Welcast Steels Limited	India	Subsidiary
2	Vega Industries (Middle East) F.Z.C.	U.A.E.	Wholly owned subsidiary
3	AIA CSR Foundation	India	Wholly owned subsidiary
4	Vega Industries Limited	U.K.	Step down subsidiary
5	Vega Industries Limited	U.S.A.	Step down subsidiary
6	Vega Steel Industries (RSA) PTY Limited	South Africa	Step down subsidiary
7	Wuxi Vega Trade Co. Limited	China	Step down subsidiary
8	PT. Vega Industries Indonesia	Indonesia	Step down subsidiary
9	Vega Industries Chile SpA	Chile	Step down subsidiary
10	AIA Ghana Limited	Ghana	Step down subsidiary

Annexure "A" to the Independent Auditor's Report – 31st March, 2018

(Referred to in our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated Ind ASfinancial statements of AIA Engineering Limited("the Holding Company") as of and for the year ended 31st March, 2018,we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary companies which are incorporated in India.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Directors of the Holding Company and its subsidiary companies which are incorporated in India,are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective 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 ("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 its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company and its subsidiary companies which are incorporated in India,based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of subsidiary companies which are companies incorporated in India, 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 system over financial reporting of the Holding Company.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial controls over financial reporting 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 over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that,in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts 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.

Annexure "A"to the Independent Auditor's Report – 31st March, 2018 (Contd.)

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to explanations given to us, the Holding Company and its subsidiary companies which are incorporated in India, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

OTHER MATTER

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies which are incorporated in India,is solely based on the corresponding report of the auditors of such companies incorporated in India.

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 16th May, 2018

Consolidated Balance Sheet as at 31st March, 2018

(₹ in Lakhs)

Particulars	Note	As at 31st March, 2018	As at 31st March, 2017
ASSETS			
Non-current assets			
(a) Property, plant and equipment	4	64,918.28	64,818.61
(b) Capital work-in-progress	5	9,675.16	4,259.05
(c) Goodwill	6	460.69	460.69
(d) Goodwill on consolidation	6	1,502.95	1,501.84
(e) Other intangible assets	6	229.54	218.43
(f) Financial assets			
(i) Investments	7	85.64	99.59
(ii) Trade receivables	8	115.49	123.23
(iii) Loans	9	1,088.72	986.06
(g) Other tax assets (net)	10	2,712.37	1,116.44
(h) Other non-current assets	11	5,353.67	4,509.43
Total non-current assets		**86,142.51**	**78,093.37**
Current assets			
(a) Inventories	12	55,338.97	53,405.96
(b) Financial assets			
(i) Investments	13	1,09,100.18	95,862.37
(ii) Trade receivables	14	60,020.12	49,482.78
(iii) Cash and cash equivalents	15	18,115.60	24,160.06
(iv) Bank balances other than (iii) above	15	8,383.56	619.29
(v) Loans	16	451.20	409.22
(vi) Derivatives		-	1,153.22
(vii) Other financial assets	17	4,622.66	3,156.61
(c) Other current assets	18	13,677.46	12,670.20
Total current assets		**2,69,709.75**	**2,40,919.71**
Total assets		**3,55,852.26**	**3,19,013.08**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	19	1,886.41	1,886.41
(b) Other equity	20	2,99,044.23	2,69,838.90
Equity attributable to owners of the Company		3,00,930.64	2,71,725.31
(c) Non-controlling interest		891.32	801.98
Total equity		**3,01,821.96**	**2,72,527.29**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	19.85	33.57
(b) Provisions	22	854.45	783.97
(c) Deferred tax liabilities (net)	37(b)	7,347.32	7,123.32
Total non-current equity		**8,221.62**	**7,940.86**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	12,294.31	11,545.64
(ii) Trade payables	24	16,332.76	13,746.46
(iii) Other financial liabilities	25	7,661.25	2,553.41
(iv) Derivatives		229.34	3.66
(b) Other current liabilities	26	6,358.15	6,585.94
(c) Provisions	27	1,647.58	3,211.49
(d) Current tax liabilities (net)	28	1,285.29	898.33
Total current liabilities		**45,808.68**	**38,544.93**
Total equity and liabilities		**3,55,852.26**	**3,19,013.08**

The accompanying notes are integral part of these Consolidated financial statements 2 - 51

As per our report of even date attached.

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 16th May, 2018

For and on behalf of the Board of Directors

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

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

BHUPESH P. PORWAL
Chief Financial Officer

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

Place : Ahmedabad
Date : 16th May, 2018

Consolidated Statement of Profit and Loss

for the year ended 31st March, 2018

(₹ in Lakhs)

Particulars	Note	Year ended 31st March, 2018	Year ended 31st March, 2017
INCOME			
Revenue from operations	29	2,46,668.77	2,32,034.30
Other income	30	12,181.49	10,435.77
Total income		**2,58,850.26**	**2,42,470.07**
EXPENSES			
Cost of materials consumed	31	98,718.66	84,735.76
Excise duty on sales		2,155.28	7,432.90
Changes in inventories of finished goods and work-in-progress	32	(2,282.23)	(10,519.02)
Employee benefits expense	33	11,315.78	10,671.07
Finance costs	34	692.76	449.22
Depreciation and amortisation expense	35	6,558.07	7,247.71
Other expenses	36	83,191.32	76,248.12
Total expenses		**2,00,349.64**	**1,76,265.76**
Profit before tax		**58,500.62**	**66,204.31**
Tax expense	37		
Current tax		14,887.54	17,366.59
Deferred tax		(749.02)	3,116.40
		14,138.52	**20,482.99**
Profit for the year		**44,362.10**	**45,721.32**
Other Comprehensive Income			
A (i) Items that will not be reclassified to Consolidated statement of profit and loss	39(iv)	56.17	(159.28)
(ii) Income tax relating to items that will not be reclassified to Consolidated statement of profit and loss		-	-
B (i) Items that will be reclassified to Consolidated statement of profit and loss	20	(2,087.15)	(2,576.65)
(ii) Income tax relating to items that will be reclassified to Consolidated statement of profit and loss	37(c)	(34.85)	947.44
Other comprehensive income for the year (net of taxes)		**(2,065.83)**	**(1,788.49)**
Total comprehensive income for the year (comprising profit and other comprehensive income for the year)		**42,296.27**	**43,932.83**
Profit for the year attributable to :			
- Owners of the Company		44,335.22	45,676.93
- Non-controlling interests		26.88	44.39
Other comprehensive income for the year attributable to:			
- Owners of the Company		(2,064.94)	(1,786.41)
- Non-controlling interests		(0.89)	(2.08)
Total comprehensive income for the year attributable to:			
- Owners of the Company		42,270.28	43,890.52
- Non-controlling interests		25.99	42.31
Earnings per equity share of par value of ₹ 2 each:			
Basic and diluted	38	47.00	48.43

The accompanying notes are integral part of these Consolidated financial statements — 2 - 51

As per our report of even date attached.

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 16th May, 2018

For and on behalf of the Board of Directors

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

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

BHUPESH P. PORWAL
Chief Financial Officer

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

Place : Ahmedabad
Date : 16th May, 2018

Consolidated Statement of Changes in Equity
for the year ended 31st March, 2018

A. EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	31st March, 2018	31st March, 2017
Balance at the beginning of the reporting year	1,886.41	1,886.41
Add: changes in equity share capital during the year	-	-
Balance at the end of the reporting year	**1,886.41**	**1,886.41**

B. OTHER EQUITY

(₹ in Lakhs)

	Reserves and Surplus					Other Comprehensive Income					
Particulars	**Securities premium reserve**	**Capital redemption reserve**	**General reserve**	**Statutory reserve**	**Retained earnings**	**Cash flow hedge reserve**	**Exchange differences on translation of foreign operations**	**Remeasurement of defined benefit plans**	**Total attributable to owners of the Company**	**Attributable to Non-controlling interests**	**Total**
Balance as at 1st April, 2016	26,615.29	1,925.74	16,467.61	-	1,85,218.94	286.58	(160.97)	26.06	2,30,379.25	759.41	2,31,138.66
Additions during the year:											
Profit for the year	-	-	-	-	45,676.93	-	-	-	45,676.93	44.39	45,721.32
Dividend paid on equity shares	-	-	-	-	(3,772.81)	-	-	-	(3,772.81)	-	(3,772.81)
Tax on dividend	-	-	-	-	(655.52)	-	-	-	(655.52)	-	(655.52)
Amortisation of leasehold land	-	-	-	-	(59.40)	-	-	-	(59.40)	-	(59.40)
Prior period adjustment	-	-	-	-	56.86	-	-	-	56.86	0.26	57.12
Remeasurement of defined benefit plan	-	-	-	-	-	-	-	(157.20)	(157.20)	(2.08)	(159.28)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(1,610.90)		(1,610.90)	-	(1,610.90)
Net movement in cash flow hedge reserve (net of tax)	-	-	-	-	-	(18.31)	-	-	(18.31)	-	(18.31)
Balance as at 31st March, 2017	**26,615.29**	**1,925.74**	**16,467.61**	**-**	**2,26,465.00**	**268.27**	**(1,771.87)**	**(131.14)**	**2,69,838.90**	**801.98**	**2,70,640.88**
Balance as at 1st April, 2017	26,615.29	1,925.74	16,467.61	-	2,26,465.00	268.27	(1,771.87)	(131.14)	2,69,838.90	801.98	2,70,640.88
Additions during the year:											
Retained earnings on account of consolidation of wholly owned subsidiary	-	-	-	-	26.97	-	-	-	26.97	-	26.97

Consolidated Statement of Changes in Equity for the year ended 31st March, 2018 (Contd.)

(₹ in Lakhs)

	Reserves and Surplus					Other Comprehensive Income					
Particulars	**Securities premium reserve**	**Capital redemption reserve**	**General reserve**	**Statutory reserve**	**Retained earnings**	**Cash flow hedge reserve**	**Exchange differences on translation of foreign operations**	**Remeasurement of defined benefit plans**	**Total attributable to owners of the Company**	**Attributable to Non-controlling interests**	**Total**
Adjustment on account of translating the financial statements of foreign operations	-	-	-	-	(2,844.62)	-	2,844.62	-	-	7.77	7.77
Securities premium for issue of shares in step down subsidiary	205.13	-	-	-	-	-	-	-	205.13	69.74	274.87
Share of non-controlling interest in opening balance of retained earnings	-	-	-	-	10.30	-	-	-	10.30	(10.30)	-
Profit for the year	-	-	-	-	44,335.22	-	-	-	44,335.22	26.88	44,362.10
Transfer to statutory reserve	-	-	-	7.97	(7.97)	-	-	-	-	-	-
Dividends paid on equity shares	-	-	-	-	(11,331.21)	-	-	-	(11,331.21)	(3.21)	(11,334.42)
Tax on dividends	-	-	-	-	(1,976.14)	-	-	-	(1,976.14)	(0.65)	(1,976.79)
Remeasurement of defined benefit plan	-	-	-	-	(74.08)	-	-	131.14	57.06	(0.89)	56.17
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(2,182.94)	-	(2,182.94)	-	(2,182.94)
Net movement in cash flow hedge reserve (net of tax)	-		-	-	-	60.94	-	-	60.94	-	60.94
Balance as at 31st March, 2018	**26,820.42**	**1,925.74**	**16,467.61**	**7.97**	**2,54,603.47**	**329.21**	**(1,110.19)**	**-**	**2,99,044.23**	**891.32**	**2,99,935.55**

The accompanying notes are integral part of these Consolidated financial statements 2 - 51

As per our report of even date attached.

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 16th May, 2018

For and on behalf of the Board of Directors

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

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

BHUPESH P. PORWAL
Chief Financial Officer

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

Place : Ahmedabad
Date : 16th May, 2018

Consolidated Cash Flow Statement for the year ended 31st March, 2018

(₹ in Lakhs)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	58,500.62	66,204.31
Add / (less): adjustments		
Interest income	(655.74)	(522.84)
(Profit) / loss on sale of assets (net)	(26.47)	25.28
Excess provision written back / provision for warranty (net)	(82.30)	201.00
Excess provision for claims payable written back	(1,324.47)	-
Sundry balances written back	(15.01)	(14.49)
Profit on sale of mutual funds	(904.71)	(709.25)
Fair value of current investments	(5,136.10)	(6,413.25)
Unrealised gain on foreign exchange fluctuation (net)	(572.83)	(972.78)
Finance costs	692.76	449.22
Depreciation and amortisation	6,558.07	7,247.71
Provision for doubtful trade receivables	42.75	23.56
Loss / (gain) on fair valuation of forward contracts	73.96	(231.17)
Foreign currency fluctuation on translation of foreign operations	(1,110.19)	(1,771.87)
	56,040.30	**63,515.43**
Changes in working capital:		
(Increase) in trade receivables	(8,449.58)	(7,391.87)
(Increase) / decrease in loans	(7.20)	194.47
(Increase) in other assets	(202.19)	(3,428.33)
(Increase) in inventories	(1,933.01)	(14,493.80)
(Increase) in other financial assets	(1,414.30)	(560.59)
(Increase) in provisions	(30.49)	(653.65)
Increase in trade payables	2,598.77	2,835.60
(Decrease) / increase in other financial liabilities	(12.95)	96.79
(Decrease) in other current liabilities	(1,077.79)	(863.50)
Cash generated from operations	**45,511.60**	**39,250.55**
Income taxes paid (net of refunds)	(16,093.72)	(16,193.20)
Net cash from operating activities (A)	**29,417.88**	**23,507.35**
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment, capital work-in-progress and other intangibles	(13,778.16)	(8,062.04)
Proceeds from sale of property, plant and equipment	70.44	78.54
Purchase of current investments	(15,228.34)	(112.00)
Proceeds from sale of current investments	8,045.29	5,916.38
Interest income	605.17	570.60
Investment in fixed deposits with bank (net)	(217.90)	(5.06)
Net cash (used in) investing activities (B)	**(20,503.50)**	**(1,613.58)**
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of borrowings (net)	(1,811.32)	(4,163.16)
Dividends paid (including taxes on dividend)	(13,307.84)	(4,446.98)
Finance costs paid	(707.10)	(483.88)
Net cash (used in) financing activities	**(15,826.26)**	**(9,094.02)**
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(6,911.88)**	**12,349.75**
E. Add : Cash and cash equivalents at the beginning of the year	**24,160.06**	**11,808.85**

Consolidated Cash Flow Statement for the year ended 31st March, 2018

(₹ in Lakhs)

Particulars		Year ended 31st March, 2018	Year ended 31st March, 2017
F.	**Cash and cash equivalents in subsidiary consolidated during the year**	**874.01**	-
G.	**Less: Foreign exchange (loss) / gain on restatement of cash and cash equivalents**	**(6.59)**	**1.46**
H.	**Cash and cash equivalents at the end of the year**	**18,115.60**	**24,160.06**

(₹ in Lakhs)

Particulars		Year ended 31st March, 2018	Year ended 31st March, 2017
1	Cash and cash equivalents include (refer note 15):		
	Balances with banks	17,844.57	23,921.42
	Cash on hand	11.03	10.23
	Balances with banks in fixed deposit accounts (with original maturity upto 3 months)	260.00	228.41
	Total	**18,115.60**	**24,160.06**

2 Movement in financial liabilities and financial assets arising from financing activities as at 31 March 2018:

Particulars	Non-current borrowings (including current maturity of long term debt)	Current borrowings	Dividends paid (including taxes)	Finance costs
Balance at the beginning of the year	2,474.41	11,545.64	-	27.33
Proceeds from borrowings	-	42,163.27	-	-
Repayment of borrowings	2,438.81	(41,535.78)	-	-
Dividends paid (including taxes)	-	-	(13,307.84)	-
Interest paid	-	-	-	(707.10)
Net cash outflows	**(2,438.81)**	**627.49**	**(13,307.84)**	**(707.10)**
Charge to consolidated statement of profit and loss	-	-	-	692.76
Impact of foreign exchange fluctuations	-	121.88	-	-
Balance at the end of the year	**35.60**	**12,294.31**	-	**12.99**

3 The cash flow statement has been prepared in accordance with the 'Indirect Method' as set out in the Accounting Standard (AS)-3 on 'Cash Flow Statement'.

The accompanying notes are integral part of these Consolidated financial statements 2 - 51

As per our report of even date attached.

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 16th May, 2018

For and on behalf of the Board of Directors

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

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

BHUPESH P. PORWAL
Chief Financial Officer

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

Place : Ahmedabad
Date : 16th May, 2018

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018

1. BACKGROUND

AIA Engineering Limited (the 'Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its equity shares are listed on the Bombay Stock Exchange ('BSE') and National Stock Exchange ('NSE') in India. The registered office of the Company is located at 115, G.V.M.M. Estate, Odhav road, Odhav, Ahmedabad – 382410, Gujarat,India. These consolidated financial statements comprise financial statements of the Company and its subsidiaries (collectively referred to as the 'group') for the year ended 31st March, 2018. The group is primarily involved in the manufacturing of High Chrome Mill Internals.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements of the Group are prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015.

Details of the group's accounting policies are included in note 3 of the group financial statements.

2.2 Basis of measurement

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

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

2.3 Use of estimates and judgments

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

Judgments

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

- Note 47 – determining the amount of expected credit loss on financial assets (including trade receivables) and
- Note 43 – lease classification

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31st March, 2018 is included in the following notes:

- Note 4 and 6 – estimate of useful life used for the purposes of depreciation and amortisation on property plant and equipment and intangible assets, impairment of goodwill;
- Note 36(c) – recognition of deferred tax liabilities;
- Note 39– measurement of defined benefit obligations: key actuarial assumptions;
- Notes 22, 27 and 40 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 47 – impairment of financial assets,

2.4 Measurement of fair values

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

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

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

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

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

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

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

2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the Company has:

- Power over the investee
- Is exposed or has rights to variable returns from its involvement with the investee, and
- Has the ability to use its power over the investee to affect its returns

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company, i.e., year ended on 31st March. When the end of the reporting period of the Company is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the Company to enable the Company to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary.

(c) Eliminate in full intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intra group transactions that are recognised in assets,such as inventory and fixed assets, are eliminated in full). Intra group losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra group transactions.

(d) Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

The list of entities included in these consolidated financial statements along with its shareholding is summarised hereunder:

Name of entity	Country of Incorporation	Ownership interest held by the group		Proportion of ownership interests and voting rights held by non-controlling interests	
		31st March, 2018	31st March, 2017	**31st March, 2018**	31st March, 2017
Direct subsidiaries					
Welcast Steels Limited	India	74.85%	74.85%	25.15%	25.15%
AIA CSR Foundation	India	100%	100%	-	-
Vega Industries (Middle East) F.Z.C	U.A.E.	100%	100%	-	-
Indirect subsidiaries					
Vega Industries Limited (1)	U.K.	100%	100%	-	-
Vega Industries Limited (2)	U.S.A.	100%	100%	-	-
Vega Steel Industries (RSA) Proprietary Limited (3)	South Africa	74.63%	100%	25.37	-
Wuxi Vega Trade Co., Limited (1)	China	100%	100%	-	-
PT. Vega Industries Indonesia (4)	Indonesia	100%	100%	-	-
AIA Industries Chile SPA (1)	Chile	100%	-	-	-
AIA Ghana Limited (1)	Ghana	100%	-	-	-

(1) Wholly owned subsidiaries of Vega Industries (Middle East) F.Z.C., U.A.E.

(2) Wholly owned subsidiary of Vega Industries Limited, U.K.

(3) Subsidiary of Vega Industries (Middle East) F.Z.C., U.A.E. During the year, the subsidiary had issued additional shares which resulted in decrease of group's shareholding.

(4) 99% of shares are held by Vega Industries (Middle East) F.Z.C., U.A.E. and balance 1% is held by AIA Engineering Limited.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Foreign currency transactions

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

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

The functional currency and the presentation currency of the Company is Indian rupees.

b) Financial instruments

Recognition and initial measurement

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

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

Financial assets-classification and subsequent measurement

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

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

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

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

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

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

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

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

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

Financial assets: Business model assessment

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

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

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

Financial assets:

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

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

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

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

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

Derecognition

Financial assets

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

If the group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de recognised.

Financial liabilities

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

Offsetting

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

c) Derivative financial instruments and hedge accounting

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

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

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

Recognition and measurement of cash flow hedge:

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

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

Derecognition:

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

d) Property, plant and equipment

Recognition and measurement

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

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

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

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

Subsequent measurement

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

Depreciation

The estimate of the useful life of the assets has been assessed based on technical advice which considers the nature of the asset, the usage of the asset, expected physical wear and tear, the operating conditions of the asset, anticipated technological changes, manufacturers warranties and maintenance support, etc. Freehold land is not depreciated.

Depreciation method followed by subsidiaries is as under:

Name of entity	Method of depreciation
AIA Engineering Limited, India	Depreciation on fixed assets is charged on Straight line method over the useful life of assets as prescribed by Schedule II of Companies Act, 2013
Welcast Steels Limited, India	Depreciation on fixed assets is charged on written down value method over the useful life of assets as prescribed by Schedule II (except for Plant & Machinery for which useful life determined as per technical estimate) of Companies Act, 2013.
Vega Industries (Middle East) F.Z.C, U.A.E.	Straight-line method over estimated useful lives of the assets.
Vega Industries Limited, U.S.A.	Straight-line method over estimated useful lives of the assets.
Vega Industries Limited, U.K.	Written Down Value Method over estimated useful lives of the assets.
Wuxi Vega Trade Co. Limited, China	Straight-line method over estimated useful lives of the assets.
Vega Steel Industries (RSA) Proprietary Limited, South Africa	Straight-line method over estimated useful lives of the assets.

Estimated useful life adopted by the group:

Block of assets	Useful lives (years)
Buildings	30 – 60
Plant and equipments	5 – 15
Furniture and fixtures	4 – 10
Vehicles	4 – 10
Office equipments	4 – 5
Others – laboratory equipments	10
Others – computer hardware	3 – 6

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets.

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

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

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

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

Derecognition

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

e) Goodwill and other intangible assets

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

Subsequent measurement

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

Amortisation

Goodwill is not amortised and is tested for impairment annually.

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

The estimated useful lives of intangibles is as per below:

Software - 6 years

Patent- 20 years

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

f) Inventories

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

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

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

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

g) Impairment

Impairment of financial assets

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

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

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

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

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

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the group's procedures for recovery of amounts due.

Impairment of non-financial assets

The group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Consolidated statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

Assets (other than goodwill) for which impairment loss has been recognised in prior periods, the group reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

h) Employee benefits

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., short-term cash bonus, if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The group makes specified monthly contributions towards government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in other comprehensive income. The group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Consolidated Statement of profit and loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in Consolidated Statement of profit and loss. The group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The group's net obligation in respect of long-term employee benefits other than post-employment benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an annual independent actuarial valuation using the projected unit credit method. Re measurements gains or losses are recognised in Consolidated Statement of profit and loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the group can no longer withdraw the offer of those benefits and when the group recognises costs for a restructuring.

i) Provisions (other than employee benefits)

A provision is recognised if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

Warranties

Provision for warranties is recognised when the underlying products or services are sold. The provision is based on technical evaluation, historical warranty data and a weighting of all possible outcomes by their associated probabilities. A liability is recognised at the time the product is sold. The group does not provide any extended warranties to its customers.

Onerous contracts

A contract is considered to be onerous when the expected economic benefits to be derived by the group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

j) Revenue

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. This inter alia involves discounting of the consideration due to the present value if payment extends beyond normal credit terms. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

Other operating revenue – export incentives

Export benefits are recognised as income on all the eligible exports and where there is no significant uncertainty regarding the ultimate collection of relevant exports.

k) Leases

Asset held under lease

Leases of property, plant and equipment that transfer substantially all the risks and rewards of ownership are classified as finance leases. All the other leases are classified as operating leases. For finance leases, the leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to similar owned assets.

Assets held under operating leases are neither recognised in (in case the group is lessee) nor de recognised (in case the group is lessor) from the Consolidated Balance Sheet.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

Lease payments

Payments made under operating leases are generally recognised in consolidated Statement of profit and loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

l) Recognition of dividend income, interest income or expense

Dividend income is recognised in Consolidated Statement profit and loss on the date on which the group's right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

m) Income taxes

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Tax on income of foreign subsidiaries

Foreign companies recognise tax liabilities and assets in accordance with the local laws.

n) Borrowing cost

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

o) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the group. For the disclosure on reportable segments see Note 44.

p) Cash and cash equivalents

Cash and cash equivalents for the purpose of Consolidated Cash Flow Statement comprise cash and bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

q) Earnings per share

Basic earnings per share is computed by dividing profit or loss attributable to equity shareholders of the company by the weighted average number of equity shares outstanding during the year. The group did not have any potentially dilutive securities in any of the years presented.

r) Events after reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

s) Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018, which has notified the following new and amendments to Ind ASs which are effective for annual periods beginning on or after 1st

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

April, 2018:

- Ind AS 115 - *Revenue from contracts with customers*
- Ind AS 21 - *The effect of changes in foreign exchange rates*
- Ind AS 12 – *Income taxes*
- Ind AS 40 – *Investment property*

Ind AS 115 – *Revenue from contracts with customers*

Ind AS 115 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Ind AS 115 will supersede the current revenue recognition standard Ind AS 18 - ***Revenue,*** Ind AS 11 - ***Construction contracts*** when it becomes effective.

The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligation in contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Company is in the process of evaluating the possible impact of IND AS 115 including transition approach. The Company does not expect the impact of adoption of the new standard to be material on its retained earnings and to its net income on an ongoing basis.

Ind AS 21 – *The effect of changes in foreign exchange rates*

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The amendment explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Company is evaluating the impact of this amendment on its financial statements, but does not expect the impact to be material.

Ind AS 12 – *Income taxes*

The amendments explains that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilisation are two separate steps.

Ind AS 40 – *Investment property*

The amendment lays down the principle regarding the transfer of asset to, or from, investment property.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 4 Property, plant and equipment

(₹ in Lakhs)

Particulars	Freehold land	Leasehold land	Buildings	Plant and equipments	Furniture and fixtures	Vehicles	Office equipments	Others*	Total
Gross block:									
Balance as at 1st April, 2016	2,275.78	2,998.62	26,406.59	40,589.57	1,109.68	268.30	339.31	961.77	74,949.62
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-
Additions during the year	490.02	-	3,181.77	2,980.97	168.72	6.51	116.31	109.51	7,053.81
Disposal / adjustments during the year	-	-	(43.75)	(8.95)	(5.02)	(24.97)	(10.32)	(23.02)	(116.03)
Balance as at 31st March, 2017	2,765.80	2,998.62	29,544.61	43,561.59	1,273.38	249.84	445.30	1,048.26	81,887.40
Exchange differences on translation of foreign operations	-	-	-	-	13.39	30.45	43.29	37.21	124.34
Additions during the year	227.98	-	2,899.14	3,095.51	177.56	101.76	22.69	87.53	6,612.17
Disposal / adjustments during the year	-	-	(0.09)	(308.74)	(6.61)	(33.17)	(0.39)	(59.41)	(408.41)
Balance as at 31st March, 2018	**2,993.78**	**2,998.62**	**32,443.66**	**46,348.36**	**1,457.72**	**348.88**	**510.89**	**1,113.59**	**88,215.50**
Accumulated depreciation / amortisation:									
Balance as at 1st April, 2016	-	-	1,275.69	7,884.67	237.80	92.43	161.68	250.88	9,903.15
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	-
Charge for the year	-	16.86	1,162.87	5,489.32	194.53	45.08	89.37	179.82	7,177.85
Disposal / adjustments during the year #	-	59.40	(0.87)	(6.98)	(15.63)	(38.43)	1.59	(11.29)	(12.21)
Balance as at 31st March, 2017	-	76.26	2,437.69	13,367.01	416.70	99.08	252.64	419.41	17,068.79
Exchange differences on translation of foreign operations	-	-	-	-	14.89	29.87	32.36	17.54	94.66
Charge for the year	-	16.86	1,194.79	4,836.17	170.05	39.23	72.20	168.91	6,498.21
Disposal / Adjustments	-	-	(0.09)	(289.81)	(3.90)	(24.07)	3.18	(49.75)	(364.44)
Balance as at 31st March, 2018	**-**	**93.12**	**3,632.39**	**17,913.37**	**597.74**	**144.11**	**360.38**	**556.11**	**23,297.22**
Net block:									
as at 31st March, 2017	2,765.80	2,922.36	27,106.92	30,194.58	856.68	150.76	192.66	628.85	64,818.61
as at 31st March, 2018	**2,993.78**	**2,905.50**	**28,811.27**	**28,434.99**	**859.98**	**204.77**	**150.51**	**557.48**	**64,918.28**

* Others include laboratory equipments and computer hardware.

Amortisation of Leasehold land (under perpetual lease) includes ₹ 59.40 lakhs for earlier years,

Notes:

1. Out of total assets, identified assets comprising factory land, buildings and plant and machineries of the Company are mortgaged / hypothecated to State Bank of India for availing various working capital facilities to the tune of ₹ 233.80 crores.
2. Refer note 40 (b) for contractual commitments with respect to property, plant and equipment.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 5 Capital work-in-progress

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Balance at the beginning of the year	4,259.05	3,780.03
Additions during the year	7,634.50	3,384.55
Capitalisation during the year	(2,218.39)	(2,905.53)
Balance at the end of the year	**9,675.16**	**4,259.05**

Note: The year end balance of capital work-in-progress primarily consist of proposed capacity expansion at Kerala GIDC, Ahmedabad.

NOTE - 6 Goodwill and other intangible assets

(₹ in Lakhs)

Particulars	Other intangibles			Goodwill (refer note a)	Goodwill on consolidation (refer note (a))
	Software	Patents and Copyrights	Total		
Gross block:					
Balance as at 1st April, 2016	553.50	35.24	588.74	460.69	1,504.88
Exchange differences on translation of foreign operations	-	-	-	-	(3.04)
Additions during the year	76.51	3.00	79.51	-	-
Disposal / adjustments during the year	-	-	-	-	-
Balance as at 31st March, 2017	630.01	38.24	668.25	460.69	1,501.84
Exchange differences on translation of foreign operations	-	-	-	-	1.11
Additions during the year	70.10	0.87	70.97	-	-
Disposal / adjustments during the year	-	-	-	-	-
Balance as at 31st March, 2018	**700.11**	**39.11**	**739.22**	**460.69**	**1,502.95**
Amortisation:					
Balance as at 1st April, 2016	372.73	7.23	379.96	-	-
Charge for the year	68.12	1.74	69.86	-	-
Disposal / adjustments during the year	-	-	-	-	-
Balance as at 31st March, 2017	440.85	8.97	449.82	-	-
Charge for the year	57.81	2.05	59.86	-	-
Disposal / adjustments during the year	-	-	-	-	-
Balance as at 31 March 2018	**498.66**	**11.02**	**509.68**	**-**	**-**
Net block:					
as at 31st March, 2017	189.16	29.27	218.43	460.69	1,501.84
as at 31st March, 2018	**201.45**	**28.09**	**229.54**	**460.69**	**1,502.95**

Note (a):

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

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 7 Investments

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current investments (Unquoted)		
A. Investment in equity instruments		
Subsidiaries (measured at cost)		
Fully paid equity shares		
(i) 10,000 (previous year: 10,000) equity shares of AIA CSR Foundation of face value ₹ 10/- each (refer note 1)	-	1.00
Others companies (measured at FVTPL) (refer note 2)		
(a) 25 (previous year: 25) equity shares of Koramangala Properties Limited of face value ₹ 100/- each, fully paid up	0.03	0.03
(b) 8,55,501 (previous year: 9,85,045) equity shares of Arkay Energy (Rameswarm) Limited of face value ₹ 10/- each, fully paid up	85.55	98.50
B. Investment in Government Securities (measured at cost)		
National Savings Certificate	0.06	0.06
	85.64	99.59
Aggregate book value of quoted investments	85.64	99.59

Note:

1. During the year, management has consolidated its wholly owned subsidiary - AIA CSR Foundation.
2. The Company's investment upon sale is only going to fetch the principle amount invested and hence the Company considers cost and fair value to be the same.

NOTE - 8 Trade receivables

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current trade receivables		
Unsecured, considered good *	115.49	123.23
Total	**115.49**	**123.23**

* Trade receivables are hypothecated to secure working capital facilities from Banks (refer note 23).

NOTE - 9 Loans

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current loans		
Security deposits (unsecured, considered good)	927.14	818.13
Loans to staff		
Secured, considered good	70.02	100.20
Unsecured, considered good	91.56	67.73
Total	**1,088.72**	**986.06**

NOTE - 10 Other tax assets (net)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Advance income tax / tax deducted at source (net of provision for tax ₹ 1,00,365.01 lakhs)	2,712.37	1,116.44
Total	**2,712.37**	**1,116.44**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 11 Other non-current assets

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Capital advances	2,817.62	1,168.39
Advances other than capital advances		
Balance with government authorities	2,202.63	2,995.90
Others	333.42	345.14
Total	**5,353.67**	**4,509.43**

NOTE - 12 Inventories *

(valued at lower of cost or net realisable value)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Raw materials	6,712.35	7,369.36
Raw materials in transit	654.99	1,468.51
Work-in-progress	11,961.56	14,591.12
Finished goods	27,025.66	21,772.96
Stores and spares	8,788.09	7,960.92
Stores and spares in transit	196.32	243.09
Total	**55,338.97**	**53,405.96**

* Inventories are hypothecated to secure working capital facilities from Banks (refer note 23).

NOTE - 13 Investments

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current investments - (measured at FVTPL)		
Investment in mutual funds (quoted)	1,01,162.77	92,505.82
Investment in bonds (unquoted)	5,937.41	3,356.55
Investment in non-convertible debentures (unquoted)		
10,00,000 (previous year: Nil) 7.9% Debentures of ₹ 200 each, maturing in 2018-19	2,000.00	-
Total	**1,09,100.18**	**95,862.37**
Aggregate book value of quoted investments	1,01,162.77	92,505.82
Aggregate market value of quoted investments	1,01,162.77	92,505.82
Aggregate book value of unquoted investments	7,937.41	3,356.55

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 14 Trade receivables

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current trade receivables		
Unsecured, considered good *	60,020.12	49,482.78
Doubtful	216.10	172.59
Less: Provision for doubtful receivables	(216.10)	(172.59)
	-	-
Total	**60,020.12**	**49,482.78**

* Trade receivables are hypothecated to secure working capital facilities from Banks (refer note 23).

NOTE - 15 Cash and bank balances

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Cash and cash equivalents		
Balances with banks	17,844.57	23,921.42
Cash on hand	11.03	10.23
Balances with banks in fixed deposit accounts (with original maturity upto 3 months)	260.00	228.41
Sub Total (a)	**18,115.60**	**24,160.06**
Other bank balances		
Balances with banks in fixed deposit accounts (maturity within 3-12 months from reporting date)	821.41	603.51
Earmarked balances with banks (unpaid dividend)*	7,562.15	15.78
Sub Total (b)	**8,383.56**	**619.29**
Total (a+b)	**26,499.16**	**24,779.35**

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

NOTE - 16 Loans

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current loans		
Security deposits (unsecured, considered good)	194.12	262.24
Loan to a minority shareholder (unsecured, considered good)	137.44	-
Loans to staff		
Secured, considered good	39.07	18.47
Unsecured, considered good	80.57	128.51
Total	**451.20**	**409.22**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 17 Other financial assets

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Export incentives receivable	4,487.10	3,071.62
Interest accrued on investments	135.56	84.99
Total	**4,622.66**	**3,156.61**

NOTE - 18 Other current assets

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Advances other than capital advances		
Advances to a related party	6.82	-
Advances to suppliers	2,704.81	1,973.09
Advances to staff	152.37	159.61
Other advances	15.37	4.48
Others		
Balance with / Government authorities	10,326.73	10,157.97
Prepaid expenses	471.36	375.05
Total	**13,677.46**	**12,670.20**

NOTE - 19 Equity share capital

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Authorised share capital		
23,00,00,000 (previous year: 23,00,00,000) equity shares of face value ₹ 2/- each	4,600.00	4,600.00
Total	**4,600.00**	**4,600.00**
Issued , subscribed and fully paid up share capital		
9,43,20,370 equity shares (previous year: 9,43,20,370) of face value ₹ 2/- each, fully paid up	1,886.41	1,886.41
Total	**1,886.41**	**1,886.41**

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

(₹ in Lakhs)

Particulars	As at 31st March, 2018		As at 31st March, 2017	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	9,43,20,370	1,886.41	9,43,20,370	1,886.41
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	9,43,20,370	1,886.41	9,43,20,370	1,886.41

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

(b) Rights, preferences and restrictions attached to equity shares:

The company has only one class of equity share having a par value of ₹ 2 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding. The Company has paid interim dividend for the financial year 2017-18 and hence the board has not recommended final dividend for the year.

(c) The details of shareholders holding more than 5% shares are set out below :

	As at 31st March, 2018		As at 31st March, 2017	
Name of the shareholders	**No. of shares**	**% of holding**	No. of shares	% of holding
Bhadresh K. Shah	5,81,28,900	61.63%	5,81,28,900	61.63%
Nalanda India Equity Fund Limited	91,27,809	9.68%	91,27,809	9.68%

NOTE - 20 Other equity

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Reserves and surplus		26,615.29
(a) Securities premium reserve		-
Balance at the beginning of the year	26,615.29	26,615.29
Additions during the year	205.13	-
Balance at the end of the year	26,820.42	26,615.29
(b) Capital redemption reserve		
Balance at the beginning and at the end of the year	1,925.74	1,925.74
(c) Statutory reserve		
Balance at the beginning of the year	-	-
Additions during the year	7.97	-
Balance at the end of the year	7.97	-
(d) General reserve		
Balance at the beginning and at the end of the year	16,467.61	16,467.61
(e) Retained earnings		
Balance at the beginning of the year	2,26,465.00	1,85,218.94
Add: Opening retained earnings on account of consolidation of wholly owned subsidiary	26.97	-
Less: Adjustment on account of translating the financial statements of foreign operations	(2,844.62)	-
Less: Share of non-controlling interest	10.30	-
Add: Profit for the year	44,335.22	45,676.93
Add: Remeasurement of defined benefit plan	(74.08)	-
Less: Transfer to statutory reserve	(7.97)	-
Less: Dividend on equity shares #	(11,331.21)	(3,772.81)
Less: Tax on dividend #	(1,976.14)	(655.52)
Less: Amortisation of leasehold land	-	(59.40)
Less: Prior period adjustment	-	56.86
Balance at the end of the year	2,54,603.47	2,26,465.00
Total reserves and surplus	**2,99,825.21**	**2,71,473.64**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Other comprehensive income		
(a) Cash flow hedge reserve:		
Balance at the beginning of the year	268.27	286.58
Recognised in consolidated statement of profit and loss		
Mark to market of hedging designated instruments and effective as hedges of future cash flow	(1,304.94)	855.89
Restatements of trade receivables to the extent of hedging	1,400.73	(883.89)
	95.79	(28.00)
Effect of tax on above	(34.85)	9.69
Balance at the end of the year	329.21	268.27
(b) Gain and losses arising from translating the financial statements of foreign operations		
Balance at the beginning of the year	(1,771.87)	(160.97)
Less: Adjustment on account of translating the financial statements of foreign operations	2,844.62	-
Recognised in consolidated statement of profit and loss	(2,182.94)	(1,610.90)
Balance at the end of the year	(1,110.19)	(1,771.87)
(c) Remeasurement of defined benefit plan		
Balance at the beginning of the year	(131.14)	26.06
Recognised in consolidated statement of profit and loss	57.06	(157.20)
Less: Transfer to retained earnings	74.08	-
Balance at the end of the year	-	(131.14)
Total other comprehensive income	**(780.98)**	**(1,634.74)**
Total other equity	**2,99,044.23**	**2,69,838.90**
# Dividend on equity shares paid during the year:		
Final dividend for the financial year 2016-17 [₹ 4 (previous year: Nil) per equity share of ₹ 2 each]	3,772.81	-
Dividend distribution tax on final dividend	663.83	-
Interim dividend for the financial year 2017-18 [₹ 8 (previous year: ₹4) per equity share of ₹ 2 each]	7,545.63	3,772.81
Dividend distribution tax on interim dividend	1,309.72	655.52

Nature and purpose of reserves:

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

(b) Capital redemption reserve: The Company has recognised capital redemption reserve on redemption of cumulative redeemable preference shares.

(c) Statutory reserve: Statutory reserve represents the amount maintained by a subsidiary who is required to maintain such a reserve under specific local regulations.

(d) General reserve: Pursuant to provisions of the Companies Act, 1956, the Company has transferred a portion of its net profit for the year to general reserve before declaring dividend. Mandatory transfer to general reserve is not required under Companies Act, 2013.

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 21 Borrowings

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current borrowings		
Deferred payment liabilities * (unsecured)	19.85	33.57
Total	**19.85**	**33.57**

* Deferred sales tax under Package Scheme of Incentives 1993 of Maharashtra for erstwhile Paramount Centrispun Castings Private Limited.

Terms of repayment of deferred sales tax:

Year	(₹ in Lakhs)
2019-20	19.85

NOTE - 22 Provisions

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Non-current provisions		
Provision for employee benefits (refer note 39)		
Gratuity	252.03	378.74
Leave encashment	46.18	64.44
Provision for warranties	556.24	340.79
	854.45	783.97
Movement in provision for warranties (also refer note 27)		
Balance at the beginning of the year	1,966.51	1,740.24
Utilisation during the year	(42.33)	(39.86)
Provision for the year (net of provision written back) #	(82.30)	201.00
Changed due to exchange difference	5.54	65.13
Balance at the end of the year	**1,847.42**	**1,966.51**

Provision for warranties is created considering historical experience of the Group.

NOTE - 23 Borrowings

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current borrowings		
Loans repayable on demand		
From banks		
Secured (refer note 8, 12 and 14) *	12,294.31	4,295.91
Unsecured	-	7,249.73
Total	**12,294.31**	**11,545.64**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

Nature of security *

1. Export Packing Credit ('EPC') and Packing Credit in Foreign Currency ('PCFC') facilities from Citi Bank N.A. carrying interest rate ranging from 4.60% - 5.05% on EPC and from 1.33% to 2.99% on PCFC is secured by:
   - Pari passu charge over inventories and book debts of the Company to the extent of ₹ 150.00 crores, and
   - Demand Promisory Note and Letter of Continuity for ₹ 150.00 crores.
2. EPC facility from HSBC Bank carrying interest rate ranging from 4.60 % - 4.80 % is secured by pari passu charge over current assets of the Company.
3. PCFC facility from State Bank of India in previous year carrying interest rate of 4.80% is secured against:
   - hypothecation of entire chargeable current assets of the Company, including receivables and inventories;
   - collateral security (exclusive charge) by way of mortgage of identified factory land and buildings and hypothecation of identified plant and machineries of the Company.
4. PCFC facility from Canara Bank carrying interest rate ranging from 9.05% to 9.15% is secured by hypothecation of indentified plant and equipments, book debts and inventories of subsidiary company and further secured by mortgage of land and buildings acquired out of subsidiary company's own funds.

NOTE - 24 Trade payables

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Total outstanding dues of micro enterprises and small enterprises (refer note 45)	1,194.48	859.35
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Due to related parties [refer note 42 (D)]	0.49	0.47
Due to others	15,137.79	12,886.64
Total	**16,332.76**	**13,746.46**

NOTE - 25 Other financial liabilities

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current maturities of long term debt #	15.75	2,440.84
Unpaid dividends *	7,561.66	15.78
Other payables	83.84	96.79
Total	**7,661.25**	**2,553.41**

Includes External Commercial Borrowings (ECB) amounting to USD 18,700,000 secured by hypothecation of identified plant and machineries procured from proceeds of the borrowings and installed at Moraiya Unit (M1) of the Company. The Loan is repayable in 15 equal quarterly instalments of USD 12,46,667 after a moratorium period of 18 months from the date of first draw-down, i.e., 3rd October, 2012. The loan carries a floating interest rate of 285 bps 3M LIBOR to be reset at every 3 months. The Company has entered into an interest rate swap to convert the loan to 4.1% fixed rate of interest. The last instalment due was paid by the Company in October 2017.

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

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 26 Other current liabilities

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Customer advances	3,916.85	5,057.26
Others		
Fund held in corpus donation	926.04	-
Salary, wages and bonus payable (refer note a)	1,108.67	1,024.62
Security deposits	105.47	112.01
Other payables #	301.12	392.05
Total	**6,358.15**	**6,585.94**

Includes statutory dues.

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
a. Reconciliation of bonus payable:		
Balance at the beginning of the year	563.46	541.60
Payments made during the year	(552.95)	(536.46)
Expense for the year	592.92	558.32
Balance at the end of the year	**603.43**	**563.46**

NOTE - 27 Provisions

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Current provisions		
Provision for employee benefits (refer note 39)		
Gratuity	139.07	182.68
Leave encashment	217.33	73.32
Provision for warranties (refer note 22)	1,291.18	1,625.72
Provision for claims payable	-	1,329.77
Total	**1,647.58**	**3,211.49**

NOTE - 28 Current tax liabilities (net)

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Provision for income tax (net of advance tax and tax deducted at source amounting to ₹ 15,022.67 lakhs)	1,285.29	898.33
Total	**1,285.29**	**898.33**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 29 Revenue from operations

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Sale of products		
Export sales	1,79,174.21	1,58,281.29
Domestic sales (including excise duty) *	60,455.75	65,642.19
Sub Total (a)	**2,39,629.96**	**2,23,923.48**
Other operating revenue		
Exports incentives	7,038.81	5,888.78
Income from order cancellation	-	2,222.04
Sub Total (b)	**7,038.81**	**8,110.82**
Total (a+b)	**2,46,668.77**	**2,32,034.30**

* Effective 1st July, 2017, the Government of India has introduced Goods and Service tax whereby sales are recorded net of GST whereas earlier sales were recorded gross of excise duty which formed part of expenses.

NOTE - 30 Other income

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Interest income from financial assets*	655.74	522.84
Other non-operating income		
Profit on sale of mutual fund units	904.71	709.25
Gain on foreign exchange fluctuation (net)	3,643.95	2,400.34
Fair value of current investments	5,136.10	6,413.25
Provision for claims payable written back	1,324.47	-
Provision for warranties written back	283.30	-
Fair value of forward contracts	-	231.17
Profit on sale of assets (net)	26.47	-
Miscellaneous receipts	206.75	158.92
Total	**12,181.49**	**10,435.77**

* Interest amount mainly includes interest on fixed deposits, staff loan and refund of income tax.

NOTE - 31 Cost of materials consumed

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Opening stock at the beginning of the year	8,837.87	5,873.44
Add: Purchases during the year	97,248.13	87,700.19
Less: Closing stock at the end of the year	(7,367.34)	(8,837.87)
Total	**98,718.66**	**84,735.76**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 32 Changes in inventories of finished goods and work-in-progress

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Opening stock		
Work-in-progress	14,591.12	9,127.54
Finished goods	22,113.87	17,058.43
Sub Total (a)	**36,704.99**	**26,185.97**
Closing stock		
Work-in-progress	11,961.56	14,591.12
Finished goods	27,025.66	22,113.87
Sub Total (b)	**38,987.22**	**36,704.99**
Total (a+b)	**(2,282.23)**	**(10,519.02)**

NOTE - 33 Employee benefits expense

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Salaries, wages and bonus	10,217.31	9,559.07
Contribution to provident and other funds	572.16	526.72
Expenses related to post employment defined benefit plans [refer note 39 (iv)]	216.00	187.65
Staff welfare expenses	310.31	397.63
Total	**11,315.78**	**10,671.07**

NOTE - 34 Finance costs

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Interest on:		
Bank borrowings	504.53	310.48
Income-tax	95.00	80.00
Others	5.36	-
Foreign exchange adjustments to borrowing costs	87.87	58.74
Total	**692.76**	**449.22**

NOTE - 35 Depreciation and amortisation

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Depreciation of property, plant and equipment (refer note 4)	6,498.21	7,177.85
Amortisation of intangible assets (refer note 6)	59.86	69.86
Total	**6,558.07**	**7,247.71**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 36 Other expenses

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Consumption of stores	23,265.87	22,952.85
Power and fuel	25,213.67	24,180.16
Contract labour charges	6,902.85	6,640.70
Other purchases expenses	1,792.01	857.29
Repairs and maintenance		
- Buildings	197.58	236.89
- Plant and machineries	660.68	542.18
- Others	603.77	430.85
Rent	264.32	256.61
Insurance	660.69	686.37
Rates and taxes	622.40	621.00
Security expenses	366.66	359.42
Printing, stationery and communication expenses	389.38	351.21
Travelling and conveyance	2,128.30	1,977.26
Advertisement and sales promotion	162.02	82.58
Clearing, forwarding and freight outward expenses	12,236.86	10,119.18
Commission expenses	2,333.81	1,977.89
Warranty expenses	201.00	201.00
Directors' sitting fees	7.40	7.20
Payments to auditors		
- Statutory audit fees	16.00	15.00
- Tax audit fees	-	1.50
- Others services	10.40	8.64
- Reimbursement of expenses	0.93	-
Legal and professional consultancy fees	3,168.97	2,100.73
Bank commission charges	391.40	394.05
Donation	38.72	41.17
Corporate social responsibility expenses	773.13	618.63
Loss on sale of assets (net)	-	25.28
Fair value of forward contracts	73.96	-
Bad debts	53.75	52.39
Provision for doubtful trade receivables (net)	42.75	23.56
Other miscellaneous expenses	612.04	486.53
Total	**83,191.32**	**76,248.12**

NOTE - 37 Tax expenses

(a) Income tax expense

(₹ in Lakhs)

	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Current tax		
Provision for current tax	16,094.11	17,366.59
Excess provision for current tax of earlier years written back	(1,206.57)	-
Sub Total	**14,887.54**	**17,366.59**
Net deferred tax [refer note 37(c)]	(749.02)	3,116.40
Income tax expense for the year	**14,138.52**	**20,482.99**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

(b) Deferred tax

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Deferred tax liabilities		
Difference between written down value of fixed assets as per books of account and income-tax	4,696.07	4,462.37
Fair valuation of investments balance	3,317.62	4,141.56
Cash flow hedge reserve	176.83	141.98
Sub Total (a)	**8,190.52**	**8,745.91**
Deferred tax assets		
Leave encashment	72.19	97.00
Difference between written down value of fixed assets as per books of account and income-tax	54.92	63.16
Deferred tax on foreign currency translation reserve	-	937.75
Unrealised profit on intra group stock	716.09	524.68
Sub Total (b)	**843.20**	**1,622.59**
Deferred tax liabilities (net) (a+b)	**7,347.32**	**7,123.32**

(c) Movement in deferred tax

(₹ in Lakhs)

Particulars	Opening balance as at 1st April	Consolidated statement of profit and loss	Other comprehensive income	Closing balance as at 31st March
2017-18				
Deferred tax liabilities				
Difference between written down value of fixed assets as per the books of accounts and income-tax	4,462.37	233.70	-	4,696.07
Fair valuation of current investments	4,141.56	(823.94)	-	3,317.62
Cash flow hedge reserve balance	141.98	-	34.85	176.83
Sub Total (a)	**8,745.91**	**(590.24)**	**34.85**	**8,190.52**
Deferred tax assets				
Leave encashment	97.00	(24.81)	-	72.19
Unrealised profit on intra group inventory	524.68	191.41	-	716.09
Foreign currency translation reserve	937.75	0.42	-	938.17
Adjustment on account of translating the financial statements of foreign operations	-	-	-	(938.17)
Others	63.16	(8.24)	-	54.92
Sub Total (b)	**1,622.59**	**158.78**	**-**	**843.20**
Deferred tax liabilities (net) (a+b)	**7,123.32**	**(749.02)**	**34.85**	**7,347.32**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

(₹ in Lakhs)

Particulars	Opening balance as at 1st April	Statement of profit and loss	Other comprehensive income	Closing balance as at 31st March
2016-17				
Deferred tax liabilities				
Difference between written down value of fixed assets as per the books of accounts and income- tax	3,592.81	869.56	-	4,462.37
Fair valuation of current investments	1,921.22	2,220.34	-	4,141.56
Reversal of goodwill amortisation	53.14	(53.14)	-	-
Cash flow hedge reserve balance	151.67	-	(9.69)	141.98
Sub Total (a)	**5,718.84**	**3,036.76**	**(9.69)**	**8,745.91**
Deferred tax assets				
Leave encashment	231.15	(134.15)	-	97.00
Unrealised profit on intra group inventory	464.78	59.90	-	524.68
Foreign currency translation reserve	-	-	937.75	937.75
Adjustment on account of translating the financial statements of foreign operations	-	(1.35)	-	-
Others	67.20	(4.04)	-	63.16
Sub Total (b)	**763.13**	**(79.64)**	**937.75**	**1,622.59**
Deferred tax liabilities (net) (a+b)	**4,955.71**	**3,116.40**	**(947.44)**	**7,123.32**

(d) Effective tax reconciliation

Reconciliation of the tax expense (i.e., current tax and deferred tax) amount considering the enacted Income tax rate and effective Income tax rate of the Company is as follows:

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Profit before tax for the year	58,500.62	66,204.31
Tax at statutory income tax rate of 34.608% in India	20,245.90	22,911.99
Adjustments:		
Non-deductible expenses for tax purposes	(52.17)	80.47
Income not chargeable for tax purpose	(1,805.18)	(154.19)
Difference in tax rate of subsidiaries	(2,798.14)	(2,559.68)
Effects of excess / (less) tax for tax purpose on capital gain / (loss)	-	245.46
Impact of change in enacted tax rate for subsequent year	(53.91)	18.83
Tax of earlier years written back	(1,206.57)	-
Others	(191.41)	(59.90)
Income tax expense reported in the consolidated statement of profit and loss	**14,138.52**	**20,482.99**

The Company has ongoing dispute with Income tax authorities relating to tax treatment of certain items. These amounts have been disclosed as contingent liabilities (refer note 40).

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 38 Earnings per share

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Net profit attributable to the equity shareholders (₹ in lakhs)	44,335.22	45,676.93
Weighted average number of equity shares outstanding during the year (nos.)	9,43,20,370	9,43,20,370
Nominal value of equity share (₹)	2.00	2.00
Basic and diluted earnings per share (₹)	47.00	48.43

NOTE - 39 Employee benefits

The group has the following employment benefit plan:

A. Defined contribution plan

Contribution to defined contribution plan, recognised as expense for the year is as under:

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Employer's contribution to provident fund	400.66	388.02

B. Defined benefit plan

The employees' gratuity fund scheme is managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Gratuity

The benefits are governed by the Payment of Gratuity Act, 1972. The key features are as under :

Benefits offered	15 / 26 x salary X duration of service
Salary definition	Basic salary
Benefit ceiling	Benefit ceiling of ₹ 20 lakhs is not applied
Vesting conditions	5 years of continuous service (not applicable in case of death / disability)
Benefit eligibility	Upon death or resignation / withdrawal or retirement
Retirement age	58, 60, 62, 65 or 70 years

(i) Risks associated to the defined benefit plans:

a. Actuarial risk: Risks due to adverse salary growth / variability in mortality and withdrawal rates.

b. Investment risk: Risks due to significant changes in discount rate during the inter-valuation period.

c. Liquidity risk: Risks on account of Employees resign/retire from the company and as result strain on the cash flow arises.

d. Market risk: Risks related to changes and fluctuation of the financial markets and assumption depends on the yields on government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

e. Legislative risk: Risks of increase in the plan liabilities or reduction in plan assets due to change in legislation.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 39 Employee benefits (Contd.)

B. Define benefit plan (Contd.)

(ii) Reconciliation of opening and closing balances of defined benefit obligation:

(₹ in Lakhs)

Particulars	Gratuity (funded) 2017-18	Gratuity (funded) 2016-17	Gratuity (unfunded) # 2017-18	Gratuity (unfunded) # 2016-17
Defined benefit obligation at the beginning of the year	2,382.52	2,024.86	116.48	113.49
Recognised in consolidated statement of profit and loss:				
Current service cost	182.68	155.70	7.79	2.99
Past service cost	18.97	-	-	-
Interest cost	163.12	146.97	-	-
Actuarial (gain) / loss recognised in other comprehensive income:				
Due to change in financial assumptions	(53.64)	176.03	-	-
Due to experience adjustments	(17.72)	12.43	-	-
Benefits paid	(135.89)	(133.47)	-	-
Defined benefit obligation at the end of the year	**2,540.04**	**2,382.52**	**124.27**	**116.48**

(iii) Reconciliation of opening and closing balances of fair value of plan assets:

(₹ in Lakhs)

Particulars	Gratuity (funded) 2017-18	Gratuity (funded) 2016-17	Gratuity (unfunded) # 2017-18	Gratuity (unfunded) # 2016-17
Fair value of plan assets at the beginning of the year	1,937.58	1,577.85	-	-
Interest income	137.59	118.01	-	-
Return on plan assets excluding amounts included in interest income	(15.19)	29.18	-	-
Contributions by the employer	317.62	295.79	-	-
Benefits paid	(104.39)	(83.25)	-	-
Fair value of plan assets at the end of the year	2,273.21	1,937.58	-	-
Actual return on plan assets	122.40	147.19	-	-

(iv) Expense recognised during the year:

(₹ in Lakhs)

Particulars	Gratuity (funded) 2017-18	Gratuity (funded) 2016-17	Gratuity (unfunded) # 2017-18	Gratuity (unfunded) # 2016-17
Current service cost	182.68	155.70	7.79	7.79
Net interest cost	25.53	28.96	-	-
Net value of remeasurements on the obligation and plan assets	-	-	-	-
Net cost recognised in consolidated statement of profit and loss	**208.21**	**184.66**	**7.79**	**2.99**
Components of actuarial gains / (losses):				
Due to change in financial assumptions	(53.64)	176.03	-	-
Due to experience adjustments	(17.72)	12.43	-	-
Return on plan assets excluding amounts included in interest income	15.19	(29.18)	-	-

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

(iv) Expense recognised during the year: (Contd.)

(₹ in Lakhs)

Particulars	Gratuity (funded) 2017-18	Gratuity (funded) 2016-17	Gratuity (unfunded) # 2017-18	Gratuity (unfunded) # 2016-17
Net cost recognised in other comprehensive income	(56.17)	159.28	-	-

(v) Reconciliation of fair value of assets and obligations:

(₹ in Lakhs)

Particulars	Gratuity (funded) 2017-18	Gratuity (funded) 2016-17	Gratuity (unfunded) # 2017-18	Gratuity (unfunded) # 2016-17
Present value of obligation	2,540.04	2,382.52	124.27	116.48
Fair value of plan assets	2,273.21	1,937.58	-	-
Net defined benefit liability at end of the year	**266.83**	**444.94**	**124.27**	**116.48**

(vi) Composition of plan assets:

Particulars	Gratuity (funded) 2017-18	Gratuity (funded) 2016-17
Debt instruments		
Government of India securities	-	0% - 3%
High quality corporate bonds	0% - 1%	0% - 2%
State government securities	0% - 1%	0% - 2%
Cash and cash equivalents		
Bank balances	0% - 1%	0% - 2%
Special deposit scheme	0% - 1%	0% - 1%
Investment funds		
Insurance policies	95% - 100%	90% - 100%
Others	0% - 1%	-

(vii) Key actuarial assumptions:

Particulars	Gratuity (funded) 2017-18	Gratuity (funded) 2016-17
Financial assumptions		
Discount rate	7.30% - 7.60%	7.00% - 7.35%
Salary growth rate	7.00% - 8.50%	7.00% - 8.50%
Demographic assumptions		
Withdrawal rate	5% - 10% at younger ages reducing to 1% at older ages	
Mortality table	Indian assured lives mortality (2006-08)	

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and respective Company's policy for plan assets management.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

(viii) Sensitivity analysis:

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Impact on defined benefit obligations - Gratuity:

(₹ in Lakhs)

	Increase in assumption		Decrease in assumption	
Particulars	**2017-18**	**2016-17**	**2017-18**	**2016-17**
Discount rate				
Change in assumption by 0.50%	-3.92%	-3.34%	4.23	4.36%
Salary growth rate				
Change in assumption by 0.50%	4.18%	4.28%	-3.91%	-4.02%
Withdrawal rate				
Change in assumption by 0.10%	-0.13%	-0.19%	0.11%	1.87%

The Methods and types of assumptions used in preparing the sensitivity analysis did not change compared to prior year.

Gratuity (unfunded) represents defined benefit plan in a wholly owned foreign subsidiary.

Leave encashment: The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The benefits are governed by the Company's leave policy. The key features are as under :

Salary for encashment	Basic salary
Salary for availment	Cost to Company
Benefit event	Death or resignation or retirement or availment
Maximum accumulation	90
Benefit formula	(Leave days) x (Basic salary) / (Leave denominator)
Leave denominator	30
Leave credited annually	30
Retirement age	58, 60, 62, 65 or 70 years

Key actuarial assumptions:

	Leave encashment (funded)	
Particulars	**2017-18**	2016-17
Financial assumptions		
Discount rate	7.30% - 7.60%	7.00% - 7.35%
Expected rate of return on plan assets	7.30% - 7.60%	7.80%
Salary growth rate	7.00% - 8.50%	7.00% - 8.50%
Demographic assumptions		
Withdrawal rate	5% - 10% at younger ages reducing to 1% at older ages	
Mortality table	Indian assured lives mortality (2006-08)	

D. Estimate of contributions expected to be paid during financial year 2018-19 is as under:

(i)	Defined contribution plan:	
	(a) Employer's contribution to provident fund	12% of basic salary
(ii)	Defined benefit plan:	
	(a) Gratuity (funded)	188.84
(iii)	Other long-term employee benefits	
	(a) Leave encashment	129.36

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 40 Contingent liabilities and capital commitments

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
(a) Contingent liabilities		
Claims against the group not acknowledged as debts:		
Central excise and service tax	2,794.71	3,344.05
Income tax	15,329.67	11,640.29
Sales tax / VAT	52.72	57.24
Custom duty	835.43	791.24
Guarantees:		
Outstanding bank guarantees	15,064.75	14,617.11
Outstanding corporate guarantees given to customers of the Company	289.32	579.94
Letter of Credit (L/C)	1,691.67	1,017.88
Others matters including claims related to ESIC, Electricity and Ex-employees	724.31	678.60
Total	**36,782.58**	**32,726.35**
(b) Capital commitments:		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	4,471.49	1,545.46
Total	**4,471.49**	**1,545.46**

Notes:

(i). Most of the issue of litigation pertaining to Central Excise/ Service tax / Income tax are based on interpretation of the respective law & rules thereunder. Management has been opined by its counsel that many of the issues raised by revenue will not be sustainable in law as they are covered by judgements of respective judicial authorities which supports its contention. As such no material impact on the financials of the Company is envisaged.

(ii). Sales tax/VAT related litigation/demand primarily pertains to non submission of required declaration forms in time due to non-receipt of the same from customers and / or some interpretation related issues. However in most of the cases, required documents are being filed and given in minor impact if any, shall be the year of final outcome of respective matter in appeal.

NOTE - 41 Arbitration matter

On termination of Joint Venture and Shareholders' Agreement between Mr. Bhadresh K. Shah, Managing Director of the Company and Magotteaux International S.A. Belgium (Magotteaux), a Settlement Deed dated 16th February, 2000 was executed. Under the arbitral mechanism provided in Settlement Deed, Magotteaux has initiated arbitral proceedings against Mr. Bhadresh K. Shah and the Company before the International Chamber of Commerce, London (ICC) claiming the reliefs of injunction and damages inter alia alleging infringement of its Patent by the Company (in relation to the Company's Sintercast Product) and breach of the Settlement Deed (in relation to Company's Sintercast product). The amount involved in the said arbitral dispute is approximately US$ 60 million, including costs and damages. However, the Company disputes the arbitration request and denies the allegations made therein and is confident of successfully defending the matter in accordance with law.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 42 Related party disclosures

A List of related parties:

(i) Subsidiary:

Sr. no.	Name of entity	Country of incorporation	% of holding As at 31st March, 2018	% of holding As at 31st March, 2017
Direct subsidiary				
1	AIA CSR Foundation *	India	-	100.00%

* During the year, management has consolidated its wholly owned subsidiary - AIA CSR Foundation.

(ii) Key managerial personnel ('KMP'):

Sr. no.	Name	Designation
KMP of Holding company:		
1	Mr. Rajendra S. Shah	Chairman
2	Mr. Bhadresh K. Shah	Managing Director
3	Mr. Yashwant M. Patel	Whole-Time Director
4	Mr. Kunal D. Shah	Executive Director - Finance (upto 13th November, 2017)
5	Dr. S. Srikumar	Non Executive Director
6	Mr. S. N. Jetheliya	Company Secretary
7	Mr. Bhupesh P. Porwal	Chief Financial Officer (w.e.f. 14th November, 2017)
KMP of subsidiary companies:		
1	Mr. Vinod Narain	Chairman, Welcast Steels Limited
2	Mr. Pradip R. Shah	Director, Welcast Steels Limited
3	Mr. Paryank R. Shah	Director, Vega Industries (Middle East) F.Z.C.
4	Mr. R. A. Gilani	
5	Mr. Himanshu K. Patel	

(iii) Independent directors:

Sr. no.	Name	Company
1	Mr. Rajendra S. Shah	AIA Engineering Limited
2	Mr. Sanjay S. Majmudar	
3	Mr. Dileep C. Choksi	
4	Mr. Rajan Harivallabhdas	
5	Mr. D. P. Dhanuka	Welcast Steels Limited
6	Mr. Pradip R. Shah	
7	Mr. Ashok A. Nichani	

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 42 Related party disclosures (Contd.)

(iv) Others:

Sr. no.	Name	Relationship
1	AIA Employee's Gratuity Trust Fund, India	Post employment benefit plan of AIA Engineering Limited
2	Mrs. Giraben K. Shah	Relatives of key managerial personnel
3	Mrs. Gitaben B. Shah	
4	Mrs. Khushali Samip Solanki *	
5	Mrs. Bhumika Shyamal Shodhan *	
6	Pradip Shah & Co	Entity controlled by key managerial personnel
7	AB Tradelink Limited	Enterprise over which key managerial personnel have significant influence
8	Powertec Engineering Private Limited	
9	Powertec Infrastructure Private Limited	
10	Vee Connect Travels Private Limited	
11	Discus IT Private Limited	
12	Harsha Engineers Limited	
13	RNCA & Associates	

* Non-executive director of the Company.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 42 Related party disclosures (contd.)

B Details of related party transactions during the year:

Sr. no.	Nature of transaction	Subsidiary (not consolidated)		Key Managerial Personnel		Independent Directors		Enterprise over which key managerial personnel have significant influence		Relatives of key managerial personnel		Post employment benefit plan of the Company	
		31st March, 2018	31st March, 2017	**31s March, 2018**	31st March, 2017	**31st March 2018**	31st March, 2017	**31st March, 2018**	31st March,, 2017	**31st March, 2018**	31s March, 2017	**31st March, 2018**	31st March, 2017
1	Purchase of goods (inclusive of taxes)	-	-	-	-	-	-	3,087.37	2,170.40	-	-	-	-
2	CSR expenses	-	480.00	-	-	-	-	-	-	-	-	-	-
3	Commission expense on purchases	-	-	-	-	-	-	87.32	80.12	-	-	-	-
4	Legal and professional consultancy fees	-	-	3.31	3.09	-	-	48.79	53.75	-	-	-	-
5	SAP ERP functional and technical support	-	-	-	-	-	-	119.99	71.63	-	-	-	-
6	Salary, bonus and perquisites	-	-	104.56	109.11	-	-	-	-	1.54	1.54	-	-
7	Contribution to gratuity fund	-	-	-	-	-	-	-	-	-	-	178.36	152.49
8	Rent, rates and taxes	-	-	-	-	-	-	-	-	2.66	2.36	-	-
9	Repairs & maintenance of equipments	-	-	-	-	-	-	17.70	17.69	-	-	-	-
10	Travelling expenses	-	-	-	-	-	-	171.17	153.70	-	-	-	-
11	Directors' remuneration and perquisites	-	-	419.97	340.90	-	-	-	-	-	-	-	-
12	Sitting fees paid	-	-	-	-	3.50	3.45	-	-	1.35	1.05	-	-
13	Remuneration for finance related services	-	-	-	-	22.50	15.00	-	-	-	-	-	-
14	Bank guarantees given by the Company on behalf of subsidiaries	1,954.29	8,423.44										
	Total	**1,954.29**	**8,903.44**	**527.84**	**453.10**	**26.00**	**18.45**	**3,532.34**	**2,547.29**	**5.55**	**4.95**	**178.36**	**152.49**
	Outstanding balance receivable at year end	-	-	-	-	-	-	6.82	-	-	-	-	-
	Outstanding balance payable at year end	-	-	0.27	0.27	-	-	105.28	121.67	-	-	-	-

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 42 Related party disclosures (Contd.)

C Disclosures in respect of transactions with related parties during the year:

(₹ in Lakhs)

Sr. no.	Nature of transaction	Name of related party	31st March, 2018	31st March, 2017
1	Purchase of goods (inclusive of taxes)	Harsha Engineers Limited	3,087.37	2,170.40
2	CSR expenses	AIA CSR Foundation	-	480.00
3	Commission expense on purchases	AB Tradelink Limited	87.32	80.12
4	Legal and professional consultancy fees	Powertec Engineering Private Limited	-	23.00
		Powertec Infrastructure Private Limited	42.99	23.05
		RNCA & Associates	5.80	7.70
		Mr. Pradip R. Shah	2.11	2.06
		Mr. Vinod Narain	1.20	1.20
5	SAP ERP functional and technical support	Discus IT Private Limited	119.99	71.63
6	Salary, bonus and perquisites	Mrs. Gitaben B. Shah	1.54	1.54
		Mr. S. N. Jetheliya	47.55	48.78
		Mr. Kunal D. Shah (up to 13th November, 2017)	28.14	60.33
		Mr. Bhupesh P. Porwal (w.e.f. 14th November, 2017)	28.87	-
7	Contribution to gratuity fund	AIA Employee's Gratuity Trust Fund	178.36	152.49
8	Rent, rates and taxes	Mrs. Giraben K. Shah	2.66	2.36
9	Repairs & maintenance of equipments	Powertec Engineering Private Limited	-	8.86
		Powertec Infrastructure Private Limited	17.70	8.83
10	Travelling expenses	Vee Connect Travel Private Limited	169.71	150.65
		AB Tradelink Limited	1.46	3.05
11	Directors' remuneration and perquisites	Mr. Bhadresh K. Shah	110.68	116.11
		Mr. Yashwant M. Patel	24.72	14.72
		Mr. Paryank R. Shah	130.27	68.31
		Mr. R.A .Gilani	97.28	87.65
		Mr. Himanshu K. Patel	57.02	54.11
12	Sitting fees paid	Mr. Rajendra S. Shah	1.15	1.00
		Mr. Sanjay S. Majmudar	1.15	1.00
		Mr. Dileep C. Choksi	0.30	0.45
		Mr. Rajan Harivallabhdas	0.90	1.00
		Mrs. Khushali Samip Solanki	0.60	0.60
		Mrs. Bhumika Shyamal Shodhan	0.75	0.45
13	Remuneration for finance related services	Mr. Sanjay S. Majmudar	22.50	15.00

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 42 Related party disclosures (Contd.)

D The details of amounts due to or due from related parties as at 31st March are as follows:

(₹ in Lakhs)

Sr. no.	Particulars	Name of related party	31st March, 2018	31st March, 2017
1	**Other current liabilities**			
	(a) Key managerial personnel	Mr. Vinod Narain	0.27	0.27
			0.27	0.27
2	**Trade payables**			
	(a) Entity controlled by key managerial personnel	Pradip Shah & Co	0.49	0.47
	Sub total (a)		**0.49**	**0.47**
	(b) Enterprise over which key managerial personnel have significant influence	AB Tradelink Limited	3.44	2.37
		RNCA & Associates	1.02	2.28
		Harsha Engineers Limited	90.76	108.65
		Vee Connect Travels Private Limited	9.57	7.90
	Sub total (b)		**104.79**	**121.20**
	Total (a+b)		**105.55**	**121.94**
3	**Advances**			
	(a) Others	Discus IT Private Limited	6.82	-
		Total	**6.82**	**-**

E Breakup of compensation paid to key managerial personnel:

(₹ in Lakhs)

Sr. no.	Particulars	Name of key managerial personnel	31st March, 2018	31st March, 2017
1	Short-term employee benefits	Mr. Bhadresh K. Shah	110.68	116.11
		Mr. Yashwant M. Patel	24.72	14.72
		Mr. Kunal D. Shah	28.14	60.33
		Mr. Bhupesh P. Porwal	28.32	-
		Mr. S. N. Jetheliya	46.28	47.51
		Mr. Paryank R. Shah	130.27	68.31
		Mr. R.A .Gilani	97.28	87.65
		Mr. Himanshu K. Patel	57.02	54.11
			522.71	448.74
2	Post-employment benefits	Mr. Bhupesh P. Porwal	0.55	-
		Mr. S. N. Jetheliya	1.27	1.27
			1.82	1.27
		Total	**524.53**	**450.01**

Key Managerial Personnel and their relatives who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above.

All related party transactions entered during the year were in ordinary course of the business and are on arm's length basis. No amount has been recognised as bad or doubtful in respect of transactions with the related parties.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 43 Lease transactions

The operating lease arrangements are cancellable subject to the stipulated notice period which generally does not exceed 3 months. Thus, management is of the view that there is no right to receive or obligation to pay the agreed lease rentals in case of termination.

NOTE - 44 Operating segments

(a) Information about reportable segment:

The Company operates mainly in manufacturing of High Chrome Mill Internals (Castings) and all other activities are incidental thereto, which have similar risk and return, accordingly, there are no separate reportable Segment.

(b) Information about geographical segment:

The geographical information analyses the Group's revenues and non-current assets by the company's country of domicile (i.e., India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets have been based on the geographical location of assets.

(₹ in Lakhs)

Particulars		As at 31st March, 2018	As at 31st March, 2017
(1).	Revenues from external customers including operating revenue:		
	India	67,494.56	71,530.97
	Outside India	1,79,174.21	1,58,281.29
(2).	Non-current assets:		
	India	81,867.88	75,497.76
	Outside India	272.41	270.29

(₹ in Lakhs)

Particulars		As at 31st March, 2018	As at 31st March, 2017
(a)	Breakup of revenues :		
	Revenue from operations	2,39,629.96	2,23,923.48
	Other operating revenue	7,038.81	8,110.82
(b).	Non-current assets:		
	Non-current assets (excluding financial instruments and tax assets)	82,140.29	75,768.05

There are no transactions with a single external customer or in any single country outside India which amounts to 10% or more of the Group's total revenue.

NOTE - 45

Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March is provided as under to the extent the group has received intimation from the "Suppliers" regarding their status under the Act.

(₹ in Lakhs)

Sr. no.	Particulars	As at 31st March, 2018	As at 31st March, 2017
i	Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act):		
	Principal amount due to micro and small enterprise	1,194.48	859.35
	Interest due on above	-	-

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 45 Disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 are provided as under for the year 2017-18, to the extent the Company has received intimation from the "Suppliers" regarding their status under the Act.

(₹ in Lakhs)

Sr. no.	Particulars	As at 31st March, 2018	As at 31st March, 2017
ii	Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period.	-	-
iii	Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006.	-	-
iv	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
v	Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises.	-	-

Note:

The Company had sought confirmation from its vendors on their status under Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from 2nd October, 2006. Dues to micro and small enterprises have been determined to the extent confirmations received by the Company from its vendors. This has been relied upon by the auditors.

NOTE - 46 Details of hedged and unhedged exposure in foreign currency denominated monetary items

(a) Foreign currency exposure as at 31st March, hedged by derivative instruments:

The group enters into forward exchange contracts to hedge against its foreign currency exposures relating to the underlying transactions and firm commitments. The group does not enter into any derivative instruments for trading or speculative purposes.

The forward exchange contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

(₹ in Lakhs)

Currency - bought / sold	Exposure to buy / sell	No. of contracts 2018	No. of contracts 2017	Amount As at 31st March, 2018 ₹ in Lakhs	Amount As at 31st March, 2018 Foreign currency	Amount As at 31st March, 2017 ₹ in Lakhs	Amount As at 31st March, 2017 Foreign currency
EUR / USD	Sell	10	17	2,007.14	25,00,000	2,942.33	42,50,000
USD / INR	Sell	88	113	15,471.46	2,37,50,000	18,304.79	2,82,50,000
ZAR / INR	Sell	36	49	3,324.24	6,05,00,000	4,761.83	9,84,50,000

(b) Foreign currency exposure as at 31st March not hedged by derivative instruments:

(₹ in Lakhs)

Particulars	Amount As at 31st March, 2018 FC	Amount As at 31st March, 2018 ₹ in Lakhs	Amount As at 31st March, 2017 FC	Amount As at 31st March, 2017 ₹ in Lakhs
Payables against import of goods:				
USD	18,45,133	1,201.92	45,48,537	2,947.27
EURO	5,30,740	426.11	48,57,263	3,362.75
ZAR	21,44,407	117.83	1,95,92,822	947.67

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 46 Details of hedged and unhedged exposure in foreign currency denominated monetary items (Contd.)

(b) Foreign currency exposure as at 31st March not hedged by derivative instruments: (Contd.)

	Amount As at 31st March, 2018		Amount As at 31st March, 2017	
Particulars	**FC**	**₹ in Lakhs**	FC	₹ in Lakhs
GBP	1,79,831	164.15	7,09,983	576.68
CAD	228	0.11	16,32,099	795.90
AUD	2,03,652	101.90	-	-
AED	-	-	1,24,385	21.94
CNY	-	-	-	-
Receivables against export of goods:				
USD	3,22,98,086	21,037.88	47,36,932	3,069.34
EURO	54,82,085	4,380.46	1,09,29,193	7,566.43
ZAR	63,807	41.56	18,17,93,360	8,792.98
GBP	-	-	-	-
CAD	-	-	26,46,385	1,290.52
AUD	34,19,017	1,731.80	20,81,935	1,013.64
AED	-	-	-	-
CNY	53,16,379	551.99	-	-
CLP	17,64,33,113	190 .32	-	-

NOTE - 47 Financial risk management

The group's business activities expose it to a variety of financial risks, namely credit risk, liquidity risk, market risk and commodity risk. The group's senior management has overall responsibility for the establishment and oversight of the group's risk management framework. The Company has constituted a Risk Management Committee which is responsible for developing and monitoring the group's risk management policies. The key risks and mitigating actions are also placed before the Audit Committee of the Company. The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The Risk Management Committee of the Company is supported by the Finance team and experts who provide assurance that the group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the group's policies and risk objectives. The activities are designed to protect the group's financial results and position from financial risks, maintain market risks within the acceptable parameters while optimising returns and protect the group's financial investments while maximising returns.

This note explains the sources of risk which the group is exposed to and how the group manages the risk in the financial statements.

Nature of risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost	Aging analysis, Credit rating	Credit limit set and aging analysis protect group from potential losses due to excess credit to the customers. Further the group has also obtained ECGC insurance cover for export sales.
Liquidity risk	Borrowing and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Interest rate swaps
Market risk - foreign exchange	Future commercial transactions recognised financial assets and liabilities not denominated in INR	Cash flow forecasting, Sensitivity analysis	Forward foreign exchange contracts.
Commodity risk	Purchase of raw material	Fluctuation in imported metal scrap and ferro chrome prices and currency rates	Procurement and inventory strategy

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 47 Financial risk management (Contd.)

Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle the obligation as agreed. To manage this, the group periodically assesses financial reliability of customers, taking into account the financial condition, current economic trends and analysis of historical bad debts and ageing of accounts receivable. Customer wise limits are set accordingly.

The group considers the probability of default of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the group compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forward-looking information such as:

(i) Actual or expected significant adverse changes in business;

(ii) Actual or expected significant changes in the operating results of the counterparty;

(iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;

(iv) Significant increase in credit risk on other financial instruments of the same counterparty.

The group categorises financial assets based on the assumptions, inputs and factors specific to the class of financial asset into High-quality assets, negligible credit risk; Quality assets, low credit risk; Standard assets, moderate credit risk; Substandard assets, relatively high credit risk; Low quality assets, very high credit risk; Doubtful assets, credit impaired.

Financial assets are written off when there are no reasonable expectations of recovery, such as a debtor failing to engage in a repayment plan with the group. The group categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than one year past due. Where loans or receivables have been written off, the group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the consolidated statement of profit and loss.

Provision for expected credit losses:

		Basis for recognition of expected credit loss provision		
Description of category	**Category**	**Investments**	**Loans and deposits**	**Trade receivables**
Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil.	High-quality assets, negligible credit risk	12 month expected credit losses	12 month expected credit losses	Life time expected credit losses (simplified approach)
Assets where there is low risk of default and where the counter-party has sufficient capacity to meet the obligations and where there has been low frequency of defaults in the past.	Quality assets, low credit risk	12 month expected credit losses	12 month expected credit losses	
Assets where the probability of default is moderate, counter-party where the capacity to meet the obligations is not strong.	Standard assets, moderate credit risk	12 month expected credit losses	12 month expected credit losses	
Assets where there has been a significant increase in credit risk since initial recognition where payments are more than 360 days past due	Substandard assets, relatively high credit risk	Life time expected credit losses	Life time expected credit losses	
Assets where there is a high probability of default. It includes assets where the credit risk of counter-party has increased significantly though payments may not be more than 360 days past due.	Low quality assets, very high credit risk	Life time expected credit losses	Life time expected credit losses	
Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or failing to engage in a repayment plan with the group.	Doubtful assets, credit impaired	Asset is written off		

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 47 Financial risk management (Contd.)

Expected credit loss for loans and deposits:

(₹ in Lakhs)

As at 31st March, 2018	Asset group	Estimated gross carrying amount at default	Expected probability of default	Expected credit losses	Carrying amount net of impairment provision
Loss allowance measured at 12 month expected credit losses					
Financial assets for which credit risk has not increased significantly since initial recognition	Loans	281.22	-	-	281.22
	Deposits	1,121.26	-	-	1,121.26
Loss allowance measured at life time expected credit losses					
Financial assets for which credit risk has increased significantly and not credit impaired or credit impaired	NA	-	-	-	-
As at 31st March, 2017					
Loss allowance measured at 12 month expected credit losses					
Financial assets for which credit risk has not increased significantly since initial recognition	Loans	314.91	-	-	314.91
	Deposits	1,080.37	-	-	1080.37
Loss allowance measured at life time expected credit losses					
Financial assets for which credit risk has increased significantly and not credit impaired or credit impaired	NA	-	-	-	-

Expected credit loss for trade receivables under simplified approach:

Ageing of trade receivables as at year end:

(₹ in Lakhs)

Due from date of invoice	31st March, 2018	31st March, 2017
Not due	41,589.08	40,605.58
0 - 3 months	14,469.75	17,410.98
3 - 6 months	2,797.51	7,244.93
6 - 12 months	464.01	453.51
Beyond 12 months	1,031.36	681.34
Gross carrying amount	60,351.71	66,396.34
Expected credit loss	(216.10)	(172.59)
Net carrying amount	60,135.61	66,223.75

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related such risks are overseen by senior management. Management monitors the group's net liquidity position through rolling forecasts on the basis of expected cash flows.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 47 Financial risk management (Contd.)

Financing arrangements

The group had access to following undrawn borrowing facilities as at year end:

(₹ in Lakhs)

Particulars	31st March, 2018	31st March, 2017
Fund and non-fund based facilities	71,477.93	60,623.91

The table below analyses derivative and non-derivative financial liabilities of the group into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

(₹ in Lakhs)

Particulars As at 31st March, 2018	0-1 years	1-5 years	Total
Non-derivative financial liabilities			
Long term borrowings (including current maturity of long term debt)	19.85	15.75	35.60
Short term borrowings	12,294.31	-	12,294.31
Trade payables	16,332.76	-	16,332.76
Other financial liabilities	7,645.50		7,645.50
Total	**36,292.42**	**15.75**	**36,308.17**
Derivative financial liabilities			
Forward exchange contracts used for hedging inflows	229.34	-	229.34

As at 31st March, 2017	0-1 years	1-5 years	Total
Non-derivative financial liabilities			
Long term borrowings (including current maturity of long term debt)	33.57	2,440.84	2,474.41
Short term borrowings	11,545.64	-	11,545.64
Trade payables	13,746.46	-	13,746.46
Other financial liabilities	112.57	-	112.57
Total	**25,438.24**	**2,440.84**	**27,879.08**
Derivative financial liabilities			
Forward exchange contracts used for hedging inflows	3.66	-	3.66

Note: Guarantees issued by the Company aggregating to ₹ 1,954.29 lakhs (previous year: ₹ 8,423.44 lakhs) on behalf of subsidiaries are with respect to borrowing limits obtained by the respective entity. These amounts will be payable on default by the concerned entity. As of the reporting date, none of the subsidiary have any outstanding borrowing and hence the Company does not have any present obligation to third parties in relation to such guarantees.

Market risk - interest rate

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimise the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Exposure to interest rate risk

(₹ in Lakhs)

Particulars	As at 31st March, 2018	As at 31st March, 2017
Borrowings bearing fixed rate of interest	12,294.31	13,986.48
Borrowings bearing variable rate of interest	-	-

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 47 Financial risk management (Contd.)

Interest rate sensitivity

A change of 50 bps in interest rates would have following impact on profit before tax:

(₹ in Lakhs)

Movement - effects on profit before tax	2017-18	2016-17
50 bp increase-decrease in profits	-	-
50 bp decrease-increase in profits	-	-

The Company has no significant long-term debt.

Market risk - Foreign currency risk

The group operates internationally and large portion of the business is transacted in several currencies. Consequently the group is exposed to foreign exchange risk through its sales in overseas and purchases from overseas suppliers in various foreign currencies. Exports of the group are significantly higher in comparison to its imports. As a policy the group does not cover the foreign exchange requirements for its imports and the same is managed from the export earnings in foreign currency. Foreign currency exchange rate exposure for exports is managed by prudent hedging policy.

Foreign currency exposure:

As at 31st March, 2018:

(₹ in Lakhs)

	Assets			Liabilities		
Particulars	Trade receivables (net of hedge)	Bank balances in EEFC accounts	Total exposure to foreign currency risk	Trade payables	Foreign currency loans	Total exposure to foreign currency risk
USD	3,22,98,086	1,42,27,472	4,65,25,558	18,45,133	1,35,00,000	1,53,45,133
EURO	54,82,085	24,13,978	78,96,062	5,30,740	-	5,30,740
ZAR	63,807	2,19,49,923	2,20,13,730	21,44,407	-	21,44,407
GBP	-	7,25,585	7,25,585	1,79,831	-	1,79,831
CAD	-	1,34,568	1,34,568	228	-	228
AUD	34,19,017	17,82,371	52,01,388	2,03,652	-	2,03,652
AED	-	83,987	83,987	-	-	-
CNY	53,16,379	24,74,942	77,91,321	-	-	-
CLP	17,64,33,113	3,82,56,642	21,46,89,755	-	-	-

As at 31st March, 2017:

USD	47,36,932	17,48,619	64,85,550	45,48,537	1,19,90,000	1,65,38,537
EURO	1,09,29,193	64,00,377	1,73,29,570	48,57,263	-	48,57,263
ZAR	18,17,93,360	4,08,92,630	22,26,85,990	1,95,92,822	-	1,95,92,822
GBP	-	-	-	7,09,983	-	7,09,983
CAD	26,46,385	21,39,861	47,86,246	16,32,099	-	16,32,099
AUD	20,81,935	16,25,519	37,07,454	-	-	-
AED	-	5,70,129	5,70,129	1,24,385	-	1,24,385
CNY	-	-	-	-	-	-
CLP	-	-	-	-	-	-

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 47 Financial risk management (Contd.)

Foreign currency risk sensitivity

Particulars	Movement (%)		Effect on profit before tax	
	31st March, 2018	31st March, 2017	**31st March, 2018**	31st March, 2017
USD sensitivity				
INR / USD- increase by	1.00	1.00	203.11	(40.91)
INR / USD- decrease by	1.00	1.00	(203.11)	40.91
Euro sensitivity				
INR / Euro- increase by	1.00	1.00	59.13	86.35
INR / Euro- decrease by	1.00	1.00	(59.13)	(86.35)
ZAR sensitivity				
INR / ZAR- increase by	1.00	1.00	10.92	98.23
INR / ZAR- decrease by	1.00	1.00	(10.92)	(98.23)
GBP sensitivity				
INR / GBP- increase by	1.00	1.00	4.98	(5.77)
INR / GBP- decrease by	1.00	1.00	(4.98)	5.77
CAD sensitivity				
INR / CAD- increase by	1.00	1.00	0.68	15.38
INR / CAD- decrease by	1.00	1.00	(0.68)	(15.38)
AUD sensitivity				
INR / AUD- increase by	1.00	1.00	25.01	18.05
INR / AUD- decrease by	1.00	1.00	(25.01)	(18.05)
AED sensitivity				
INR / AED- increase by	1.00	1.00	0.08	0.79
INR / AED- decrease by	1.00	1.00	(0.08)	(0.79)
CNY sensitivity				
INR / CNY- increase by	1.00	1.00	8.09	-
INR / CNY- decrease by	1.00	1.00	(8.09)	-
CLP sensitivity				
INR / CLP- increase by	1.00	1.00	199.02	-
INR / CLP- decrease by	1.00	1.00	(199.02)	-

The following significant exchange rates have been applied during the year:

Rupees	Average rate		Year-end spot rate	
	31st March, 2018	31st March, 2017	**31st March, 2018**	31st March, 2017
USD	64.97	65.52	65.14	64.80
EUR	74.76	72.35	80.29	69.23
ZAR	5.17	4.67	5.49	4.84
CAD	49.64	49.90	50.51	48.77
GBP	86.25	88.19	91.27	81.22
AUD	49.36	49.75	50.03	48.69
AED	17.69	17.83	17.74	17.64

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 47 Financial risk management (Contd.)

Derivative financial instruments

The group holds derivative financial instruments such as foreign currency forwards to mitigate the risk of changes in exchange rate on foreign currency exposures. The counterparty for these contracts are banks. These derivative financial instruments are generally with a maturity upto 1 year.

(A) Commodity Risk

Principal raw materials for Group's products are metal scrap and ferro chrome. Group sources its raw material requirement from domestic and international markets. Domestic market price generally remains in line with international market prices. Volatility in metal prices, currency fluctuation of rupee viz a viz other prominent currencies coupled with demand-supply scenario in the world market affect the effective price of metal scrap and ferrous metal. The group effectively manages availability of material as well as price volatility through:

(i) widening its sourcing base;

(ii) appropriate contracts with vendors and customers and commitments;

(iii) well planned procurement and inventory strategy.

Risk committee has developed and enacted a risk management strategy regarding commodity price risk and its mitigation.

Consumption details of metal scrap and ferro chrome:

(Qty in MT)

Particulars	2017-18	2016-17
Metal scrap	1,80,035	1,84,342
Ferro chrome	55,538	56,713

Commodity price sensitivity:

Increase / (decrease) in prices of Metal scrap / ferro chrome by ₹ 1 per kg would have following impact on profit before tax:

(₹ in Lakhs)

Particulars	2017-18	2016-17
₹ 1 increase in commodity price	(2,355.73)	(2,410.55)
₹ 1 decrease in commodity price	2,355.73	2,410.55

(B) Capital Risk Management

A. The group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern so that they can continue to
- maintain an optimal capital structure to reduce the cost of capital.

The group monitors capital on the basis of the following debt equity ratio:

(₹ in Lakhs)

Particulars	2017-18	2016-17
Debt *	12,329.91	14,020.05
Total equity	3,00,930.64	2,71,725.31
Debt to total equity	0.04	0.05

* Debt Comprise of non-current borrowings (including current maturity of long-term debts) and current borrowings.

Group believes in conservative leverage policy. Group's capital expenditure plan over the medium term shall be largely funded through internal accruals and suppliers' credit.

B. The companies within the group follows the policy of dividend for every financial year as may be decided by the Board considering financial performance of respective company and other internal and external factors.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 48 Fair value measurements

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable input).

A. Financial assets :

As at 31st March, 2018

(₹ in Lakhs)

Particulars	Note	Instruments carried at FVTPL	FVTOCI	Amortised cost	Total carrying value	Total fair value
Non-current investments#	7	85.58	-	-	85.58	85.58
Current investments	13	1,09,100.18	-	-	1,09,100.18	1,09,100.18
Trade receivables	8, 14	-	-	60,135.61	60,135.61	-
Loans	9, 16	-	-	1,539.92	1,539.92	-
Cash and cash equivalents	15	-	-	18,115.60	18,115.60	-
Bank balances other than above	15	-	-	8,383.56	8,383.56	-
Derivatives		-	-	-	-	-
Other financial assets	17	-	-	4,622.66	4,622.66	-
Total		**1,09,185.76**	**-**	**92,797.35**	**2,01,983.11**	**1,09,185.76**

As at 31st March, 2017

(₹ in Lakhs)

Particulars	Note	Instruments carried at FVTPL	FVTOCI	Amortised cost	Total carrying value	Total fair value
Non-current investments#	7	98.53	-	1.00	99.53	99.53
Current investments	13	95,862.37	-	-	95,862.37	95,862.37
Trade receivables	8, 14	-	-	49,606.01	49,606.01	-
Loans	9, 16	-	-	1,395.28	1,395.28	-
Cash and cash equivalents	15	-	-	24,160.06	24,160.06	-
Bank balances other than above	15	-	-	619.29	619.29	-
Derivatives		1,153.22	-	-	1,153.22	1,153.22
Other financial assets	17	-	-	3,156.61	3,156.61	-
Total		**97,114.12**	**-**	**78,938.25**	**1,76,052.37**	**97,115.12**

Investments in subsidiaries classified as equity investments and investment in government securities have been accounted at historical cost. Since these are scope out of Ind AS 109 for the purposes of measurement, the same have not been disclosed in the above table. Investments in unquoted equity shares of entities other than subsidiaries have been designated as FVTPL and such investment upon sale is only going to fetch the principle amount invested and hence the Company considers cost and fair value to be the same.

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 48 Fair value measurements (Contd.)

B. Financial liabilities :

As at 31st March, 2018

(₹ in Lakhs)

Particulars	Note	Instruments carried at FVTPL	FVTOCI	Amortised cost	Total carrying value	Total fair value
Borrowings	21, 23	-	-	12,314.16	12,314.16	-
Trade payables	24	-	-	16,332.76	16,332.76	-
Derivatives		229.34	-	-	229.34	229.34
Other financial liabilities	25	-	-	7,661.25	7,661.25	-
Total		**229.34**	**-**	**36,308.17**	**36,537.51**	**229.34**

As at 31st March, 2017

(₹ in Lakhs)

Particulars	Note	Instruments carried at FVTPL	FVTOCI	Amortised cost	Total carrying value	Total fair value
Borrowings	21, 23	-	-	11,579.21	11,579.21	-
Trade payables	24	-	-	13,746.46	13,746.46	-
Derivatives		3.66	-	-	3.66	3.66
Other financial liabilities	25	-	-	2,553.41	2,553.41	-
Total		**3.66**	**-**	**27,879.08**	**27,882.74**	**3.66**

The following table provides the fair value measurement hierarchy of the group's financial assets and financial liabilities:

As at 31st March, 2018

(₹ in Lakhs)

Particulars	Note	Fair value	Level 1	Level 2	Level 3
Financial assets					
Current investments	13				
Investments in mutual funds (quoted)		1,01,162.77	1,01,162.77	-	-
Investments in bonds (unquoted)		5,937.41	-	5,937.41	-
Investments in debentures (unquoted)		2,000.00	-	2,000.00	-
Financial liabilities					
Derivatives		229.34	-	229.34	-

As at 31st March, 2017

(₹ in Lakhs)

Particulars	Note	Fair value	Level 1	Level 2	Level 3
Financial assets					
Current investments	13				
Investments in mutual funds (quoted)		92,505.82	92,505.82	-	-
Investments in bonds (unquoted)		3,356.55	-	3,356.55	-
Derivatives		1,153.22	-	1,153.22	-
Financial liabilities					
Derivatives		3.66	-	3.66	-

Note: During the year, there has not been transfer of any financial assets or financial liabilities between level 1 and level 2.

NOTE - 49 **Disclosure of additional information pertaining to the Holding Company and its subsidiaries as per Schedule III of Companies Act, 2013:**

31st March, 2018

(₹in Lakhs)

Name of the Company	Country of incorporation	Net assets (total assets minus total liabilities)		Share in profit /(loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		Net Assets	As % of consolidated net assets	Profit /(loss)	As % of consolidated profit & loss	Other Comprehensive income	As % of consolidated OCI	Total Comprehensive income	As % of consolidated TCI
Holding Company									
AIA Engineering Limited	India	2,76,027.28	91.72%	46,990.65	105.99%	120.65	-5.84%	47,111.30	111.45%
Indian subsidiaries (direct)									
Welcast Steels Limited	India	3,329.25	1.11%	159.36	0.36%	(3.54)	0.17%	155.82	0.37%
AIA CSR Foundation	India	0.18	0.00%	(27.79)	-0.06%	0.00	0.00%	(27.79)	-0.07%
Foreign subsidiaries (direct)									
Vega Industries (Middle East) F.Z.C.	U.A.E	20,885.28	6.94%	9,314.27	21.01%	0.00	0.00	9,314.27	22.04%
Foreign subsidiaries (indirect)									
Vega Industries Limited	U. K.	4,525.88	1.50%	198.61	0.45%	0.00	0.00	198.61	0.47%
Vega Industries Limited	U. S. A.	753.38	0.25%	92.33	0.21%	0.00	0.00	92.33	0.22%
Vega Steel Industries (RSA) Proprietary Limited	South Africa	250.63	0.08%	31.70	0.07%	0.00	0.00	31.70	0.07%
Wuxi Vega Trade Co. Limited	China	256.56	0.09%	(6.73)	-0.02%	0.00	0.00	(6.73)	-0.02%
PT. Vega Industries Indonesia	Indonesia	61.17	0.02%	(43.88)	-0.10%	0.00	0.00	(43.88)	-0.10%
Vega Industries Chile SpA	Chile	54.65	0.02%	(20.15)	-0.05%	0.00	0.00	(20.15)	-0.05%
AIA Ghana Limited	Ghana	0.00	0.00%	0.00	0.00%	0.00	0.00	0.00	0.00%
Add / (less):									
Adjustment arising out of consolidation		(4,322.30)	-1.44%	(12,326.27)	-27.80%	0.00	0.00%	(12,326.27)	-29.16%
Exchange differences on translation of foreign operations		0.00	0.00%	0.00	0.00%	(2,182.94)	105.71%	(2,182.94)	-5.16%
Non-controlling interests in:									
Welcast Steels Limited		(837.31)	-0.28%	(40.08)	-0.09%	0.89	-0.04%	(39.19)	-0.09%
Vega Steel Industries (RSA) Proprietary Limited		(54.01)	-0.02%	13.20	0.03%		0.00%	13.20	0.03%
Total		**3,00,930.64**	**100.00%**	**44,335.22**	**100.00%**	**(2,064.94)**	**100.00%**	**42,270.28**	**100.00%**

NOTE - 49 Disclosure of additional information pertaining to the Holding Company and its subsidiaries as per Schedule III of Companies Act, 2013:

31st March, 2017

(₹ in Lakhs)

Name of the Company	Country of incorporation	Net assets (total assets minus total liabilities)		Share in profit /(loss)		Share in other comprehensive income (OCI)		Share in total comprehensive income (TCI)	
		Net Assets	As % of consolidated net assets	Profit /(loss)	As % of consolidated profit & loss	Other Comprehensive income	As % of consolidated OCI	Total Comprehensive income	As % of consolidated TCI
Holding Company									
AIA Engineering Limited	India	2,42,207.96	89.14%	41,731.35	91.36%	(169.33)	9.48%	41,562.02	94.69%
Indian subsidiaries (direct)									
Welcast Steels Limited	India	3,188.79	1.17%	176.49	0.39%	(8.26)	0.46%	168.23	0.38%
AIA CSR Foundation	India		0.00%		0.00%	0.00	0.00%	0.00	0.00%
Foreign subsidiaries (direct)									
Vega Industries (Middle East) F.Z.C.	U.A.E	25,031.84	9.21%	7,159.68	15.67%	0.00	0.00	7,159.68	16.31%
Foreign subsidiaries (indirect)									
Vega Industries Limited	U. K.	3,865.35	1.42%	503.51	1.10%	-	0.00	503.51	1.15%
Vega Industries Limited	U. S. A.	678.28	0.25%	3.20	0.01%	-	0.00	3.20	0.01%
Vega Steel Industries (RSA) Proprietary Limited	South Africa	219.49	0.08%	62.01	0.14%	-	0.00	62.01	0.14%
Wuxi Vega Trade Co. Limited	China	233.65	0.09%	112.32	0.25%	-	0.00	112.32	0.26%
PT. Vega Industries Indonesia	Indonesia	93.38	0.03%	(36.47)	-0.08%	-	0.00	(36.47)	-0.08%
Vega Industries Chile SpA	Chile	-	0.00%	-	0.00%	-	0.00	0.00	0.00%
AIA Ghana Limited	Ghana	-	0.00%	-	0.00%	-	0.00	0.00	0.00%
Add / (less):									
Adjustment arising out of consolidation		(2,991.45)	-1.10%	(3,990.77)	-8.74%	0.00	0.00%	(3,990.77)	-9.09%
Exchange differences on translation of foreign operations		0.00	0.00%	0.00	0.00%	(1,610.90)	90.18%	(1,610.90)	-3.67%
Non-controlling interests in:									
Welcast Steels Limited		(801.98)	-0.30%	(44.39)	-0.10%	2.08	-0.12%	(42.31)	-0.10%
Vega Steel Industries (RSA) Proprietary Limited		-	0.00%	-	0.00%	-	0.00%	0.00	0.00%
Total		**2,71,725.31**	**100.00%**	**45,676.93**	**100.00%**	**(1,786.41)**	**100.00%**	**43,890.52**	**100.00%**

Notes to the Consolidated Financial Statements for the year ended 31st March, 2018 (Contd.)

NOTE - 50 Details of Specified Bank Notes ('SBN')

The disclosures regarding details of specified bank notes held and transacted during 8 November, 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31st March, 2018. Corresponding amounts as appearing in the audited consolidated Ind AS financial statements for the period ended 31st March, 2017 have been disclosed below:

(₹ in Lakhs)

Particulars	SBNs*	Other denomination notes	Total
Closing cash on hand as on 08 November 2016**	15.44	0.01	15.44
(+) Permitted receipts	-	50.88	50.88
(-) Permitted payments	-	(44.19)	(44.19)
(-) Amount deposited in banks	(15.44)	(0.00)	(15.44)
Closing cash on hand as on 30 December 2016	-	6.69	6.69

For the purpose of this clause 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

** Includes ₹ 1.41 lakhs held by employees as travelling advance.

NOTE - 51 Previous year's figures have been regrouped/reclassified wherever necessary to confirm to current year presentation.

As per our report of even date attached.

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

NIRAV PATEL
Partner
Membership No: 113327

Place : Ahmedabad
Date : 16th May, 2018

For and on behalf of the Board of Directors

BHADRESH K. SHAH
Managing Director
(DIN : 00058177)

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

BHUPESH P. PORWAL
Chief Financial Officer

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

Place : Ahmedabad
Date : 16th May, 2018

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Rajendra S. Shah
Chairman : Independent - Non - Executive

Mr. Bhadresh K. Shah
Managing Director : Executive - Promoter

Mr. Sanjay S. Majmudar
Independent Director

Dr. S. Srikumar
Non Independent - Non-Executive Director

Mr. Yashwant M. Patel
Whole-time Director

Mr. Dileep C. Choksi
Independent Director

Mrs. Khushali S. Solanki
Non-Executive– Non-Independent

Mrs. Bhumika S. Shodhan
Non-Executive– Non-Independent

Mr. Rajan Harivallabhdas
Independent Director

CHIEF FINANCIAL OFFICER
Mr. Bhupesh P. Porwal

COMPANY SECRETARY
Mr. S. N. Jetheliya

STATUTORY AUDITORS
B S R & CO. LLP
Chartered Accountants

COST AUDITORS
Kiran J. Mehta & Co.
Cost Accountants

SECRETARIAL AUDITORS
Tushar Vora & Associates
Company Secretaries

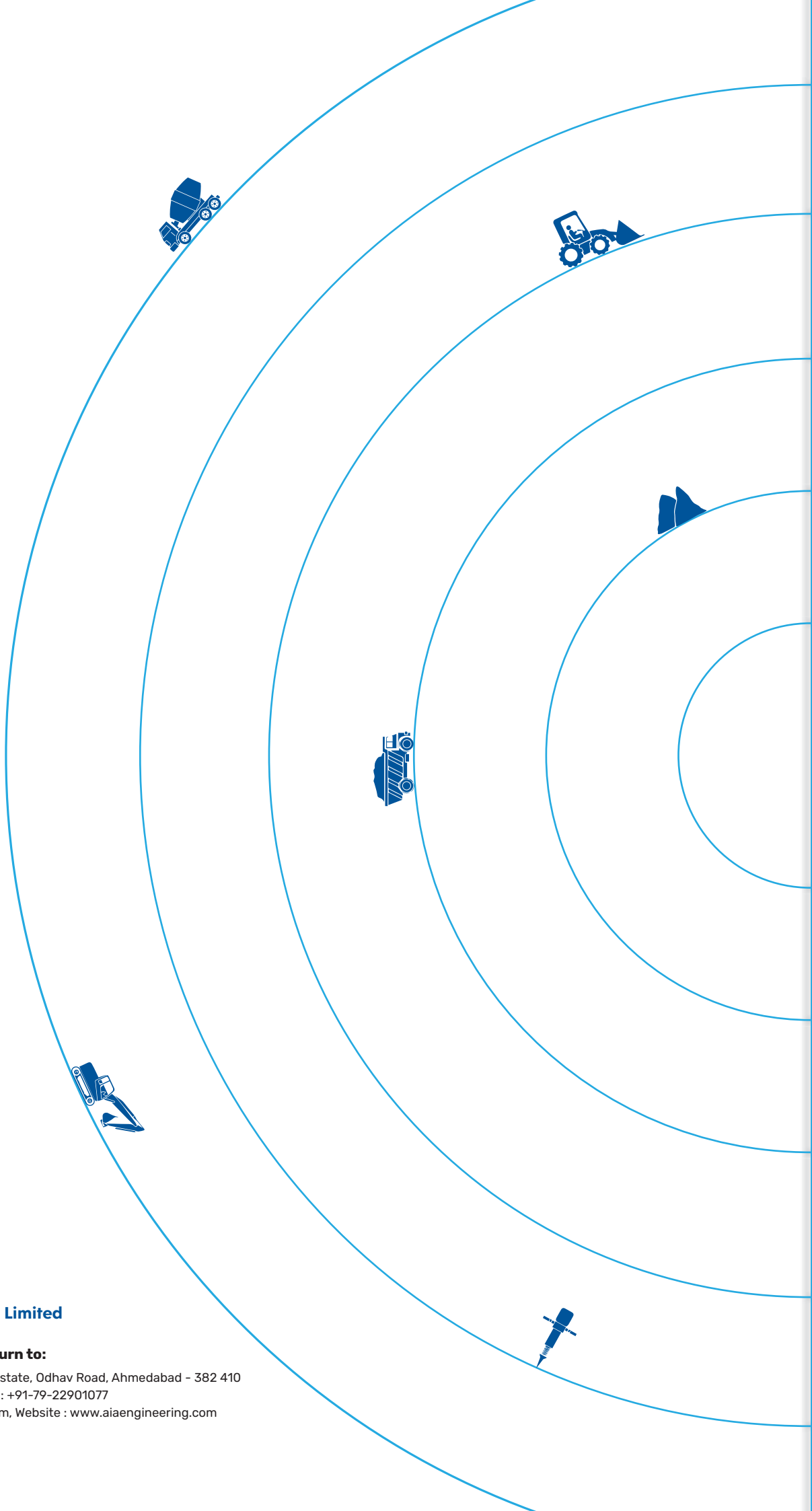
BANKERS
State Bank of India
Citi Bank N.A.
HSBC Bank Ltd.
AXIS Bank Ltd.
IDBI Bank Ltd.

REGISTERED OFFICE
115, GVMM Estate, Odhav Road, Odhav, Ahmedabad - 382 410

CORPORATE OFFICE
11-12, Sigma Corporates, B/h. HOF Show Room, Off. S.G. Highway,
Sindhu Bhavan Road, Bodakdev, Ahmedabad – 380 054

REGISTRAR & SHARE TRANSFER AGENT
Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli (W), Mumbai - 400 083
Phone No. : 022-49186270, **Fax No. :** 022-49186060, **Email :** rnt.helpdesk@linkintime.co.in

it's an SGA adsvita creation | adsvita.com



AIA Engineering Limited

If undelivered, please return to:

Registered Office : 115, GVMM Estate, Odhav Road, Ahmedabad - 382 410
Tel. : +91-79-22901078-81, Fax : +91-79-22901077
E-mail : snj@aiaengineering.com, Website : www.aiaengineering.com
CIN : L29259GJ1991PLC015182

AIA ENGINEERING LIMITED
[CIN:L29259GJ1991PLC015182]
Regd. Office: 115, GVMM Estate, Odhav Road,
Odhav, Ahmedabad – 382 410
Email: ric@aiaengineering.com website: www.aiaengineering.com
Phone: 079-66047800 Fax: 079-66047848

Notice

Notice is hereby given that the Twenty Eighth Annual General Meeting of the members of AIA ENGINEERING LIMITED will be held on Thursday, the 9th August, 2018 at 09.00 A.M. at H. T. Parekh Convention Center, Ahmedabad Management Association, "ATIRA Campus", Dr. Vikram Sarabhai Marg, Ahmedabad – 380 015, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone and Consolidated Audited Balance Sheets as at 31st March 2018 and the Statements of Profit and Loss for the year ended on that date and the Reports of the Board of Directors' and Auditors' thereon.

2. To confirm the Interim Dividend declared on Equity Shares for the Financial Year ended 31st March 2018.

3. To appoint a Director in place of Mrs. Bhumika Shyamal Shodhan (DIN 02099400), who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS:

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

   "RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of the members be and is hereby accorded to the material related party transactions entered/to be entered into and carried out in the ordinary course of business and at arm's length price with Welcast Steels Limited (WSL), a Subsidiary of the Company and Related Party as per Indian Accounting Standard (Ind AS) 24, for the purchase of goods during the period from 1st April, 2018 to 31st March, 2019 for an aggregate amount, which may exceed the threshold limit of 10 percent of annual consolidated turnover of the Company for the financial year 2017-18 on the terms and conditions as mentioned in the Contract Manufacturing Agreement entered into by the Company with WSL on 1st January, 2014 and its Amendment dated 24th May, 2015.

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

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

   "RESOLVED THAT pursuant to the provisions of Section 148 and other provisions, if any, of the Companies Act 2013, read with Companies [Audit and Auditors] Rules, 2014 [including any statutory modification (s) or re-enactment (s) thereof for the time being in force], the consent of the members be and is hereby accorded to ratify the remuneration, decided by the Board of Directors on the recommendations of the Audit Committee, of ₹ 4.00 lakhs payable to M/s. Kiran J. Mehta & Co., Cost Accountants, Ahmedabad appointed by the Board to conduct the audit of cost records of the Company for the Financial Year ended 31st March, 2019.

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

By Order of the Board of Directors,
Sd/-
(S. N. Jetheliya)
Company Secretary

Place: Ahmedabad
Date: 16th May 2018

1. The Explanatory Statements, pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business to be transacted at the meeting, are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in aggregate not more than 10% of the total share capital of the Company.
   The instrument of proxy in order to be effective must be received at the Registered Office/Corporate Office of the Company duly completed and signed, not less than 48 hours before the commencement of the meeting. A proxy Form is annexed herewith. Proxy Form submitted on behalf of the Companies, Societies, etc. must be supported by an appropriate resolution/authority, as applicable, authorizing their representative to attend and vote on their behalf at the meeting.
3. Members are requested to bring the Attendance Slip duly filled in and hand over the same at the entrance of the meeting Hall.
4. An Interim Dividend of ₹ 8 per share (400%) has been declared by the Board of Directors during the year ended 31st March, 2018 and the same is proposed to be confirmed by the members at the ensuing Annual General Meeting.
5. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or Registrar & Share Transfer Agent.
6. In compliance with the circular of Ministry of Corporate Affairs for a "Green Initiative in the Corporate Governance" by allowing / permitting service of documents etc. in electronic form, electronic copy of the Annual Report of 2017-18 is being sent to all the members whose email IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report of 2017-18 is being sent in the permitted mode.
7. All documents referred to in the accompanying Notice and the Explanatory Statements shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 a.m. to 5.00 p.m.) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.
   The Company proposes to send documents, such as the Notice of the Annual General Meeting and Annual Report etc. henceforth to the Members in electronic form at the e-mail address provided by them and made available to the Company by the Depositories from time to time.
   The un-audited half-yearly and quarterly financial results of the Company are uploaded at the website of the Company.
   In case you wish to receive the above documents in physical form, you are requested to please inform to the below mentioned E-mail ID. Please quote Name, your Demat Account No. [DP ID No. and Client ID No.].
   Email ID for reply : ric@aiaengineering.com
8. The Ministry of Corporate Affairs has notified provisions relating to unpaid/unclaimed dividend under Section 124 and 125 of the Companies Act, 2013 and Investor Education Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016.

   Details of unpaid / unclaimed dividend are as under :

Sr. No.	Financial Year	Type of Dividend	Due date of Transfer to IEPF
1.	2010-11	Final Dividend	17.09.2018
2.	2011-12	Final Dividend	18.09.2019
3.	2012-13	Final Dividend	17.09.2020
4.	2013-14	Final Dividend	17.10.2021
5.	2014-15	Final Dividend	30.10.2022
6.	2015-16	Interim & Special Interim	15.04.2023
7.	2016-17	Interim Dividend	21.03.2024
8.	2016-17	Final Dividend	19.09.2024
9.	2017-18	Interim Dividend	28.04.2025

Those members who have so far not en-cashed their dividend warrants for the above mentioned financial years, may claim or approach the Company for the payment thereof as the same will be transferred to the Investors' Education and Protection Fund (IEPF) of the Central Government, pursuant to Section 125 of the Companies Act, 2013. Members are requested to note that after such dates, the members will loose their rights to claim such dividend. The new IEPF Rules mandate the companies to transfer the shares of those shareholders whose dividends remain unpaid/unclaimed for a period of Seven consecutive years to the demat accont of IEPF Authority. The Company is required to transfer all unclaimed shares to the demat account of the IEPF Authority in accordance with the IEPF Rules.

9. Voting through Electronic means:

In compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies [Management and Administration] Rules, 2014, the Company is providing e-voting facility as an alternative mode of voting which will enable the members to cast their votes electronically. Necessary arrangements have been made by the Company with Central Depository Services [India] Limited (CDSL) to facilitate e-voting.

(i) Mr. Tushar M. Vora, Practicing Company Secretary [Membership No. FCS 3459] has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.

(ii) Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

(iii) Members can opt for only one mode of voting i.e. either by e-voting or through poll paper. In case members cast their votes through both the modes, voting done by e-voting shall prevail and votes cast through poll paper shall be treated as invalid.

(iv) The voting rights of members shall be in proportion to their shares in the paid up equity share capital of the Company as on cut-off date. A person, whose names is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on cut-off date i.e. 2nd August, 2018 only shall be entitled to avail facility of remote e-voting and poll process at the venue of the meeting.

(v) Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the notice and holding shares as on cut-off date, may cast vote after following the instructions for e-voting as provided in the notice convening the meeting, which is available on the website of the Company and CDSL. However, if you are already registered with CDSL for remote e-voting then you can use your existing User ID and password for casting your vote.

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

10. Re-appointment / Appointment of Directors:

Mrs. Bhumika Shyamal Shodhan (DIN 02099400), Non-Independent, Non-Executive Director of the Company will retire by rotation at the ensuing 28th Annual General Meeting of the members of the Company and being eligible, has offered herself for re-appointment.

Pursuant to the requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") relating to Corporate Governance, a Statement containing brief resume of the above Director together with the details of shares held by her, if any, is annexed hereto.

REQUEST TO THE MEMBERS

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

EXPLANATORY STATEMENTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 SETTING OUT ALL MATERIAL FACTS RELATING TO SPECIAL BUSINESSES MENTIONED IN THE ACCOMPANYING NOTICE:

ITEM NO. 4:

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

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

Transactions entered/ to be entered into / carried out with WSL are of purchase and sale of goods. Omnibus approval of the Audit Committee has been obtained at its meeting held on 6th February, 2018.

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

The annual consolidated turnover of the Company as per the audited Financial Statements for the year ended 31st March, 2018 is ₹ 2,396.29 Crore. It is presumed that the transactions to be entered in the Current Financial Year of 2018-19 may exceed the threshold limit of 10% of annual consolidated turnover of the Company.

The approval of the members for the transactions proposed to be entered into and carried out with WSL during the financial year 2018-19, in ordinary course of business and at arm's length price, is being sought by way of abundant caution and as a proactive measure.

Further, Regulation 23 of the SEBI Listing Regulations requires that the entities falling under the definition of related party to abstain from voting irrespective of whether the entity is a party to the transaction or not. Accordingly, the Company being the promoter of WSL holding 74.85% of the Paid-up Capital, is required to abstain from the voting on this resolution of the notice.

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

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

ITEM NO. 5.

The Board of Directors on the recommendation of the Audit Committee, re-appointed M/s. Kiran J. Mehta, Cost Accountants, Ahmedabad as the Cost Auditors to carry out the audit of cost records of the Company for the financial year 2018-19 and fixed the remuneration of ₹ 4.00 Lakhs plus GST and out of pocket expenses.

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

Accordingly, consent of the members is being sought for passing an Ordinary Resolution for ratification of remuneration payable to the Cost Auditors to carry out the audit of cost records of the Company for the financial year 2018-19.

None of the Directors and Key Managerial Personnel of the Companyand and their relatives, are in any way concerned or interested in the said Resolution.

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

By Order of the Board of Directors,
Sd/-

Place: Ahmedabad
Date: 16th May 2018

(S. N. Jetheliya)
Company Secretary

Annexure to the Notice

Disclosure pursuant to SEBI Listing Regulations with regard to the Directors seeking Re-appointment at the forthcoming Annual General Meeting (Refer Item No. 3) of the Notice:

Name	**Mrs. Bhumika Shyamal Shodhan (DIN 02099400)**
Date of Birth / Age	11th March, 1980 – 38 Years
Re-Appointed / Appointment on	7th November, 2014
Qualifications	Diploma in Fashion Designing.
Expertise in specific functional areas	She possesses rich and varied experience in Marketing, Administration and Accounts.
Directorships held in other Public Companies	NIL
Membership/ Chairmanships of Committees across other Public Companies	NIL
No. of Equity Shares held in the Company.	10005

INSTRUCTIONS FOR E-VOTING:

I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide Members facility to exercise their right to vote at the 28th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

The instructions for e-voting are as under:

For shareholders voting electronically :-

(i) The voting period begins on 6th August, 2018 at 9.00 a.m. and ends on 8th August, 2018 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) i.e. 2nd August, 2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting , thereafter.

(ii) The shareholders should log on to the e-voting website www.evotingindia.com.

(iii) Click on "Shareholders".

(iv) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or Company, please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password can be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN "180630002 - AIA Engineering Limited".

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

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

(xix) Note for Non – Individual Shareholders and Custodians:

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

II. The Scrutinizer shall within a period not exceeding three (3) working days from the closing of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

III. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.aiaengineering.com and on the website of CDSL within two (2) working days of passing of the resolutions at the AGM of the Company and also communicated to the Stock Exchanges.

Contact Details:

Company	AIA Engineering Limited
Regd. Office	115, GVMM Estate, Odhav Road, Odhav, Ahmedabad-382 410, Gujarat, India
Corporate Office	11/12, Sigma Corporates, B/h. HOF Showroom, Off. S.G Highway, Sindhu Bhavan Road, Bodakdev, Ahmedabad – 380 054
Registrar and Share Transfer Agent	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083 Phone : +91 22 49186270 Fax : +91 22 4918 6060
e-Voting Agency	Central Depository Services (India) Limited E-mail :helpdesk.evoting@cdslindia.com
Scrutinizer	CS Tushar Vora, Practicing Company Secretary

Notes

AIA Engineering Limited

ATTENDANCE SLIP

AIA ENGINEERING LIMITED
[CIN:L29259GJ1991PLC015182]
Regd. Office: 115, GVMM Estate, Odhav Road,
Odhav, Ahmedabad – 382 410
Email: **ric@aiaengineering.com** website: **www.aiaengineering.com**
Phone: 079-66047800 Fax: 079-66047848

28th ANNUAL GENERAL MEETING

I /We hereby record my / our presence at the 28th Annual General Meeting of the Company to be held at H. T. Parekh Convention Center, Ahmedabad Management Association, "ATIRA Campus", Dr. Vikram Sarabhai Marg, Ahmedabad–380 015 on Thursday, the 9th August, 2018 at 09.00 a.m.

Member's Folio / DP ID & Client ID No.	Member's / Proxy name in Block Letters	Member's / Proxy's Signature

Note:

1. Please complete the Folio / DP ID-Client ID No. and Name, sign this Attendance Slip and hand it over at the Attendance Verification Counter at the ENTRANCE OF THE MEETING HALL.
2. Electronic copy of the Annual Report of 2017-18 and Notice of the 28th Annual General Meeting (AGM) along with Attendance Slip and Proxy Form are being sent to all the members whose email address is registered with the Company / Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
3. Physical copy of the Annual Report of 2017-18 and Notice of the Annual General Meeting along with Attendance Slip and Proxy Form is sent in the permitted mode (s) to all members whose email address is not registered or have requested for a hard copy.

ROUTE MAP TO THE AGM VENUE

AIA ENGINEERING LIMITED

CIN:L29259GJ1991PLC015182



28th Annual General Meeting
Date : 9th August, 2018
Time : 9.00 A.M.

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

AIA Engineering Limited

PROXY FORM

AIA ENGINEERING LIMITED
[CIN:L29259GJ1991PLC015182]
Regd. Office: 115, GVMM Estate, Odhav Road,
Odhav, Ahmedabad – 382 410
Email: **ric@aiaengineering.com**; website: **www.aiaengineering.com**
Phone: 079-66047800 Fax: 079-66047848

I /We hereby record my / our presence at the 28th Annual General Meeting of the Company to be held at H. T. Parekh Convention Center, Ahmedabad Management Association, "ATIRA Campus", Dr. Vikram Sarabhai Marg, Ahmedabad–380 015 on Thursday, the 9th August, 2018 at 09.00 a.m.

Member's Folio / DP ID & Client ID No.	Member's / Proxy name in Block Letters	Member's / Proxy's Signature

Name of the Member(s): .....

Registered Address: .....

.....

E-mail Id: .....

Folio / DP ID Client ID No. .....

I /We being the member (s) holding ..... shares of the above named Company hereby appoint:

(1) Name ..... Address: .....

Email ID: ..... Signature ..... or failing him / her:

(2) Name ..... Address: .....

Email ID: ..... Signature ..... or failing him / her:

(3) Name ..... Address: .....

Email ID: ..... Signature ..... or failing him / her:

as my /our proxy to attend and vote for my / our behalf at the Twenty Eighth Annual General Meeting of the Members of the Company to be held on Thursday, the 9th August, 2018 at 09.00 A.M. at H. T. Parekh Convention Center, Ahmedabad Management Association, "ATIRA Campus", Dr. Vikram Sarabhai Marg, Ahmedabad–380 015 and at any adjournment there of in respect of the Resolutions as are indicated below:.

Resolution No.	Particulars of Resolution	Optional For	Optional Against
	ORDINARY BUSINESS		
1.	Adoption of Financial Statements for the year ended 31st March 2018.		
2.	Confirmation of declaration of Interim Dividend for the Financial Year 2017-18.		
3.	Re-appointment of Mrs. Bhumika S. Shodhan, a Director retires by rotation.		
	SPECIAL BUSINESS		
4.	Approval of Related Party Transactions.		
5.	Ratification of Remuneration to Cost Auditors.		

Signed this ..... day of 2018

Signature of Shareholder .....

Signature of Proxy holder (s) .....

Affix ₹ 1 revenue stamp

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 28th Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he / she thinks appropriate.
4. Please complete all details including details of member (s) in the above box before submission.