



 **DELTA** *MAGNETS LIMITED*

*34<sup>th</sup> Annual Report 2015-16*

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## THE BOARD OF DIRECTORS

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

## COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Snehal Oak

## REGISTERED OFFICE

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

## PLANT LOCATION

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

## STATUTORY AUDITORS

M/s. Amit Desai & Co  
Chartered Accountants

## BANKERS

RBL Bank Limited

## SHARE TRANSFER AGENTS

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

## SHARES LISTED ON

BSE Limited  
National Stock Exchange of India Limited

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## NOTICE

Notice is hereby given that the 34<sup>th</sup> Annual General Meeting (AGM) of Members of Delta Magnets Limited will be held on Monday, 26<sup>th</sup> day of September, 2016 at 3.00 p.m. at Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik – 422 010, Maharashtra to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2016 and the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To consider to appoint a director in place of Ms. Ambika Kothari (DIN: 01162900), who retires by rotation and being eligible, offers herself for re-appointment.
3. To ratify the appointment of Statutory Auditors and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to provisions of Section 139, 142 and any other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Rules made thereunder (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), pursuant to recommendations of the Audit Committee and Board of Directors of the Company and pursuant to resolution passed by the Members of the Company at the Annual General Meeting (AGM) of the Company held on 25<sup>th</sup> September, 2014, the appointment of M/s. Amit Desai & Co, Chartered Accountants (Firms Registration No.: 130710W) as Statutory Auditors of the Company to hold office from the conclusion of this AGM till the conclusion of the 35<sup>th</sup> AGM of the Company, be and is hereby ratified.

**RESOLVED FURTHER THAT** the Board of Directors of the Company thereof, be and is hereby authorised to decide and finalise the terms and conditions of appointment, including the remuneration of the Statutory Auditors.”

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ONLY ON A POLL AND A PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. A person shall not act as a Proxy for more than 50 Members and holding in the aggregate not more than ten percent of the total voting share capital of the Company. However, a single person may act as a proxy for a Member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
3. Corporate Members intending to send their authorised representatives to attend the AGM are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the AGM.
4. In terms of Section 152 of the Act, Ms. Ambika Kothari, Director, retires by rotation at the ensuing AGM. Ms. Ambika Kothari, being eligible, offers herself for re-appointment.  
The Board of Directors of the Company recommends re-appointment of Ms. Ambika Kothari.
5. Details of Ms. Ambika Kothari, Director, proposed to be appointed/re-appointed at the forthcoming AGM, as required by Regulation 26 and Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015 (Listing Regulations) and Secretarial Standards on General Meetings (SS – 2) are forming part of this Notice. Requisite declarations have been received from the Directors for her appointment/ re-appointment.

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6. Members are requested to bring their attendance slip duly completed and signed along with their copy of annual report to the AGM.
  7. In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.
  8. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 17<sup>th</sup> September, 2016 to Monday, 26<sup>th</sup> September, 2016, (both days inclusive), for the purpose of the AGM of the Company.
  9. Members are requested to:
    - (a) intimate to the Company's Share Transfer Agents (STA), changes, if any, in their registered address at an early date, in case of shares held in physical form;
    - (b) intimate to the respective Depository Participant (DP), changes, if any, in their registered address/email ID or bank mandates to their DP with whom they are maintaining their demat accounts.
    - (c) quote their Folio Numbers/Client ID/DP ID in all correspondence; and
    - (d) consolidate their holdings into one Folio in case they hold shares under multiple Folios in the identical order of names.
  10. Members may please note that, Securities and Exchange Board of India (SEBI) has made Permanent Account Number (PAN) as the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transactions. SEBI has also mandated that for securities market transactions and off market/ private transactions involving transfer of shares in physical form, it shall be necessary for the transferee(s) to furnish copy of PAN card to the Company/ STA for registration of such transfer of shares.

Members may please note that, SEBI has also made it mandatory for submission of PAN in the following cases viz., (i) Deletion of name of the deceased Member(s) (ii) Transmission of shares to the legal heir(s) and (iii) Transposition of shares.

11. Pursuant to sections 101 and 136 of the Act read with the Rules made thereunder (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), the Notice calling the AGM along with the Annual Report 2015-16 would be sent by electronic mode to those Members whose e-mail ID's are registered with the Depository or the Company's STA, unless the Members have requested for a physical copy of the same. For Members who have not registered their e-mail ID's, physical copies would be sent by the permitted mode. However, in case a Member wishes to receive a physical copy of the Annual Report, is requested to send an email to [secretarial@deltamagnets.com](mailto:secretarial@deltamagnets.com) and/or [support@freedomregistry.in](mailto:support@freedomregistry.in) duly quoting his/her DP ID and Client ID or the Folio number, as the case may be.

Members are requested to register/update their e-mail ID's with the DP (in case of shares held in dematerialised form) or with STA (in case of shares held in physical form) which will help us in prompt sending of notices, annual reports and other shareholder communications in electronic form.

12. Members holding shares in physical form are advised to avail the Nomination facility in respect of their shares by filling the prescribed form. Members holding shares in electronic form may contact their DP for recording their Nomination.

**13. Voting through electronic means:**

In compliance with the provisions of Section 108 of the Act read with the Companies (Management and Administration) Rules, 2014 (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), Regulation 44 of the Listing Regulations and SS – 2, the Company is

providing to its Members with the facility to cast their vote electronically from a place other than venue of the AGM ("remote e-voting") using an electronic voting system provided by Central Depository Services (India) Limited ("CDSL"), on all the business items set forth in the Notice of AGM and the business may be transacted through such remote e-voting. The instructions to e-voting explain the process and manner for generating/receiving the password, and for casting of vote(s) in a secure manner. However, the Members are requested to take note of the following items:

- a. The remote e-voting period will commence on Thursday, 22<sup>nd</sup> September, 2016 (9.00 am IST) and will end on Sunday, 25<sup>th</sup> September, 2016 (5.00 pm IST). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, 16<sup>th</sup> September, 2016, may cast their votes through remote e-voting. The remote e-voting module shall be disabled by CDSL for voting after 5.00 pm (IST) on Sunday, 25<sup>th</sup> September, 2016 and remote e-voting shall not be allowed beyond the said time.
- b. The voting rights of the Members shall be in proportion to their shares in the paid-up share capital of the Company as on the cut-off date, being Friday, 16<sup>th</sup> September, 2016.
- c. Once the vote on a resolution is cast by a Member through remote e-voting, he/she/it shall not be allowed to change it subsequently.
- d. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of AGM Notice and holding shares as of the cut-off date, i.e. Friday, 16<sup>th</sup> September, 2016, may refer to this Notice of the AGM of the Company, posted on Company's website [www.deltamagnets.com](http://www.deltamagnets.com) for detailed procedure with regard to remote e-voting. The Notice shall also be available at [www.cdslindia.com](http://www.cdslindia.com). Any person, who ceases to be the Member of the Company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purpose only.
- e. In terms of provisions of Section 107 of the Act, since the Company is providing the facility of remote e-voting to the Members, there shall be no voting by show of hands at the AGM. The Company is also offering facility for voting by way of polling papers at the AGM for the Members attending the meeting who has not cast their vote by remote e-voting.
- f. A Member may participate in the AGM even after exercising his right to vote through remote e-voting, but cannot vote again at the AGM.
- g. If a Member casts votes by both modes i.e. remote e-voting and polling papers at the AGM, then voting done through remote e-voting shall prevail and polling paper shall be treated as invalid.
- h. The Company has appointed Mr. Ashish Kumar Jain, Practicing Company Secretary (membership no. 6058) from M/s A. K. Jain and Co., Company Secretaries in Practice, as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- i. The Scrutinizer shall, immediately after the conclusion of AGM, count the votes cast at the AGM and thereafter, unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour of or against, if any, not later than 48 hours after the conclusion of the AGM to the Chairman or a person authorised by him. The Chairman or any other person authorised by him, shall declare the result of the voting forthwith.
- j. The resolution will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the resolutions. The results declared along with the scrutinizers report shall be placed on the Company's website [www.deltamagnets.com](http://www.deltamagnets.com) and on the website of CDSL [www.cdslindia.com](http://www.cdslindia.com) immediately after the result is declared by the Chairman or person authorised by him.

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**The instructions for Members voting electronically are as under:**

- (i) The voting period begins on Thursday, 22<sup>nd</sup> September, 2016 (9.00 a.m. IST) and ends on Sunday, 25<sup>th</sup> September, 2016 (5.00 pm IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 16<sup>th</sup> September, 2016 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](http://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](http://www.evotingindia.com) and voted on an earlier 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:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"><li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on the address label affixed to the Annual Report indicated in the PAN field.</li></ul>
Dividend Bank Details <b>OR</b> 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. <ul style="list-style-type: none"><li>• If both the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li></ul>

- (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 is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (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 for the relevant <DELTA MAGNETS LIMITED> on which you choose to vote.

- (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. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. 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, Hindu Undivided Family (HUF), Non Resident Indian (NRI) etc.) and Custodian are required to log on to [www.evotingindia.com](http://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](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto: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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**A. Mr. Rakesh Dalvi, Dy. Manager**

E-voting Helpdesk  
Central Depository Services (India) Limited  
Email : [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)  
Phone : 1800-200-55-33

**B. Ms. Snehal Oak, Company Secretary**

Delta Magnets Limited  
Corporate Office : Bayside Mall, 2<sup>nd</sup> Floor,  
Tardeo Road, Haji Ali, Mumbai – 400 034  
Email : [secretarial@deltamagnets.com](mailto:secretarial@deltamagnets.com)  
Phone : 022-40794700

**C. Mr. Bhushan Chandratre**

Freedom Registry Limited (STA)  
Registered Office : Plot No. 101 / 102,  
19<sup>th</sup> Street, MIDC, Satpur, Nashik - 422 007  
Email : [support@freedomregistry.in](mailto:support@freedomregistry.in)  
Phone : 0253-2354032, 2363372

**In case of members receiving the physical copy:**

Please follow all steps from sl. no. (i) to sl. no. (xx) above to cast vote.

- 14. Members desirous of asking any questions at the AGM are requested to send in their questions so as to reach the Company at least 10 days before the AGM, so that the same can be suitably replied.
- 15. The Landmark and routemap to the venue of the AGM is attached and forms a part of this notice.

**By Order of the Board of Directors,**

**SNEHAL OAK**  
**Company Secretary**  
**ACS No: 23112**

Mumbai, 10<sup>th</sup> August, 2016

**Registered Office:**

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

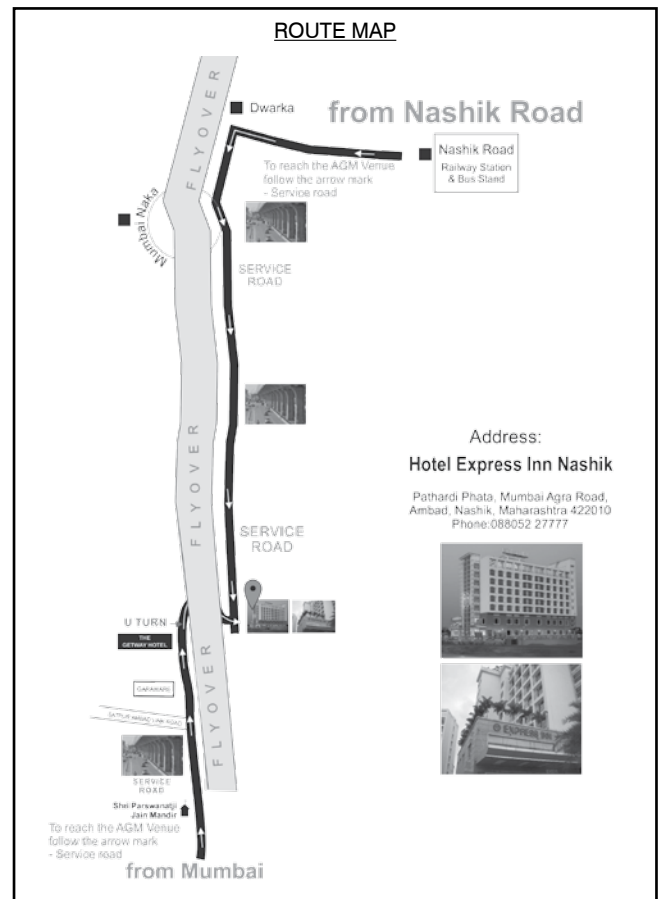
CIN : L32109MH1982PLC028280

Email ID : [secretarial@deltamangets.com](mailto:secretarial@deltamangets.com)

Website : [www.deltamangets.com](http://www.deltamangets.com)

Tel No : 91-253-2382238

Fax No : 91-253-2382926





**DETAILS OF DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED AT THE FORTHCOMING AGM AS REQUIRED BY REGULATION 26 AND REGULATION 36(3) OF THE LISTING REGULATIONS AND SECRETARIAL STANDARDS ON GENERAL MEETINGS (SS – 2)**



**Name of Director**

Ms. Ambika Kothari

**Date of Appointment:**

30<sup>th</sup> July, 2010

**Age:**

39 years

**Qualification**

B.A. Economics with Honours, Wellesley College

**Experience:**

Ms. Kothari is experienced in the fields of business administration, management and as analyst.

**Shareholding in the Company:**

Ms. Ambika Kothari holds 1950 Equity Shares of the Company

**Number of Meetings of the Board Attended during the Year:**

2 Meetings

**Directorships and Committee Memberships (Excluding Delta Magnets Limited):**

**i) Directorships held in other Companies**

Aarti Management Consultancy Private Limited

ACT Fininvest Limited

Aditi Management Consultancy Private Limited

Anjoss Trading Private Limited

Anjyko Investments Private Limited

Aryanish Finance and Investment Private Limited

Bayside Property Developers Private Limited

Conall Mercantile Private Limited

Corigins Trading Private Limited

Delta Real Estate Consultancy Private Limited

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Fortress Business Private Limited  
G.K. International Private Limited  
Lakeview Mercantile Company Private Limited  
Newdeal Multitrade Private Limited  
Norfolk Developers Private Limited  
Providence Educational Academy Private Limited  
RedLizard Education and Training Private Limited  
Renato Finance and Investments Private Limited  
Welpine Trading and Mercantile Private Limited

**ii) Chairman of Board Committees**

Nil

**iii) Member of Board Committees**

Nil

**Last Drawn Remuneration:**

Nil

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

Non-executive and Non-Independent Director liable to Retirement by rotation.

## DIRECTORS' REPORT

### TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the 34<sup>th</sup> Directors' Report of your Company along with the financial statements for the financial year ended 31<sup>st</sup> March, 2016.

#### 1. OPERATING RESULTS

Certain key aspects of your Company's performance during the financial year ended 31<sup>st</sup> March, 2016, as compared to the previous financial year are summarised below:

(₹ in '000)

Particulars	Standalone Year Ended		Consolidated Year Ended	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Income for the year	173,678.98	188,353.02	557,600.07	568,299.69
Profit before Interest, Depreciation and Tax	3,568.20	20,855.22	16,799.44	34,159.97
Finance Charges	3,927.49	3,823.17	28,180.46	9,069.21
Profit before Depreciation and Taxes	(359.30)	17,032.05	(11,381.01)	25,090.76
Depreciation & Amortization	4,087.53	3,601.59	15,442.36	7,837.11
Provisions for Taxation/ Deferred Tax	(421.25)	2,660.39	12,887.34	2,995.24
Prior Period Items / Exceptional Items	(628.48)	169.83	28,462.91	1,999.54
Minority Interest & Profit from Associate Company	-	-	-	-
Net Profit for the Current Year	(3,397.09)	10,600.24	(68,173.62)	12,258.87
Earlier Years Balance Brought Forward	(53,584.25)	(64,720.18)	38,116.33	25,369.65
Net Profit available for Appropriation	575.63	535.69	575.63	487.80
Transfer to/from General Reserves	-	-	-	-
Balance carried to Balance Sheet	(56,405.71)	(53,584.25)	(29,481.66)	38,116.33

#### 2. DIVIDEND:

The Directors do not recommend any dividend for the financial year ended 31<sup>st</sup> March, 2016.

#### 3. SHARE CAPITAL

During the year under review, there was no change in the Company's share capital.

The Paid up Capital of the Company is ₹ 6,47,10,140/- comprising of 64,71,014 Equity Shares of ₹ 10/- each.

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#### **4. OVERVIEW OF OPERATIONS:**

During the year under review, on a consolidated basis, your Company recorded a total income of ₹ 557,600.07 ('000) as compared to last year's income of ₹ 568,299.69 ('000) and net loss of ₹ 68,173.62 ('000) as compared to last year's net profit of ₹ 12,258.87 ('000). For further information, kindly refer to Management Discussion and Analysis Report, forming part of this Annual Report.

#### **5. EXTRACT OF ANNUAL RETURN**

The Extract of Annual Return as provided under Section 92(3) of the Companies Act, 2013 and as prescribed in Form No. MGT-9 of the Companies (Management and Administration) Rules, 2014 is appended as **Annexure I**.

#### **6. NUMBER OF MEETINGS OF THE BOARD**

The Board met 4 (four) times in financial year 2015-16 viz., on 12<sup>th</sup> May, 2015, 27<sup>th</sup> July, 2015, 31<sup>st</sup> October, 2015 and 6<sup>th</sup> February, 2016.

#### **7. DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors hereby confirm that:

- i. In the preparation of the annual accounts for financial year ended 31<sup>st</sup> March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at 31<sup>st</sup> March, 2016 and of the loss of the Company for that period.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts for financial year ended 31<sup>st</sup> March, 2016 on a 'going concern' basis.
- v. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and have been operating efficiently.
- vi. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **8. DECLARATION BY INDEPENDENT DIRECTORS**

The Independent Directors of the Company have submitted the declaration of Independence as required under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of independence under Section 149(6) of the Companies Act, 2013 and Regulation 16 of the Securities Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (Listing Regulations).

#### **9. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

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

#### **10. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

## **11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

During the financial year 2015-16, your Company has entered into transactions with related parties as defined under section 2(76) of the Companies Act, 2013 read with the Companies (Specification and Definitions Details) Rules, 2014 in accordance with the provisions of the Companies Act, 2013, Rules issued thereunder, erstwhile Clause 49 of the Listing Agreement and Regulation 23 of the Listing Regulations. During the financial year 2015-16, the Company has not entered into transactions with related parties which qualify as material transactions under the erstwhile Listing Agreement / Listing Regulations. The Form AOC- 2 pursuant to Section 134 (3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is set out as **Annexure III**.

The details of related party transactions as required under Accounting Standard-18 are set out in notes to accounts to the Standalone Financial Statements forming part of this Annual Report.

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

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

## **12. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

## **13. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is given in **Annexure IV**.

## **14. BUSINESS RISK MANAGEMENT**

The Board of Directors of the Company have constituted a Risk Management Committee to frame, implement and monitor the risk management plan for the Company.

The Company has a robust Risk Management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

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

## **15. VIGIL MECHANISM**

The Company has adopted a Vigil Mechanism Policy for directors and employees to report genuine concerns and to provide for adequate safeguards against victimization of persons who may use such mechanism. The said policy is posted on the Company's website [www.deltamagnets.com](http://www.deltamagnets.com).

## **16. ANNUAL EVALUATION OF PERFORMANCE OF THE BOARD**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 19 of the Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees.

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

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

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

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

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

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

## **17. SUBSIDIARY COMPANIES**

Your Company as on 31<sup>st</sup> March, 2016 has 2 direct subsidiaries. During the year under review no company has become/ceased to be a subsidiary, joint venture or associate company.

During the year, the Board of Directors reviewed the affairs of the subsidiaries. In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared consolidated financial statements of the Company and all its subsidiaries, which form part of the Annual Report. A report on the performance and financial position of each of the subsidiaries, associates and joint venture companies as per the Companies Act, 2013 is provided as **Annexure A** to the consolidated financial statement and hence not repeated here for the sake of brevity.

In accordance with Section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company and audited accounts of each of its subsidiary, are available on Company's website [www.deltamagnets.com](http://www.deltamagnets.com). These documents will also be available for inspection during business hours at our Registered Office of the Company.

Further, the Company has 1 material non-listed Indian subsidiary as defined under Regulation 16 (1)(c) of the Listing Regulations.

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

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

## **18. DETAILS RELATING TO DEPOSITS, COVERED UNDER CHAPTER V OF THE COMPANIES ACT, 2013**

During the year under review, the Company has not accepted any deposit from the public.

## **19. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS**

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

## 20. INTERNAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS

The Company has in place adequate internal financial control with reference to financial statements. The Company has adopted accounting policies which are in line with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 that continue to apply under Section 133 and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013, to the extent applicable. These are in accordance with generally accepted accounting principles in India.

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

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

## 21. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the Articles of Association of the Company and the provisions of the Section 152(6)(e) of the Companies Act, 2013, Ms. Ambika Kothari (DIN: 01162900), Director of the Company will retire by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment.

## 22. AUDITORS

### 1. Statutory Auditor

The Board of Directors recommends to re-appoint M/s. Amit Desai & Co., Chartered Accountants who were appointed as Statutory Auditors of the Company at Annual General Meeting held on 25<sup>th</sup> September, 2014 to hold office from the conclusion of 32<sup>nd</sup> Annual General Meeting till the conclusion of 36<sup>th</sup> Annual General meeting, subject to ratification of their appointment at every Annual General Meeting. The Board of Directors of the Company at its meeting held on 12<sup>th</sup> May, 2016 recommended to members of the Company ratification of appointment of M/s. Amit Desai & Co, Chartered Accountants as the Statutory Auditors of the Company for financial year 2016-2017.

Your Company has received a letter from M/s. Amit Desai & Co to the effect that their re-appointment, if made, would be under the second and third proviso to Section 139 (1) of the Companies Act, 2013 and that they are not disqualified within the meaning of Section 141 of the Companies Act, 2013 read with Rule 4(1) of the Companies (Audit and Auditors) Rules, 2014.

### Statutory Auditor's Emphasis on Matter and Managements Reply

- (a) As regard Auditors observation with respect to utilization of MAT credit entitlement of ₹ 28.68 Lacs, as per management future business projections, such credit will be fully utilized within the stipulated period.
- (b) With regards to the Auditors observation in respect of one of subsidiary companies becoming potentially sick, the management is in process of chalking out the final plan to revive the company financially in near future.

### 2. Secretarial Auditor

Pursuant to the provisions of Section 204 of Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company had appointed

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M/s. A. K. Jain & Co., Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the year ended 31<sup>st</sup> March, 2016. The Secretarial Audit Report is annexed as **Annexure V**.

There are no qualifications, reservations or adverse remarks or disclaimers made by Secretarial Auditor of the Company, in his secretarial audit report.

### **23. CORPORATE GOVERNANCE**

Pursuant to Listing Regulations, the Management Discussion & Analysis Report and Corporate Governance Report together with Certificate from Practicing Company Secretary, on compliance with the conditions of Corporate Governance as laid down, forms part of this Annual Report.

### **24. AUDIT COMMITTEE OF THE COMPANY:**

The Company's Audit Committee comprises the following Directors:

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

The composition of the Audit Committee is in compliance with the requirements of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations.

### **25. PARTICULARS OF EMPLOYEES**

In terms of the provisions of Section 197(12) of Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules and disclosures pertaining to remuneration and other details as required under Section 197(12) of Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided in **Annexure VI** to this Annual Report.

### **26. ACKNOWLEDGMENTS**

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

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

**JAYDEV MODY**  
Chairman  
DIN: 00234797

Mumbai, 10<sup>th</sup> August, 2016

#### **Registered Office:**

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

CIN : L32109MH1982PLC028280

Email ID : [secretarial@deltamangets.com](mailto:secretarial@deltamangets.com)

Website : [www.deltamangets.com](http://www.deltamangets.com)

Tel No : 91-253-2382238

Fax No : 91-253-2382926



## ANNEXURE TO THE DIRECTORS' REPORT

### ANNEXURE-I

#### Form No. MGT-9

Extract of Annual Return as on the financial year ended on 31<sup>st</sup> March, 2016

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

#### I. REGISTRATION AND OTHER DETAILS

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

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Manufacturing of Hard Ferrites	31904	100

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

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	<b>MMG India Private Limited</b> B-87, MIDC, Ambad, Nashik-422 010, Maharashtra	U27209MH1996PTC222840	Subsidiary	100%	2(87)
2.	<b>Magdev Limited</b> Unit 23 Ash Industrial Estate Kembrey Park, Swindon SN2 8UN	NA	Subsidiary	100%	2(87)

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

##### i) Category-wise Share Holding

Sr. No.	Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>A.</b>	<b>Promoters</b>									
<b>1)</b>	<b>Indian</b>									
a)	Individual/HUF	13240	0	13240	0.20	23240	0	23240	0.36	0.16
b)	Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c)	State Govt (s)	0	0	0	0.00	0	0	0	0.00	0.00
d)	Bodies Corp.	1615153	0	1615153	24.96	1615153	0	1615153	24.96	0.00
e)	Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
f)	Any Other									
(f1)	Trusts	3009625	0	3009625	46.51	3030298	0	3030298	46.83	0.32
	<b>Sub-total (A) (1):-</b>	<b>4638018</b>	<b>0</b>	<b>4638018</b>	<b>71.67</b>	<b>4668691</b>	<b>0</b>	<b>4668691</b>	<b>72.15</b>	<b>0.48</b>
<b>2)</b>	<b>Foreign</b>									
a)	NRIs- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b)	Other- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c)	Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d)	Banks/ FI	0	0	0	0.00	0	0	0	0.00	0.00
e)	Any Other	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
	<b>Total Shareholding of Promoters (A) = (A) (1)+(A)(2)</b>	<b>4638018</b>	<b>0</b>	<b>4638018</b>	<b>71.67</b>	<b>4668619</b>	<b>0</b>	<b>4668619</b>	<b>72.15</b>	<b>0.48</b>
<b>B.</b>	<b>Public Shareholding</b>									
<b>1)</b>	<b>Institutions</b>									
a)	Mutual Funds / UTI	225	7150	7375	0.11	225	1200	1425	0.02	(0.09)
b)	Banks / FI	0	1750	1750	0.03	0	7700	7700	0.12	0.09
c)	Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d)	State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g)	FIs	0	0	0	0.00	0	0	0	0.00	0.00
h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i)	Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Sub-Total (B)(1):</b>	<b>225</b>	<b>8900</b>	<b>9125</b>	<b>0.14</b>	<b>225</b>	<b>8900</b>	<b>9125</b>	<b>0.14</b>	<b>0.00</b>
<b>2)</b>	<b>Non-Institutions</b>									
<b>a)</b>	<b>Bodies Corporate</b>									
i)	Indian	362166	676	362842	5.61	251799	676	252475	3.91	(1.71)
ii)	Overseas	0	0	0	0.00	0	0	0	0.00	0.00

Sr. No.	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 year
		Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares	
<b>b)</b>	<b>Individuals</b>									
i)	Individual Shareholders holding nominal share capital upto share capital upto ₹ 1 lakh	1126517	322622	1449139	22.39	733944	292912	1026856	15.87	(6.53)
ii)	Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0.00	468633	26000	494633	7.64	7.64
<b>c)</b>	<b>Others (specify)</b>									
(c1)	Clearing Member	0	0	0	0.00	0	0	0	0.00	0.00
(c2)	NRIs	11665	225	11890	0.18	18999	225	19224	0.30	0.12
	<b>Sub-Total (B)(2):</b>	<b>1500348</b>	<b>323523</b>	<b>1823871</b>	<b>28.19</b>	<b>1473385</b>	<b>319813</b>	<b>1793198</b>	<b>27.71</b>	<b>(0.48)</b>
	<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>1500573</b>	<b>332423</b>	<b>1832996</b>	<b>28.33</b>	<b>1473610</b>	<b>328713</b>	<b>1802323</b>	<b>27.85</b>	<b>(0.48)</b>
C.	Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
	<b>Grand Total (A+B+C)</b>	<b>6138591</b>	<b>332423</b>	<b>6471014</b>	<b>100.00</b>	<b>6142301</b>	<b>328713</b>	<b>6471014</b>	<b>100.00</b>	

## (ii) Shareholding of Promoters

Sr. No.	Name	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% change in share holding during the year
		Number of shares held	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	Number of shares held	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Ziabai Jaydev Mody jointly with Jaydev Mody	1125	0.02	-	1125	0.02	-	0.00
2.	*Aryanish Finance and Investments Private Limited	996250	15.40	-	1006570	15.56	-	0.16
3.	*Bayside Property Developers Private Limited	1006979	15.56	-	1007751	15.57	-	0.01
4.	*Delta Real Estate Consultancy Private Limited	1006396	15.55	-	1015977	15.70	-	0.15
5.	Dr. Ram H. Shroff	2115	0.03	-	2115	0.03	-	0.00
6.	SSI Trading Private Limited	1615153	24.96	-	1615153	24.96	-	0.00
7.	Urvi Piramal A	5000	0.08	-	10000	0.15	-	0.07
8.	Kalpana Singhania	5000	0.08	-	10000	0.15	-	0.07

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

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

Sr. No.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2015)/ end of the year (31.03.2016)	% of total shares of the Company				No. of shares	% of total share of the Company
1.	Ziabai Jaydev Mody jointly with Jaydev Mody	1125	0.02	01.04.2015	0	Nil movement during the year	1125	0.02
		1125	0.02	31.03.2016				
2.	*Aryanish Finance and Investments Private Limited	996250	15.40	01.04.2015				
				09.10.2015	500	Transfer	996750	15.40
				12.10.2015	450	Transfer	997200	15.41
				15.10.2015	100	Transfer	997300	15.41
				21.10.2015	500	Transfer	997800	15.42
				17.11.2015	3000	Transfer	1000800	15.47
				23.11.2015	2170	Transfer	1002970	15.50
				20.01.2016	100	Transfer	1003070	15.50
				09.02.2016	500	Transfer	1003570	15.51
				10.02.2016	2500	Transfer	1006070	15.55
				15.02.2016	500	Transfer	1006570	15.56
				1006570	15.56			
3.	*Bayside Property Developers Private Limited	1006979	15.56	01.04.2015				
				04.09.2015	5000	Transfer	1001979	15.48
				11.09.2015	5000	Transfer	996979	15.41
				09.10.2015	500	Transfer	997479	15.41
				13.10.2015	100	Transfer	997579	15.42
				14.10.2015	45	Transfer	997624	15.42
				15.10.2015	55	Transfer	997679	15.42
				03.11.2015	375	Transfer	998054	15.42
				17.11.2015	4000	Transfer	1002054	15.49
				23.11.2015	1197	Transfer	1003251	15.50
				11.12.2015	500	Transfer	1003751	15.51
				20.01.2016	500	Transfer	1004251	15.52
				09.02.2016	500	Transfer	1004751	15.53
				10.02.2016	2500	Transfer	1007251	15.57
		15.02.2016	500	Transfer	1007751	15.57		
		1007751	15.57	31.03.2016				

Sr. No.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2015)/ end of the year (31.03.2016)	% of total shares of the Company				No. of shares	% of total share of the Company
4.	*Delta Real Estate Consultancy Private Limited	1006396	15.55	01.04.2015				
				09.10.2015	500	Transfer	1006896	15.56
				12.10.2015	50	Transfer	1006946	15.56
				13.10.2015	450	Transfer	1007396	15.57
				14.10.2015	50	Transfer	1007446	15.57
				03.11.2015	4	Transfer	1007450	15.57
				16.11.2015	500	Transfer	1007950	15.58
				17.11.2015	3010	Transfer	1010960	15.62
				23.11.2015	1000	Transfer	1011960	15.64
				27.11.2015	500	Transfer	1012460	15.65
				21.01.2016	17	Transfer	1012477	15.65
				09.02.2016	500	Transfer	1012977	15.65
				10.02.2016	2500	Transfer	1015477	15.69
				15.02.2016	500	Transfer	1015977	15.70
		1015977	15.70	31.03.2016				
5.	Dr. Ram H. Shroff	2115	0.03	01.04.2015	0	Nil movement during the year	2115	0.03
		2115	0.03	31.03.2016				
6.	SSI Trading Private Limited	1615153	24.96	01.04.2015	0	Nil movement during the year	1615153	24.96
		1615153	24.96	31.03.2016				
7.	Urvi Piramal A	5000	0.08	01.04.2015				
				04.09.2015	5000	Transfer	10000	0.15
		10000	0.15	31.03.2016				
8.	Kalpana Singhania	5000	0.08	01.04.2015				
				11.09.2015	5000	Transfer	10000	0.15
		10000	0.15	31.03.2016				

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

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

Sr. No.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016 )	
		No. of Shares at the beginning (01.04.2015)/end of the year (31.03.2016)	% of total shares of the Company				No of shares	% of total shares of the Company
1	T And D Trading Private Limited	106117	1.64	01.04.2015	0	Nil movement during the year	106117	1.64
		106117	1.64	31.03.2016				
2	New Deal Multitrade Private Limited	95500	1.48	01.04.2015	0	Nil movement during the year	95500	1.48
		95500	1.48	31.03.2016				
3	Hitesh Ramji Javeri	60000	0.93	01.04.2015	0	Nil movement during the year	60000	0.93
		60000	0.93	31.03.2016				
4	*Varsha Dilip Udani	24669	0.38	01.04.2015				
				10.04.2015	(5950)	Transfer	18719	0.29
		18719	0.29	31.03.2016				
* Ceased to be in the list of Top 10 shareholders as on 31.03.2016. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01.04.2015.								
5	Bhupendra Gandhi	38948	0.60	01.04.2015				
				24.04.2015	(2000)	Transfer	36948	0.57
		36948	0.57	31.03.2016				
6	Ramesh Purshottam Modi	32000	0.49	01.04.2015				
				11.09.2015	(32000)	Transfer	0	0.00
		0	0.00	31.03.2016				
* Ceased to be in the list of Top 10 shareholders as on 31.03.2016. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01.04.2015.								
7	Madhukant Sunderlal Patel	26000	0.40	01.04.2015	0	Nil movement during the year	26000	0.40
		26000	0.40	31.03.2016				
8	#Yogesh Chandrakant Asher	21280	0.33	01.04.2015				
				10.04.2015	1000	Transfer	22280	0.34
				17.04.2015	1546	Transfer	23826	0.37
				24.04.2015	1054	Transfer	24880	0.38
				01.05.2015	1672	Transfer	26552	0.41
				08.05.2015	3500	Transfer	30052	0.46
				31.07.2015	(3000)	Transfer	27052	0.42
				16.10.2015	(1001)	Transfer	26051	0.40
				30.10.2015	(3200)	Transfer	22851	0.35
				20.11.2015	(10500)	Transfer	12351	0.19
				27.11.2015	(2500)	Transfer	9851	0.15
				18.12.2015	(2000)	Transfer	7851	0.12
				25.12.2015	(7800)	Transfer	51	0.00
		51	0.00	31.03.2016				
* Ceased to be in the list of Top 10 shareholders as on 31.03.2016. The same is reflected above since the shareholder was one of the Top 10 shareholders as on 01.04.2015.								

Sr. No.	Name	Shareholding		Date	Increase / (Decrease) in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016 )	
		No. of Shares at the beginning (01.04.2015)/end of the year (31.03.2016)	% of total shares of the Company				No of shares	% of total shares of the Company
9	Harsha Hitesh Javeri	22673	0.35	01.04.2015				
				17.04.2015	7327	Transfer	30000	0.46
		30000	0.46	31.03.2016				
10.	Darshan Stock Broking Private Limited	64478	1.00	01.04.2015	0	Nil movement during the year	64478	1.00
		64478	1.00	31.03.2016				
11.	#Mehraboon Jamshed Irani	18948	0.29	01.04.2015				
				21.08.2015	71	Transfer	19019	0.29
				04.09.2015	50	Transfer	19069	0.29
		19069	0.29	31.03.2016				
# Not in the list of Top 10 shareholders as on 01.04.2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2016.								
12.	#Mona Ketan Shah	12704	0.20	01.04.2015				
				10.04.2015	(200)	Transfer	12504	0.19
				14.08.2015	(10)	Transfer	12494	0.19
				04.12.2015	850	Transfer	13344	0.21
				11.12.2015	1870	Transfer	15214	0.24
				31.03.2016	4348	Transfer	19562	0.30
		19562	0.30	31.03.2016				
# Not in the list of Top 10 shareholders as on 01.04.2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2016.								
13.	#Sanjaykumar Sarawagi	12725	0.20	01.04.2015				
				24.04.2015	119	Transfer	12844	0.20
				25.12.2015	7095	Transfer	19939	0.31
				31.12.2015	5858	Transfer	25797	0.40
				08.01.2016	50	Transfer	25847	0.40
				15.01.2016	4214	Transfer	30061	0.46
		30061	0.46	31.03.2016				
# Not in the list of Top 10 shareholders as on 01.04.2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2016.								

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

Sr. No.	For each of the Directors and KMP	Shareholding		Date	Increase/ (Decrease) in shareholding	Reason	Cumulative Shareholding during the year (01.04.2015 to 31.03.2016)	
		No. of Shares at the beginning (01.04.2015)/ end of the year (31.03.2016)	% of total shares of the Company				No of shares	% of total shares of the Company
1	@Jaydev Mody	1125	0.02	01.04.2015	0	Nil movement during the year	1125	0.02
		1125	0.02	31.03.2016				
2	Dr. Ram H. Shroff	2115	0.03	01.04.2015	0	Nil movement during the year	2115	0.03
		2115	0.03	31.03.2016				
3	Ms. Ambika Kothari	1950	0.03	01.04.2015	0	Nil movement during the year	1950	0.03
		1950	0.03	31.03.2016				
4	Mr. Darius Khambatta	0	0.00	01.04.2015	0	Nil movement during the year	0	0.00
		0	0.00	31.03.2016				
5	Mr. Javed Tapia	0	0.00	01.04.2015	0	Nil movement during the year	0	0.00
		0	0.00	31.03.2016				
6	Mr. Rajesh Jaggi	0	0.00	01.04.2015	0	Nil movement during the year	0	0.00
		0	0.00	31.03.2016				
7	Mr. Samir Chinai	450	0.01	01.04.2015	0	Nil movement during the year	450	0.01
		450	0.01	31.03.2016				
8	Dr. Vrajesh Udani	0	0.00	01.04.2015	0	Nil movement during the year	0	0.00
		0	0.00	31.03.2016				
9	Mr. Abhilash Sunny	0	0.00	01.04.2015	0	Nil movement during the year	0	0.00
		0	0.00	31.03.2016				
10	Ms. Snehal Oak	1	0.00	01.04.2015	0	Nil movement during the year	1	0.00
		1	0.00	31.03.2016				

@ Holding as a second holder with Ziabai Jaydev Mody



## V. INDEBTEDNESS

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

(₹ in'000)

Sr. no.	Particulars	Secured Loans excluding deposits (₹)	Unsecured Loans (₹)	Deposits (₹)	Total Indebtedness (₹)
	<b>Indebtedness at the beginning of the financial year</b>				
i)	Principal Amount	24,300.07	93,000.00	6,612.00	123,912.07
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-
	<b>Total (i+ii+iii)</b>	<b>24,300.07</b>	<b>93,000.00</b>	<b>6,612.00</b>	<b>123,912.07</b>
	<b>Change in Indebtedness during the financial year</b>				
	Addition	9,726.61	600.00	-	10,326.61
	Reduction	-	-	-	-
	Net Change	9,726.61	600.00	-	10,326.61
	<b>Indebtedness at the end of the financial year</b>				
i)	Principal Amount	34,026.68	93,600.00	6,612.00	134,238.68
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-
	<b>Total (i+ii+iii)</b>	<b>34,026.68</b>	<b>93,600.00</b>	<b>6,612.00</b>	<b>134,238.68</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in'000)

Sr. No.	Particulars of Remuneration	Name of Managing Director Dr. Ram H. Shroff	Total Amount
1.	<b>Gross salary</b>	Not Applicable	
a.	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
b.	Value of perquisites u/s 17(2) Income-tax Act, 1961		
c.	Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	<b>Stock Option</b>		
3.	<b>Sweat Equity</b>		
4.	<b>Commission</b> - as % of profit - others, specify...		
5.	<b>Others, please specify</b>		
	<b>Total (A)</b>		
	<b>Ceiling as per the Act</b>		

**B. Remuneration to Other Directors**

(₹ in '000)

Sr. No.	Particulars of Remuneration					Total Amount
<b>1.</b>	<b>Independent Directors</b>	<b>Mr. Rajesh Jaggi</b>	<b>Mr. Javed Tapia</b>	<b>Dr. Vrajesh Udani</b>	<b>Mr. Samir Chinai</b>	
	Fee for attending board/committee meetings (₹)	14.00	14.00	8.00	8.00	44.00
	Commission (₹)	-	-	-	-	-
	Others, please specify (₹)	-	-	-	-	-
	<b>Total (1) (₹)</b>	<b>14.00</b>	<b>14.00</b>	<b>8.00</b>	<b>8.00</b>	<b>44.00</b>
<b>2.</b>	<b>Other Non-Executive Directors</b>	<b>Mr. Jaydev Mody</b>	<b>Ms. Ambika Kothari</b>	<b>Mr. Darius Khambatta</b>		
	Fee for attending board / committee meetings (₹)	6.00	4.00	8.00		18.00
	Commission (₹)	-	-	-		-
	Others, please specify (₹)	-	-	-		-
	<b>Total (2) (₹)</b>	<b>6.00</b>	<b>4.00</b>	<b>8.00</b>		<b>18.00</b>
	<b>Total (B)=(1+2) (₹)</b>	<b>20.00</b>	<b>18.00</b>	<b>16.00</b>	<b>8.00</b>	<b>62.00</b>
	<b>Total Managerial Remuneration (A+B) (₹)</b>	<b>20.00</b>	<b>18.00</b>	<b>16.00</b>	<b>8.00</b>	<b>62.00</b>
	Overall Ceiling as per the Act (%)	1% of the Net Profits equivalent to ₹ Nil with respect to the ceiling for the Company applicable for the financial year covered by this Annual Report				

**C. Remuneration to Key Managerial Personnel Other Than Managing Director / Manager / Whole Time Director:**

(₹ in '000)

Sr. no.	Particulars of Remuneration	Key Managerial Personnel (₹)		Total Amount (₹)
		Chief Financial Officer (Mr. Abhilash Sunny)	Company Secretary (Ms. Snehal Oak)	
<b>1.</b>	<b>Gross salary</b>			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1104.00	272.78	1376.78
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	-	44.00	44.00
(c)	Profits in lieu of salary under section 17(3) Income-tax Act, 1961	2055.93	364.42	2420.35
<b>2.</b>	<b>Stock Option</b>	-	-	-
<b>3.</b>	<b>Sweat Equity</b>	-	-	-
<b>4.</b>	<b>Commission</b> - as % of profit - others, specify...	-	-	-
<b>5.</b>	<b>Others, please specify</b>	-	-	-
	<b>Total</b>	<b>3159.93</b>	<b>681.20</b>	<b>3841.13</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Sr. No.	Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give details)
<b>A.</b>	<b>COMPANY</b>					
	Penalty	None	None	None	None	None
	Punishment	None	None	None	None	None
	Compounding	None	None	None	None	None
<b>B.</b>	<b>DIRECTORS</b>					
	Penalty	None	None	None	None	None
	Punishment	None	None	None	None	None
	Compounding	None	None	None	None	None
<b>C.</b>	<b>OTHER OFFICERS IN DEFAULT</b>					
	Penalty	None	None	None	None	None
	Punishment	None	None	None	None	None
	Compounding	None	None	None	None	None

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

**Jaydev Mody**  
**Chairman**  
**DIN: 00234797**

Mumbai, 10<sup>th</sup> August, 2016

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## **ANNEXURE II**

### **NOMINATION AND REMUNERATION POLICY**

The Board of Directors of Delta Magnets Limited (“the Company”) re-constituted the “Nomination and Remuneration Committee” at its Meeting held on 4<sup>th</sup> August, 2014.

#### **1. OBJECTIVE**

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Clause 49 under the Listing Agreement. (as amended from time to time) The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company’s operations.
- 1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.6. To devise a policy on Board diversity
- 1.7. To develop a succession plan for the Board and to regularly review the plan;
- 1.8. To formulate detailed ESOS Plan and the terms and conditions thereof including but not limited to determination of the Exercise Price, Exercise Period, Lock – in period, consequence of failure to exercise option, method of valuation, accounting policies, disclosures, etc and matters related thereto.

#### **2. DEFINITIONS**

- 2.1. Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. Board means Board of Directors of the Company.
- 2.3. Directors mean Directors of the Company.
- 2.4. Key Managerial Personnel means
  - 2.4.1. Managing Director;
  - 2.4.2. Whole-time director;
  - 2.4.3. Chief Financial Officer;
  - 2.4.4. Company Secretary; and
  - 2.4.5. Such other officer as may be prescribed.

2.5. Senior Management means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Functional Heads.

### 3. ROLE OF COMMITTEE

3.1 The Committee shall:

3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.

3.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial in accordance with the criteria laid down in this policy.

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

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

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

3.2.1. Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Managing Director or Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

3.2.2. Term / Tenure

a) Managing Director/Whole-time Director:

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

b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during

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the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he/ she shall be eligible for appointment for one more term of 5 years only.

- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

#### 3.2.3.Evaluation

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

#### 3.2.4.Removal

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

#### 3.2.5.Retirement

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

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

#### 3.3.1.General:

- a) The remuneration / compensation / commission etc. to the Managing Director or Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Managing Director or Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act and in line with the Company's policy.
- c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director or Whole-time Director.
- d) Where any insurance is taken by the Company on behalf of its Managing Director or Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

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

a) Fixed pay:

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

b) Minimum Remuneration:

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

c) Provisions for excess remuneration:

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

### 3.3.3. Remuneration to Non- Executive / Independent Director:

a) Remuneration / Commission:

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

b) Sitting Fees:

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

c) Commission:

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

d) Stock Options:

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

## 4. MEMBERSHIP

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

4.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.

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

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

## **5. CHAIRPERSON**

5.1 Chairperson of the Committee shall be an Independent Director.

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

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

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

## **6. FREQUENCY OF MEETINGS**

The meeting of the Committee shall be held at such regular intervals as may be required.

## **7. COMMITTEE MEMBERS' INTERESTS**

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

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

## **8. SECRETARY**

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

## **9. VOTING**

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

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

## **10. NOMINATION DUTIES**

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

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

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

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

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

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

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



- 10.6 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 10.7 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- 10.8 Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- 10.9 Recommend any necessary changes to the Board; and
- 10.10 Considering any other matters, as may be requested by the Board.

## **11. REMUNERATION DUTIES**

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

- 11.1 to consider and determine the Nomination and Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- 11.2 to approve the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- 11.3 to delegate any of its powers to one or more of its members or the Secretary of the Committee.
- 11.4 to consider any other matters as may be requested by the Board.
- 11.5 Professional indemnity and liability insurance for Directors and senior management.

## **12. MINUTES OF COMMITTEE MEETING**

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

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

**Jaydev Mody**  
**Chairman**  
**DIN: 00234797**

Mumbai, 10<sup>th</sup> August, 2016

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## ANNEXURE III

Form No. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

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

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

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

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

For and on behalf of the Board of Directors

Jaydev Mody  
Chairman  
DIN: 00234797

Mumbai, 10<sup>th</sup> August, 2016

## ANNEXURE IV

**Particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014**

### (A) CONSERVATION OF ENERGY

i) Steps taken or impact on conservation of energy

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

- a) Use of energy efficient equipments.
- b) Intensified Internal Audit aimed at detecting wastage of electricity.
- c) Campaign based synchronisation of utilities with plant operations.
- d) Minimum utilisation of electricity in Pick hour.
- e) The Company has installed LED street light fitting in place of regular Fluorescent fittings.

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

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

(iii) Capital investment on energy conservation equipments: Nil

### (B) TECHNOLOGY ABSORPTION

(i) Efforts made towards technology absorption

The technology developments were validated and implemented

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

- (a) New products developed to the specific requirements of customers
- (b) Development of starter motor grade magnets
- (c) Flexibility in usages of raw materials
- (d) Achieved higher productivity

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

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

(iv) The expenditure incurred on Research and Development.

- |                    |   |                  |
|--------------------|---|------------------|
| (a) Capital Nature | : | Nil              |
| (b) Revenue Nature | : | ₹ 1646.15 ('000) |

#### Foreign Exchange Earnings and Outgo:

During the year, the foreign exchange outgo was ₹ 10434.18 (₹ '000) (L.Y. ₹ 16,083.07 (₹ '000)) the foreign exchange earned was ₹ Nil (L.Y. ₹ Nil).

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

**Jaydev Mody**  
Chairman  
DIN: 00234797

Mumbai, 10<sup>th</sup> August, 2016

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## ANNEXURE V

Form No. MR-3

### SECRETARIAL AUDIT REPORT

For The financial year ended on 31<sup>st</sup> March, 2016

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

To

The Members

**Delta Magnets Limited**

B-87, MIDC, Ambad,

Nashik – 422010

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Delta Magnets Limited (CIN: L32109MH1982PLC028280) (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - 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, 1992 and 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 (Not Applicable to the Company during the Audit Period);
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not Applicable to the Company during the Audit Period);

- e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not Applicable to the Company during the Audit Period);
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not Applicable to the Company during the financial year under review)
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not Applicable to the Company during the Audit Period) and
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not Applicable to the Company during the Audit Period).
- (vi) The Management has confirmed that there is/ are no sector specific laws applicable to the Company during the Audit Period.

**We have also examined compliance with the applicable clauses of the following:**

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (Applicable with effect from 1<sup>st</sup> July, 2015);
- (ii) The Equity Listing Agreement entered into by the Company with Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Ltd and Securities and Exchange Board of India (Listing obligations and Disclosures Requirements) Regulations, 2015 (LODR) (LODR applicable from 1<sup>st</sup> December, 2015).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards etc.

**We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least 7 days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For A K Jain & Co.  
Company Secretaries

Ashish Kumar Jain  
Proprietor  
FCS: 6058. CP: 6124

Place: Mumbai  
Date: August 10, 2016

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

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## ANNEXURE A

To  
The Members  
**Delta Magnets Limited**  
B-87, MIDC, Ambad,  
Nashik – 422010

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For A K Jain & Co.**  
**Company Secretaries**

**Ashish Kumar Jain**  
**Proprietor**  
**FCS: 6058. CP: 6124**

**Place: Mumbai**  
**Date: August 10, 2016**

## ANNEXURE-VI

**Disclosures pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:**

- (i) **The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 :-**

Sr. No.	Name of Director / KMP and Designation	Remuneration of Director / KMP for Financial Year 2015-16 (₹ In '000)	Ratio of remuneration of each Director / KMP to median remuneration of employees
<b>Non-Executive Directors</b>			
1	Mr. Jaydev Mody	6	3%
2	Ms. Ambika Kothari	4	2%
3	Mr. Darius Khambatta	8	4%
4	Mr. Javed Tapia	14	7%
5	Mr. Rajesh Jaggi	14	7%
6	Mr. Samir Chinai	8	4%
7	Dr. Vrajesh Udani	8	4%
<b>Executive Directors</b>			
8	Dr. Ram H. Shroff	Nil	Nil

- (ii) **The percentage increase in remuneration of each Director, Chief Financial Officer, Company Secretary or Manager, if any, for the financial year 2015-16 :-**

Sr. No.	Name of Director / KMP	Remuneration of Director / KMP for Financial Year 2015-16 (₹ In '000)	% of increase in Remuneration in the Financial Year 2015-16
1	Mr. Jaydev Mody	6	0%
2	Ms. Ambika Kothari	4	0%
3	Mr. Darius Khambatta	8	0%
4	Mr. Javed Tapia	14	0%
5	Mr. Rajesh Jaggi	14	0%
6	Mr. Samir Chinai	8	0%
7	Dr. Vrajesh Udani	8	0%
8	Dr. Ram H. Shroff (Managing Director)	-	-
9	Mr. Abhilash Sunny (Chief Financial Officer)	3159.93	29%
10	Ms. Snehal Oak (Company Secretary)	681.20	22%

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**(iii) The percentage increase in median remuneration of employees for the financial year 2015-16**

-1%

**(iv) The number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2016**

112

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

The average percentage increase made in the salaries of total employees other than the Key Managerial Personnel for FY-2016 is around 6%, while the average increase in the remuneration of the Key Managerial Personnel is 28%.

**(vi) Affirmation that the remuneration is as per the remuneration policy of the Company**

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

**Particulars in terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 –**

There are no employees in the Company drawing remuneration in excess of ₹ 1,02,00,000/- in terms of provisions of Section 197 (12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel), 2014.

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

**Jaydev Mody  
Chairman  
DIN: 00234797**

Mumbai, 10<sup>th</sup> August, 2016



## MANAGEMENT DISCUSSIONS & ANALYSIS REPORT

### **Economic Overview:**

Global growth rate remained moderate at around 3.5%, with uneven prospects. While growth in emerging market and developing economies is lower, primarily reflecting weaker prospects for some large emerging market economies and oil-exporting countries. Most advanced economies were much stronger. Complex economic dynamics that affected global activity in 2015 are still shaping the outlook: medium and long-term trends, global shocks and many country or region specific factors.

With an upward of 7% growth, the domestic market swelled to the positive policy actions, increased foreign investments, reducing account deficit and inflation has reflected an improved confidence and rising economy in the global landscape.

Through competitive market and varying input cost the year was challenging yet rewarding.

The operating context for the year was challenging, given the backdrop of a market slowdown, a volatile input cost environment and heightened competitive intensity. Your Company's performance for the year 2015-16 has to be viewed in the context of aforesaid economic and market environment.

### **Business Overview:**

As localization been the recent buzzword of modern business, customers of all sizes is faced with a key challenge: the need to identify local competent partners/suppliers who can provide solutions under single roof. Customers are increasingly concerned about how to secure and manage the right local partners/suppliers to de-risk themselves from various economic dynamics, not to mention an increasing number of companies with little or no background in the business.

In contrast, Delta Magnets group (DMG) successful completion of three decades of existence emphasizes our commitment and strong position in the magnets industry.

DMG comprises of Delta Magnets Limited, Nashik (DML) along with its two subsidiaries namely MMG India Private Limited, Chennai & Nashik (MMG(I)) and MagDev Limited, UK (MagDev). While DML manufactures ceramic magnets which are used mainly in the automotive sector, MMG(I) manufactures soft ferrites which serves the electronic and automotive sector and MagDev being a distribution house deals in various kinds of magnets and magnet materials which caters to various industries including electronics, retail, non-conventional energy, aerospace and automotive.

Your Company is one of the pioneers in providing solutions to customers - from consumers and small businesses to the largest global organizations- more comprehensive and efficiently than any other company. Our company's key strength is to provide complete solutions to customers under a single roof.

In our core businesses - hard ferrites, soft ferrites, trading - we utilize our market leadership positions to identify and convert new growth opportunities. As the industry matures, we pair new technologies with our core solutions to deliver integrated solutions that address evolving customer needs.

During the year DMG achieved some key milestones to shape a strong future for the company. We have successfully closed the Chennai soft ferrite operation and shifted all the relevant machineries & equipment to Nashik. This helped us in achieving enhanced capacity and operational efficiency.

In January 2016, your company has initiated implementations of SAP Business One across Indian operations, expected to complete the same by September 2016. We anticipate that this move can bring lot of system adherence and integrations of operations in the organization.

After receiving overwhelming responses from the market, your company has decided to move its coil division to a new location by adding extra space for growth. Our focus on this vertical is more as we see more market opportunities for this segment.

As part of our strategy, this year in MagDev Ltd. we have added a new product in its basket, an exclusive distribution agreement has been signed in UK.

As the threat landscape evolves and customers shift to adapt to new technologies, we are investing in future growth areas that will help to reduce cost and improve efficiency to meet the customer's expectation. Your Company leverages internal R&D, expansion, acquisitions and partnerships to accelerate its long-term strategy.

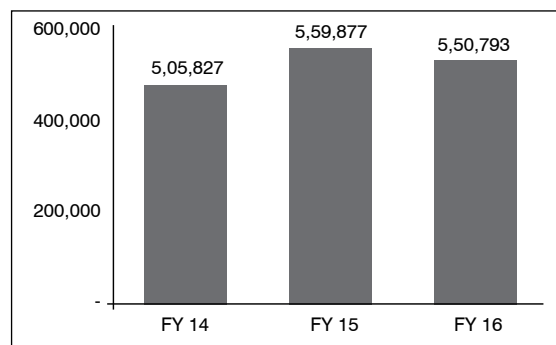
### Financial & Operational Performance:

#### Net Sales

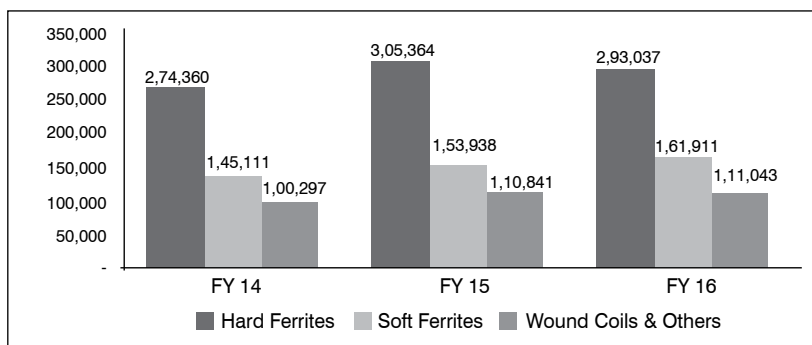
For the fiscal year under review, DMG recorded consolidated net sales of ₹ 550,793 thousands. This was ₹ 9,084 thousands or 2% less than the previous fiscal year and reflected such factors as the decline in production by automobile manufacturers, sluggish global economic conditions, especially in Europe and US, and sluggish conditions in the electronics and passive component industry.

Turning on an individual business segments performance, results were constructed by decreased sales of hard ferrites ₹ 12,327 thousands or 4% year on year to ₹ 293,037 thousands. On a positive note, results were buoyed by an increased sales of soft ferrites ₹ 7,973 thousands or 5% year on year to ₹ 161,911 thousands, and value added services sales ₹ 202 thousands or 0.2% year on year to ₹ 111,043 thousands due to our initiatives to improve our share of business from key accounts as well as new customers and new markets.

Net Sales (₹ In '000)



Segment Wise Sales (₹ In '000)



#### Operating Costs

Operating costs increased ₹ 7,355 thousands, or 1% up compared with the previous fiscal year to ₹ 535,072 thousands, largely reflecting the hike in raw material costs. In spite of the results of efforts towards cost controls, the operating costs to net sales ratio higher by 2.89% from 94.26% in previous fiscal year to 97.15%.

During the year, the MMG (I). Ltd, Chennai Division has announced Voluntary Retirement Scheme (VRS) for its permanent workmen. The company has incurred a total expenditure of ₹ 27,385 thousands on the said scheme. The entire amount is charged to Statement of Profit and Loss under the head Exceptional items.

## Operating Income

Taking into account the aforementioned factors, operating income dropped ₹ 16,439 thousands or 51%, compared with the previous year to ₹ 15,721 thousands. This is largely reflected the hike in raw material costs. In similarly, the operating income margin dropped by 3% from 6% in the previous fiscal to 3%. This is predominantly due to the additional operating cost of new facility at Nashik, which was stabilized in first half of the year.

## Net Income

During the fiscal year under review, the interest cost has been increased by 2.11 times as compared to previous fiscal year due to increase in long-term & short-term borrowings for MMG new unit. Further, the depreciation for the current fiscal year increased over the previous year due to MMG new unit addition.

Accounting for all of the aforementioned factors, net income for the fiscal year under review amounted to ₹ (68,174) thousands, dropped by ₹ 80,433 thousands or 6.56 times compared with the previous fiscal year.

## Financial Condition:

### Cash Flows

Cash and Cash Equivalents as of March 31, 2016 stood at ₹ 38,648 thousands, higher than the previous fiscal year of ₹ 1,785 thousands.

Major operating activities included interest cost and increase/decrease of current assets and current liabilities in ordinary course of business.

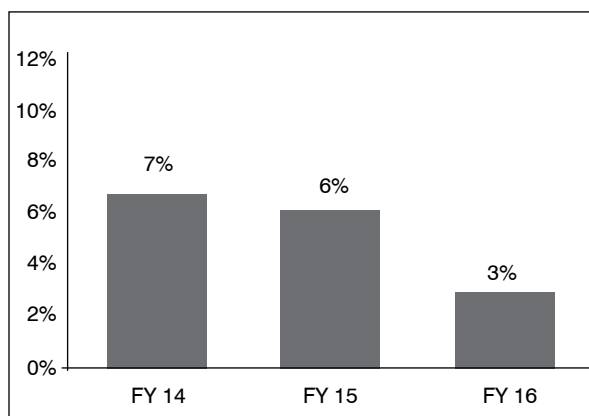
Important investing activities included investments in fixed assets & capital work in progress, majorly for the MMG new unit.

Significant financing activities comprised proceeds from long-term & short-term borrowings for the MMG new unit and MagDev Ltd.

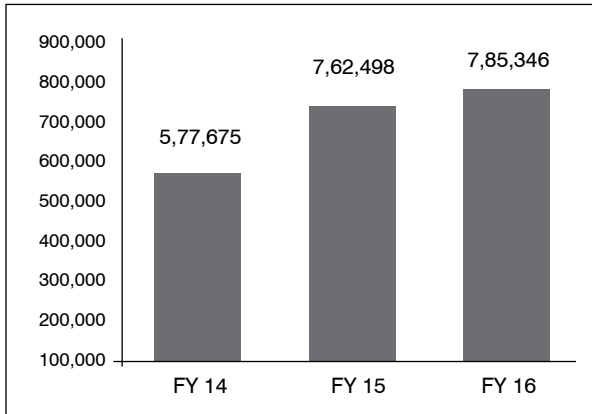
### Cash Flows/(Used) For the Year Ended 31<sup>st</sup> March, (₹ in '000)

Particulars	2016	2015
Operating Activities	(40,933.16)	46,047.15
Investing Activities	(20,507.48)	(163,481.86)
Financing Activities	63,225.58	125,849.52
Cash and Cash Equivalents	38,648.28	36,863.34

Operating Income (% of Sales)



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**Total Assets (₹ In '000)****Assets, Liabilities and Net Assets:****Asset**

Total assets stood at ₹ 785,346 thousands as on March 31, 2016, Increase of ₹ 22,848 thousands compared with the previous fiscal year. While fixed assets increased ₹ 6,127 thousands year on year as compared to previous year mainly due to addition of MMG new unit, other non-current assets decreased ₹ 15,098 thousands year on year as compared to previous year because of decrease in Deferred Tax Assets and long-term loans & advances. Current assets climbed by ₹ 31,819 thousands largely reflecting increase in trade receivable and inventories.

**Liabilities**

Total liabilities stood at ₹ 502,449 thousands, an increase of ₹ 96,047 thousands compared with the previous fiscal year end. Mainly because of increase of long-term & short-term borrowings for MMG new unit and MagDev Ltd. and trade payables.

**Net Asset**

Net assets stood at ₹ 282,898 thousands, an decrease of ₹ 73,199 thousands year on year. This is predominantly due to the increase/decrease of current assets, current liabilities and increase in long-term & short-term borrowings.

**Internal Controls and Systems:**

All up-gradation of the ERP system pertaining to commercial activities is complete in all the three companies. Qualified internal audit firms in all three units audit the accounting system.

All the three companies are ISO-9001-2008 certified / undergoing certification, periodically audits are conducted by the certifying bodies to ensure system adherence. The senior management team conducts periodical Management Review Meetings (MRMs) to examine implementation of Quality System. We are making our position stronger by identifying new customers with higher margin, improving internal efficiency, in house Research and Development, and better customer satisfaction.

The Audit Committee and the Board of Directors review the operations and financial performance quarterly.

**Human Resources:**

Your Company's Human Resource agenda for the year was focused on strengthening four key areas: building a robust and diverse talent pipeline, enhancing individual and organizational capabilities for future readiness, driving greater employee engagement and strengthening employee relations further through progressive people practices at the shop floor.

Your Company appreciates the human values and believes in developing people through work. Span of Management has been defined & crystallised to achieve organisational goals. Pools of talented people in all functions are in place to discharge their duties effectively & efficiently. Training & evaluation system is in place to enhance & hone skills at all levels. All HODs impart training to their departmental personnel on the training day every week. External Trainers are also invited for imparting training. Good HR practices are put in place to boost the morale of the people.

Delta Magnets and MMG (India) have internal unions. MagDev does not have any union. The total employee strength as on 31 March 2016 stood at 194, down from 207 in the previous year.

### **Outlook and Forecast for the Fiscal Year Ended 31<sup>st</sup> March 2016:**

Global economic indicators are expected to improve, led by positive prospects in advanced economies. Despite a strengthening external demand, uncertainty continues to loom large on the economic horizon of some emerging economies owing to domestic fragilities. The global economic climate continues to be volatile, uncertain and prone to geo-political risks.

For India, economic activity is expected to improve modestly, driven by global economic revival and moderation in inflation. Upside pressures on inflation and consumption, hinge on the vagaries of the monsoon and the pace of revival of the investment climate will determine to a very large extent India's economic performance, going forward.

Electronic and Auto markets are expected to grow; however, uncertain global economic environment, inflation and competitive intensity continue to pose challenges. While the near term conditions pose a challenge for the economy, the medium to longer term secular trends based on rising incomes, aspirations, low consumption levels, etc. are positive and an opportunity for your Company, in particular.

Moving forward, Your Company is projecting net sales of ₹ 800,000 thousands approximate in the fiscal year ending March 31st, 2017, with the addition of new unit. From a profit perspective, Operating Income (EBITDA) is expected to be around ₹ 48,000 thousands with Net income ₹ 32,000 thousands.

### **Business and Other Risks:**

DMG operates in global and domestic markets and our products are used in a diverse range of applications in different industries/sectors. For this reason, a variety of factors may materially impact the Group's operations. Some of the major businesses and other risks are described below. Statements concerning the future represent the judgment of DMG as of March 2016.

#### **(1) Major raw material price fluctuations**

Many of the DMG products use rare earth materials, mining materials, and petrochemical products as raw materials. The purchase prices of these are susceptible to fluctuations in the market for other raw materials, crude oil prices and export regulations in producing countries. This may increase procurement cost or make it difficult to procure the necessary quantities. These factors may exert a material impact on performance.

#### **(2) Exchange rate fluctuations**

Due to products exports and raw material imports usually denominated in US dollars, GBP and at times in other currencies, exchange rate fluctuations may exert a material impact on the performance of the Group. DMG pursues measures to attenuate the risk from exchange rate fluctuations, but cannot guarantee that exchange rate fluctuations will not affect performance.

#### **(3) Acquisitions, Joint Ventures and Strategic Alliances**

DMG may acquire outside companies, establish joint ventures and implement strategic alliances in order to develop new technologies and products and raise competitiveness. These complex initiatives involve integration of businesses, technologies, products and personnel that require time and expense. Failure to implement these initiatives as planned may exert a material impact on Group's operations. The success of any business alliance is determined in part by factors beyond the Group's control, including alliance partner decision, capabilities and market trends. Implementation of these initiatives may cause the Group to incur acquisition-related expenses. In addition, the Group cannot guarantee that it will succeed in integrating acquired business or that its initiatives will achieve all or part of the initial objectives.

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**(4) Potential risk in overseas activities**

DMG produces and sells products in Asia, the United States, Europe and other regions. Exposure to political and socio-economic risks in these markets may exert a material impact on the financial position and performance of the Group.

**(5) Public regulations**

DMGs business activities are subject to various regulations in the countries in which it operates. The regulations include legal obligations related to foreign investment, trade, competition, intellectual properties, taxes, exchange rates, the environment and recycling. Specific changes to these or any regulation could restrict operations, increase cost and exert a material impact on the Group's performance.

**(6) Financial risk**

DMG holds equities and marketable securities. A decrease in the value of these marketable securities may exert a material impact on the financial position and performance of the Group. In addition, long-term procurement of funds from the capital market exposes the Group to risk associated with the interest rate fluctuation and credit.

**(7) Competition risk**

The industry in which we operate is highly competitive. We compete with major international magnet companies that, like us, operate in multiple geographic areas, as well as regional, local and private label manufacturers and other value competitors. If we are unable to compete effectively, we may be unable to gain or maintain share of sales or gross margins in the global market or in various local markets. This may have a material adverse impact on our revenues and profit margins.

**(8) A portion of our workforce belongs to unions. Failure to successfully renew collective bargaining agreements, or strikes or work stoppages could cause our business to suffer.**

Many of our employees are covered by collective bargaining agreements. These agreements expire on various dates. Strikes or work stoppages and interruptions could occur if we are unable to renew these agreements on satisfactory terms, which could adversely impact our operating results. The terms and conditions of existing or renegotiated agreements could also increase our costs or otherwise affect our ability to fully implement future operational changes to enhance our efficiency.

**Cautionary Statement:**

Statement in the "Management Discussion and Analysis" describing the Company's objectives, estimates, expectations or projections may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied.

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Delta Magnets Limited (The Company) fully subscribes to the principles and spirit of Corporate Governance. It is all about ethical conduct, openness, integrity and accountability of an enterprise. Healthy Corporate Governance enjoins a commitment of the Company to run the business in legal, ethical and transparent manner emanating from the top and permeating throughout the organization. It involves a set of relationships between a Company's Management, its Board, Shareholders and Stakeholders.

The Company's Corporate Governance is more a way of business life than a mere legal obligation. The Company constantly reviews its Corporate Governance policy to not only comply with the business, legal and social framework in which it operates but also to implement the best international practices in that regard.

A report on compliance with the Principles of Corporate Governance as on 31<sup>st</sup> March, 2016, as prescribed by the Securities and Exchange Board of India (SEBI) and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) is given below.

### BOARD OF DIRECTORS

#### A. Composition of the Board

As on 31<sup>st</sup> March, 2016 the Company has 8 members on the Board. The Board consists of optimum combination of Executive, Non-executive and Independent Directors. The majority of the Directors on the Board including the Chairman are Non-Executive Directors. Fifty percent of the Board comprises of Independent Directors. The composition of the Board is in conformity with Clause 49 of the erstwhile Listing Agreement and Regulation 17 of Listing Regulations. The Composition of the Board is as follows:

Sr. No.	Category	No. of Directors
1	Independent Directors	4
2	Non-Executive Directors	3
3	Executive Director	1

This appropriate composition of the Board of Directors enables in maintaining the independence of the Board and separates its functions of governance and management.

All Independent Directors of the Company have been appointed as per the provisions of the Companies Act, 2013, Clause 49 of erstwhile Listing Agreement and Regulation 16 (1) (b) and Regulation 25 of the Listing Regulations and/or any applicable provisions of erstwhile Listing Agreement. Formal letters of appointment have been issued to all Independent Directors. The terms and conditions of their appointment are disclosed on the Company's website.

The Board has constituted various Committees with an optimum representation of its members and has assigned them specific terms of reference in accordance with the Companies Act, 2013 and the Listing Regulations. These Committees hold meetings at such frequency as is deemed necessary by them to effectively undertake and deliver upon the responsibilities and tasks assigned to them. Your Company currently has 6 Committees of the Board viz., Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Investment, Borrowing and General Purpose Committee, Allotment Committee and Risk Management Committee.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (Committees being Audit Committee and Stakeholders Relationship Committee), as per Clause 49 II(D)(2) of the erstwhile Listing Agreement and Regulation 26(1) of the Listing Regulations across all the Companies in which he/she is a Director. The necessary disclosures regarding Committee positions have been made by all the Directors. None of the Directors hold office in more than 20 companies and in more than 10 public companies.

The Board reviews and approves strategy and oversees the results of management to ensure that the long term objectives of enhancing stakeholder's value are met. The day-to-day management of the Company is conducted by the Managing Director subject to the supervision and control of the Board of Directors.

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



**Mr. Jaydev Mody**

Mr. Jaydev Mody, a 1<sup>st</sup> generation entrepreneur is a noted industrialist and businessman who has over 35 years of experience in various businesses including gaming and hospitality, textiles and ferrite manufacturing and real estate development.

Mr. Jaydev Mody is the Non Executive Chairman of Delta Magnets (DML), a turnaround story under the leadership of Mr. Mody. Post its acquisition the company not only shown profits but has also created an international imprint by acquiring company overseas. DML is in the ferrites manufacturing catering to varied industries ranging from Automobiles, Railways, Telecommunication, Aerospace amongst others.

The other business interest of Mr. Mody include two other listed entities namely Delta Corp Limited (DCL) and Arrow Textiles Limited (ATL). Delta Corp Limited, a public listed company which under his leadership has established itself as a leader in the gaming industry in India and has a lion's share of the market in terms of licenses and in business. His ability to identify sunrise and lucrative business ventures has resulted in him pioneering several first of its kind ventures including this one.

ATL is an established player and market leader in the woven and printed labels industry, catering to domestic and international brands of repute. The company boasts of a state of the art manufacturing unit at Nashik.

Mr. Mody in his previous avatar as Managing Director of Peninsula Land Limited spearheaded the real estate vertical of the Piramal Group till October 2005 and has played a leading role in building and developing India's first truly global retail destination 'Crossroads' in South Mumbai in addition to other landmark developments. He has to his credit development of several iconic and large residential and commercial complexes in and around Mumbai, such as Peninsula Corporate Park, Ashok Towers, Ashok Gardens, Peninsula I.T. Park and CR2 to name a few. Over 1 million square feet of real estate projects in East Africa mainly in Nairobi, Kenya have been developed and successfully exited under his leadership and sold to marquee clients like the World Bank and PwC.

Mr. Jaydev Mody is a Humanities Graduate from Mumbai University.



**Dr. Ram H. Shroff**

Dr. Ram H. Shroff is a qualified medical doctor. Dr. Shroff has an experience of more than 15 years in Charak Pharma where he is a Director. Charak is one of the leading Herbal and Ayurvedic Company's in India. Through his initiatives the Company has grown its market share substantially and has introduced several new products which have helped bring a new dimension in medical treatment of patients.

Dr. Shroff has also initiated Charak Pharma's international presence. Charak is now available in more than 45 countries around the world. In addition, Dr. Shroff has participated in several local and international medical conferences impressing the need of alternative medicines for the treatment of patients.

Dr. Shroff has also started a new venture called Digimed Healthcare which is in the business of medical tourism with a focus towards markets in Africa.





**Ms. Ambika Kothari**

Ms. Ambika Kothari is B.A. Economics with Honors through Wellesley College. Ms. Kothari has also studied Accounting and Business at MIT Sloan School of Management and Harvard University. Ms. Kothari is experienced in the fields of business administration, management and as analyst. Ms. Kothari has worked with reputed international analyst firms such as Goldman Sachs & Company, New York and Moody's Investor Service, Singapore. Ms. Kothari also worked with DSP Merrill Lynch, Mumbai in the Equities Division. Ms. Kothari is a Director in several Companies and is currently managing investments for GK International Private Limited.



**Mr. Darius Khambatta**

Mr. Darius Khambatta is a Chartered Accountant with over 30 years' experience. Mr. Khambatta was working with Delta Corp Limited as a Vice President (Projects) looking after the real estate developments.



**Mr. Javed Tapia**

Mr. Javed Tapia is an entrepreneur leading the growth of several companies under the umbrella brand "Clover". Having started his career with the flagship brand "Clover Realty" Mr. Tapia has established a strong presence for the Clover Group in areas such as information technology, transaction systems, and renewable energy. In the year 2000, Mr. Tapia spearheaded the open source revolution in India through a joint venture – Red Hat India with Red Hat Inc. and expanded the company's footprint across south Asia.

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

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



**Mr. Rajesh Jaggi**

Mr. Rajesh Jaggi holds a Bachelor of Commerce Degree from University of Mumbai and Master's in Business Management in Finance from F.W. Olin Graduate School of Business – Babson (USA). Mr. Jaggi has an overall experience of 14 years in the real estate sector.

Currently, Managing Partner (Real Estate) at Everstone Capital Advisors Pvt. Ltd – a South-East Asia focused investor with approximately USD 2.5 billion of assets under management through its private equity and real estate funds. In the Real Estate Platform, it manages a Retail Development Fund and an Industrial and Warehousing Fund. It has developed over 33 million square feet of retail, mixed use and industrial real estate projects across 17 Indian cities.

Prior to this, Mr. Jaggi was the Managing Director of Peninsula Land Limited (a US\$ 400 million market cap listed leading Indian real estate Company) and led the successful commissioning of projects totaling 28 million square feet of real estate across residential, commercial and retail space.



**Mr. Samir Chinai**

Mr. Samir Chinai is a graduate of the School of Architecture, CEPT Ahmedabad and has been practicing Architecture from 1989.

Over the past three decades his firm has been responsible for a strikingly wide range of work, from urban master plans, public infrastructure, hospitals, civic and cultural buildings, offices, factories and work places and private houses.

Mr. Chinai is also involved in his family owned business of Cranes which are used in infrastructure projects. Mr. Chinai is a Director of various companies.



**Dr. Vrajesh Udani**

Dr. Vrajesh Udani is a Consultant - Child Neurology & Epilepsy at the Hinduja National Hospital, Hinduja Healthcare Surgical and Saifee Hospital. Dr. Udani is also an Assistant Professor of Pediatrics at the Grant Medical College and JJ Group of Hospitals, Mumbai. Dr. Udani is also a member of the Indian Academy of Pediatrics, Neurological Society of India and Indian Academy of Neurology.

**B. Board Procedure**

A detailed Agenda folder is sent to each Director in advance of Board and Committee meetings. The Board members, in consultation with the Chairman, may bring up any matter for the consideration of the Board.

All major agenda items are backed by comprehensive background notes and other material information to enable the Board to take informed decisions. Agenda papers, other than those which have unpublished price sensitive information, are circulated at least a 7 (seven) days in advance to the Board meeting.

**C. Information placed before the Board**

Apart from the items that are required under the statutes, to be placed before the Board for its approval, the following information is placed before the Board periodically for its review / information in compliance with the erstwhile Listing Agreement and Listing Regulations.

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the Company and its operating divisions or business segments.
4. Minutes of meetings of Audit Committee and other Committees of the board.
5. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer (C.F.O.) and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important.
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the Company, or substantial non-payment for goods sold by the Company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.

10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of investments, subsidiaries, assets, which are material in nature and not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as delay in share transfer etc.
16. Any other information which is relevant for decision making by the Board.

#### **D. Post - meeting follow - up systems**

The Governance system in the Company include an effective post - meeting follow-up, review and reporting process for action taken / pending on decisions of the Board and its Committees. The draft minutes of the Board are sent to the members for their comments and then the minutes are entered in the minutes book within 30 days of the conclusion of the meeting. Action taken Report forms part of the Agenda item of the Board meetings.

#### **E. Board Support**

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

#### **F. Code of Conduct**

The Board has laid down Code of Conduct for the Board members and for Senior Management and Employees of the Company. The same has been posted on the website of the Company. All Board members and Senior Management Personnel have affirmed compliance with this Code. A declaration to this effect, signed by the Managing Director forms part of this Annual Report.

Apart from receiving sitting fees that they are entitled to under the Companies Act, 2013 as Non-Executive Directors and reimbursement of expenses incurred in the discharge of their duties, none of the Non-Executive Directors have any other material pecuniary relationship or transactions with Company, its promoters, its Directors, its senior management or its subsidiaries and associates. None of the Directors are inter-se related to each other.

#### **G. CEO / CFO Certification**

Pursuant to Regulation 17(8) of the Listing Regulations, the Managing Director and the C.F.O. of the Company have certified to the Board regarding the Financial Statements for the year ended 31<sup>st</sup> March, 2016. The Managing Director and the C.F.O. have also given quarterly certification on financial results to the Board in terms of the Clause 49 IX of erstwhile Listing Agreement and Regulation 33 (2) of the Listing Regulations.

#### **H. Separate Meeting of Independent Directors**

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 20<sup>th</sup> January, 2016, as required under Schedule IV to the Companies Act, 2013 (Code for Independent Directors) and Regulation 25(3) of the Listing Regulations. At the Meeting, the Independent Directors:

- Reviewed the performance of Non-Independent Directors and the Board as a whole;
- Reviewed the performance of the Chairman of the Company, taking into account the views of Executive Director and Non-Executive Directors; and

- Assessed the quality and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

**I. Board and Director Evaluation and criteria for evaluation**

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

The Nomination and Remuneration Committee has defined the evaluation criteria, procedure for the Performance Evaluation process for the Board, its Committees and Directors. The criteria for Board Evaluation include inter alia, degree of fulfillment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning.

Criteria for evaluation of individual Directors include aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management outside Board/ Committee Meetings.

Criteria for evaluation of the Committees of the Board include degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings.

The procedure followed for the performance evaluation of the Board, Committees and Directors is detailed in the Directors' Report.

**J. Familiarization Programme for Independent Directors**

The Company familiarizes its Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc.

The familiarization programme for Independent Directors is disclosed on the Company's website and the same may be accessed at the link: <http://www.deltamagnetsgroup.com/dml/downloads/policies/Familiarisation-Programme.pdf>

**K. Details of the Board Meetings held during the financial year**

During the financial year ended 31<sup>st</sup> March, 2016, 4 (four) meetings of the Board were held, as follows:

No.	Date	Board Strength	No. of Directors present
1.	12 <sup>th</sup> May, 2015	8	6
2.	27 <sup>th</sup> July, 2015	8	8
3.	31 <sup>st</sup> October, 2015	8	5
4.	06 <sup>th</sup> February, 2016	8	8

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

**L. Attendance at the Board Meetings and at Annual General Meeting (AGM), no. of Directorship in other companies, no. of Committee positions held in other public companies**

As on 31<sup>st</sup> March, 2016, composition of the Board of Directors and attendance of the Directors at the Board Meetings as well as their Directorship in companies and membership in Committees of public companies is as follows:

Chairmanships/Memberships of Board Committees include only Audit and Stakeholders Relationship Committees of other public companies excluding private limited companies, foreign companies and companies under section 8 of the Companies Act, 2013.

Name of the Director	Category	Number of Board Meetings during the year 2015-2016		Whether attended the last AGM held on 07.09.2015	Number of Directorships in other Companies	Number of Committee positions held in other Public Companies	
		Held	Attended			Chairman	*Member
Mr. Jaydev Mody (Chairman)	Non-Executive, Promoter	4	3	No	12	2	2
Dr. Ram H. Shroff (Managing Director)	Executive, Non-Independent	4	4	No	11	0	1
Ms. Ambika Kothari	Non-Executive, Non-Independent	4	2	No	19	0	0
Mr. Darius Khambatta	Non-Executive, Non-Independent	4	4	No	14	0	0
Mr. Javed Tapia	Non-Executive, Independent	4	3	No	11	1	1
Mr. Rajesh Jaggi	Non-Executive, Independent	4	3	Yes	18	1	2
Mr. Samir Chinai	Non-Executive, Independent	4	4	No	15	0	0
Dr. Vrajesh Udani	Non-Executive, Independent	4	4	No	4	0	4

\*This is total Number of Membership including the Committee in which he/she is a Chairperson.

### Details of the Directors being re - appointed

At the ensuing Annual General Meeting, in accordance with the provisions of the Section 152 of the Companies Act, 2013, Ms. Ambika Kothari, Director of the Company, retires by rotation. Ms. Ambika Kothari, being eligible, has offered herself for re-appointment as a Director of the Company.

Detailed profile of Ms. Ambika Kothari in line with Regulation 36(3) of the Listing Regulations is forming a part of the Notice of the Annual General Meeting.

### Committees of the Board

#### A. AUDIT COMMITTEE

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

#### Composition

The constitution of the Committee is in line with Clause 49 of the erstwhile Listing Agreement read with Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The Audit Committee, during the financial year 2015-16, has approved related party transactions along with granting omnibus approval in line with the Policy of dealing with Related Party Transactions and the applicable provisions of the Companies Act, 2013

and the Listing Regulations (including any statutory modification(s) or re-enactment(s) thereof for the time being in force).

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

The Audit Committee was reconstituted on 06<sup>th</sup> February, 2016 by a resolution passed by the Board of Directors of the Company, in which Dr. Vrajesh Udani was added as a member.

### Meeting and attendance

During the financial year ended 31<sup>st</sup> March, 2016, 4 (four) meetings of the Audit Committee were held as follows:

No.	Date	Committee Strength	No. of Members Present
1	11 <sup>th</sup> May, 2015	3	3
2	27 <sup>th</sup> July, 2015	3	3
3	27 <sup>th</sup> October, 2015	3	3
4	06 <sup>th</sup> February, 2016	3	3

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

The terms of reference and powers of Audit Committee were redefined during the year pursuant to Regulation 18 and Part C of Schedule II of the Listing Regulations.

The previous Annual General Meeting of the Company held on Monday, 7<sup>th</sup> September, 2015 was attended by Mr. Rajesh Jaggi, Chairman of the Audit Committee.

The Audit Committee provides reassurance to the Board regarding the existence of an effective internal control environment that ensures:-

- Efficiency and effectiveness of operation;
- Safeguarding of assets and adequacy of provisions for all liabilities;
- Reliability of financial and other management information and adequacy of disclosures;
- Compliance with all relevant statutes.

### Powers

The Audit Committee is empowered, pursuant to its terms of reference, to:

- Investigate any activity within its terms of reference;
- Seek any information it requires from any employee;
- Obtain legal or other independent professional advice; and
- Secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

## **Terms of Reference**

The terms of reference of Audit Committee are in accordance with Section 177 of the Companies Act, 2013 and the guidelines set out in Regulation 18 of the Listing Regulations. The Audit Committee is entrusted with the responsibility to supervise the Company's financial control and reporting process and inter-alia perform the following functions:

- Oversight of the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Review with the management the quarterly and annual financial statements and the auditor's report thereon, before submission to the Board for approval.
- Discuss with the 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.
- Recommend to the Board the appointment, re-appointment and, if required, the replacement or removal of Statutory Auditors, remuneration and terms of appointment of auditors, fixation of audit fees and to approve payment for any other services rendered by the Statutory Auditors.
- Review and monitor the auditor's independence and performance and effectiveness of audit process.
- Review with the management, performance of the Statutory and Internal Auditors.
- Review the adequacy of the internal audit function and the adequacy and efficacy of the internal control systems.
- Evaluate internal financial controls and risk management systems.
- Scrutinize inter-corporate loans and investments.
- Discuss any significant findings with internal auditors and follow-up thereon.
- Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- Look into the reasons for substantial defaults in payments to depositors, debenture holders, shareholders and creditors.
- Approve transactions, including any subsequent modifications, of the Company with related parties.
- Valuation of undertakings or assets of the Company, wherever it is necessary.
- Review and monitor the statement of use and application of funds raised through public offers and related matters.
- Review the functioning of the Whistle Blower mechanism.
- Approve the appointment of the C.F.O. after assessing the qualifications, experience and background of the candidate.
- And, generally, all items listed in Part C of Schedule II of the Listing Regulations and in Section 177 of the Companies Act, 2013.

## **Review of Information**

The Company has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- Management discussion and analysis of financial condition 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;
- Financial statements as well as investments made by unlisted subsidiaries;
- Review and approve, policy formulated for determination of material subsidiaries;
- Review of the Whistle Blower mechanism of the Company as per the Whistle Blower Policy. Overseeing the functioning of the same;
- 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;
- Any other matter referred to by the Board of Directors.

The C.F.O., Internal Auditors and the Statutory Auditors are invitees to meetings of the Audit Committee. The Company Secretary acts as the Secretary to the Committee. All the members of the Committee are financially literate and have accounting and financial management expertise.

## B. NOMINATION AND REMUNERATION COMMITTEE

The role of the Nomination and Remuneration Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 and Part D of Schedule II of the Listing Regulations. The Composition of Nomination and Remuneration Committee is as follows:

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

The terms of reference and powers of Nomination and Remuneration Committee were redefined during the year pursuant to Regulation 19 and Part D of Schedule II of the Listing Regulations.

The Secretary of the Company acts as the Secretary to the Committee.

### Meeting and attendance

During the financial year ended 31<sup>st</sup> March, 2016, 1 (one) meeting of the Nomination and Remuneration Committee was held as follows:

No.	Date	Committee Strength	No. of Members Present
1.	18 <sup>th</sup> January, 2016	3	3



### **Terms of reference**

- Make recommendations regarding the composition of the Board, identify Independent Directors to be inducted to the Board from time to time.
- Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every Director's performance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to the remuneration of the Directors, Key Managerial Personnel and other employees.
- Formulate criteria for evaluation of Independent Directors and the Board.
- Devise a policy on Board Diversity.
- Evaluate and approve the appointment and remuneration of senior executives, including the Key Managerial Personnel, the Company's remuneration plan, annual salary increase principles and budgets, annual and long term incentive plans of the Company, policies and programmes such as succession planning, employment agreements, severance agreements and any other benefits.
- Establish key performance metrics to measure the performance of the Managing Director, Key Managerial Personnel and the executive team.
- Review and recommend to the Board the remuneration and commission to the managing and executive Directors and define the principles, guidelines and process for determining the payment of commission to non-executive Directors of the Company.

### **Nomination and Remuneration Policy**

The Company's philosophy for remuneration of Directors, Key Managerial Personnel and all other employees is based on the commitment of fostering a culture of leadership with trust. The Company has adopted a Policy for remuneration of Directors, Key Managerial Personnel and other employees, which is aligned to this philosophy. The key factors considered in formulating the Policy are as under:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (c) remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

The key principles governing the Company's Remuneration Policy are as follows:

#### **Remuneration for Independent Directors and Non-independent Non-executive Directors**

- Independent Directors and Non-independent Non-executive Directors may be paid sitting fees for attending the Meetings of the Board and of Committees of which they may be members within regulatory limits as recommended by the Nomination and Remuneration Committee and approved by the Board.
- Overall remuneration should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company, taking into consideration the challenges faced by the Company and its future growth imperatives. Remuneration paid should be reflective of the size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay the remuneration and be consistent with recognized best practices.

- The remuneration payable to Directors shall be inclusive of any remuneration payable for services rendered in any other capacity, unless the services rendered are of a professional nature and the Nomination and Remuneration Committee is of the opinion that the Director possesses requisite qualification for the practice of the profession.

#### **Remuneration for Managing Director/ Executive Directors / Key Managerial Personnel/ rest of the Employees**

- The extent of overall remuneration should be sufficient to attract and retain talented and qualified individuals suitable for every role. Hence remuneration should be market competitive, driven by the role played by the individual, reflective of the size of the Company, complexity of the sector/industry/Company's operations and the Company's capacity to pay, consistent with recognized best practices and aligned to any regulatory requirements.
- Basic/ fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience. In addition, the Company provides employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings. The Company also provides employees with a social security net subject to limits, by covering medical expenses and hospitalization through re-imburements or insurance cover and accidental death and dismemberment through personal accident insurance. The Company provides retirement benefits as applicable.

#### **Service Contract, Severance Fee and Notice Period**

The Company has not entered into any service contract.

#### **Employee Stock Option Scheme**

The Company does not have any Employee Stock Option Scheme.

#### **Details of remuneration paid to Executive and Non-Executive Directors for the year ended 31<sup>st</sup> March, 2016 and their relationship with other Directors of the Company**

##### **Executive Director**

NIL

##### **Non Executive Directors**

(₹ in '000)

<b>Name</b>	<b>Relationship with other Directors</b>	<b>Sitting Fees (₹)</b>	<b>Commission (₹)</b>	<b>Total (₹)</b>
Mr. Jaydev Mody	None	6.00	0	6.00
Ms. Ambika Kothari	None	4.00	0	4.00
Mr. Darius Khambatta	None	8.00	0	8.00
Mr. Javed Tapia	None	14.00	0	14.00
Mr. Rajesh Jaggi	None	14.00	0	14.00
Mr. Samir Chinai	None	8.00	0	8.00
Dr. Vrajesh Udani	None	8.00	0	8.00

During the financial year ended 31<sup>st</sup> March, 2016, except payment of sitting fees, the Company does not have any pecuniary relationship or transactions with the Non - Executive Directors.

### Shareholding of Non-executive Directors

The Individual shareholding of Non-executive Directors (including shareholding as joint holder) as on 31<sup>st</sup> March, 2016 is given below:

Name	No. of shares held
Mr. Jaydev Mody	1125
Ms. Ambika Kothari	1950
Mr. Darius Khambatta	0
Mr. Javed Tapia	0
Mr. Rajesh Jaggi	0
Mr. Samir Chinai	450
Dr. Vrajesh Udani	0

### C. STAKEHOLDERS RELATIONSHIP COMMITTEE

#### Terms of reference

The Committee oversees and reviews all matters connected with transfer of securities and also approves issue of duplicate share certificates, split of share certificates, etc. Also the Committee looks into redressal of Shareholder's/ Investor's' complaints / grievances pertaining to transfer or credit of shares / transmissions / dematerialisation / rematerialisation / split / issue of duplicate Share Certificates, non receipt of annual reports and other miscellaneous complaints. The Committee reviews performance of the Share Transfer Agent and recommends measures for overall improvement in the quality of investor services.

#### Composition

The composition of the Stakeholders Relationship Committee is in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

The Composition of Stakeholders Relationship Committee as on 31<sup>st</sup> March, 2016 is as follows:

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

The terms of reference and powers of Stakeholders Relationship Committee were redefined during the year pursuant to Regulation 20 and Part D of Schedule II of the Listing Regulations.

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### Meeting and attendance

During the financial year ended 31<sup>st</sup> March, 2016, 4 (four) meetings of the Stakeholders Relationship Committee were held, as follows:

No.	Date	Committee Strength	No. of Members present
1.	03 <sup>rd</sup> April, 2015	3	3
2.	20 <sup>th</sup> July, 2015	3	3
3.	21 <sup>st</sup> October, 2015	3	3
4.	18 <sup>th</sup> January, 2016	3	3

### Compliance officer

Ms. Snehal Oak, Company Secretary, is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Regulations.

### Listing Fees

The Company has paid the listing fees to all the Stock Exchanges where its securities are listed till 31<sup>st</sup> March, 2016.

### Redressal of Investors Grievances

The Company addresses all complaints, suggestions and grievances expeditiously and replies have been sent / issued usually within 7-10 days except in case of dispute over facts or other legal impediments.

During the financial year under review, no investor's complaint was received and pending as at the end of the financial year.

### Details of Annual General Meetings

Location, date and time of Annual General Meetings held during the last 3 years:

Year	Location	Date	Day	Time	No. of Special Resolutions
2012 – 13	The Gateway Hotel, Ambad, Nasik-422 010, Maharashtra.	7 <sup>th</sup> September, 2013	Saturday	1.45 p.m.	0
2013 – 14	Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik-422 010, Maharashtra	25 <sup>th</sup> September, 2014	Thursday	2.00 p.m.	5
2014 – 15	Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik-422 010, Maharashtra	7 <sup>th</sup> September, 2015	Monday	2.00 p.m.	0

During the financial year ended 31<sup>st</sup> March, 2016, no resolution was passed by Postal Ballot. At present there is no proposal to pass any resolution by Postal Ballot.

## Disclosures

- a) During the financial year 2015-2016, there were no materially significant transactions entered into between the Company and its promoters, Directors or the management or relatives etc. that may have potential conflict with the interests of the Company at large.

The Register of Contracts detailing the transactions, in which the Directors are interested, is placed before the Board /Audit Committee regularly. Transactions with related parties are disclosed by way of Notes to the Accounts, which forms part of this Annual Report.

- b) The Company has complied with the requirements of Stock Exchanges, SEBI and all other statutory authorities on all matters related to the capital markets during the last three years. There were no penalty imposed nor did any strictures pass on the Company by Stock Exchanges, SEBI and all other statutory authorities relating to above. The Company has not received any material Demand, Show Cause, Prosecution, Penalty Notice etc.
- c) The Managing Director and the C.F.O. have certified to the Board in accordance with Regulation 17(8) of the Listing Regulations pertaining to CEO/ C.F.O. certification for the financial year ended 31<sup>st</sup> March, 2016.
- d) The Company has a well defined risk management framework in place. The Company periodically places before the Audit Committee and the Board, the key risks and the risk assessment and mitigation procedures followed by the Company.
- e) The Company has adopted a Whistle Blower Policy, to provide a formal mechanism to the Directors and employees to report their concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The Policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. It is affirmed that no personnel of the Company has been denied access to the Audit Committee.
- f) The Policy for determining 'material' subsidiaries is disclosed on website of the Company and the same may be accessed at the link: <http://www.deltamagnetsgroup.com/dml/downloads/policies/Policy-for-Determining-Material-Subsidiaries.pdf>
- g) The Policy on dealing with related party transactions is disclosed on website of the Company and the same may be accessed at the link: <http://www.deltamagnetsgroup.com/dml/downloads/policies/Related-Party-Transaction-Policy.pdf>
- h) The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the erstwhile Listing Agreement and Regulation 17 of the Listing Regulations. As far as Non-mandatory requirements are concerned, the Company has separate individuals occupying the position of Chairman and that of Managing Director. The Internal Auditors directly reports to the Audit Committee.

## MEANS OF COMMUNICATION

### Financial Results

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

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

The financial results are displayed on Company's website on [www.deltamagnets.com](http://www.deltamagnets.com). The Management Discussion & Analysis Report forms part of this Annual Report.

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## GENERAL SHAREHOLDER INFORMATION

### Annual General Meeting

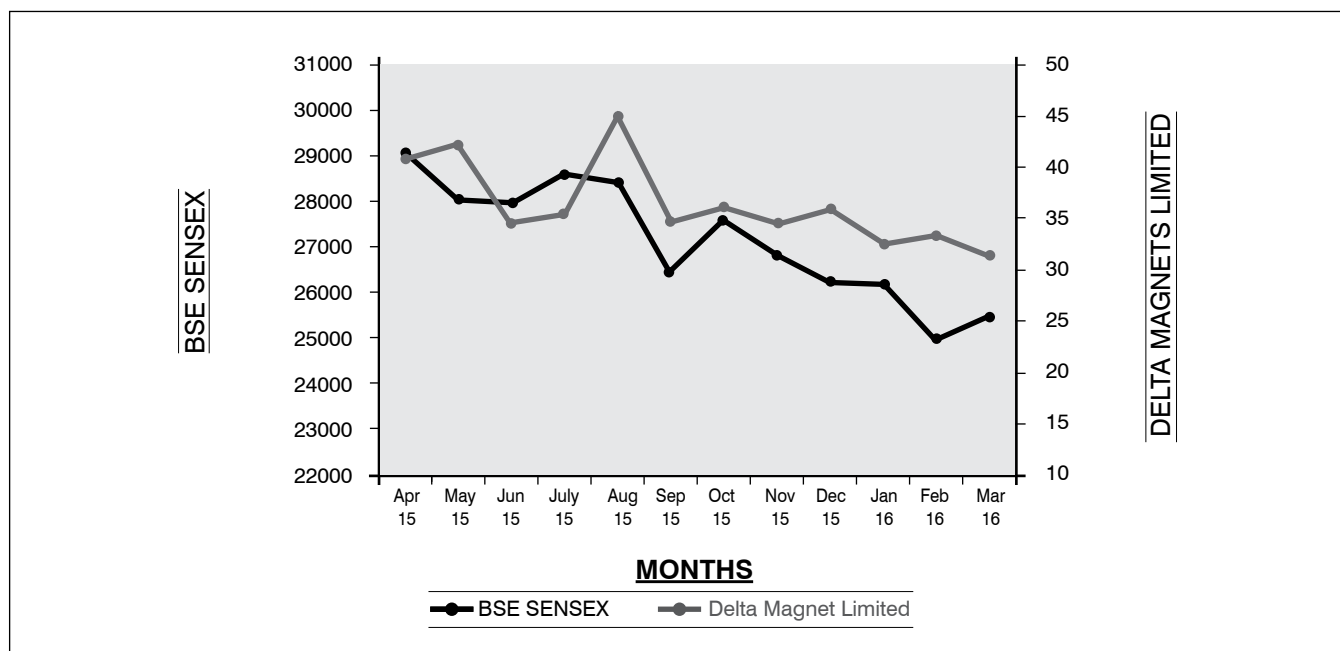
Date and Time : Monday, 26<sup>th</sup> day of September, 2016 at 3.00 p.m.  
Venue : Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road,  
Nashik – 422 010, Maharashtra.

As required under Regulation 36(3) of the Listing Regulations, particulars of Director seeking appointment / re-appointment at the forthcoming Annual General Meeting (AGM) are given in the Annexure to the Notice of the AGM to be held on Monday, 26<sup>th</sup> day September, 2016.

Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March.  
Dates of Book Closure : From Saturday, 17<sup>th</sup> day of September, 2016 to Monday,  
26<sup>th</sup> day of September, 2016  
Dividend payment date : Not Applicable  
Dividend History : Not Applicable  
Stock Exchange where  
Company's Shares are listed : BSE Limited  
Phiroz Jeejeebhoy Towers, Dalal Street,  
Mumbai 400 001, Maharashtra.  
Scrip Code : 504286  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex,  
Bandra (East), Mumbai 400 051, Maharashtra.  
Scrip Symbol : DELTAMAGNT

### Stock Market Price data: High /Low during each month for the financial year ended 31<sup>st</sup> March, 2016

Month	BSE Limited		National Stock Exchange of India Limited	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 2015	40.95	33.10	44.90	30.50
May 2015	42.15	28.20	42.50	29.60
June 2015	34.55	28.05	37.00	29.10
July 2015	35.40	27.35	35.65	29.15
August 2015	44.90	31.10	45.90	31.00
September 2015	34.85	29.30	35.20	29.95
October 2015	36.10	29.10	35.00	29.10
November 2015	34.50	30.00	33.00	28.65
December 2015	35.85	30.00	34.35	30.05
January 2016	32.50	30.00	32.90	29.35
February 2016	33.35	27.00	33.05	29.70
March 2016	31.50	28.00	31.35	27.55



### Share Transfer Agents

Freedom Registry Limited  
Plot No. 101 / 102, 19<sup>th</sup> Street,  
MIDC, Satpur,  
Nasik - 422 007, Maharashtra

Tel: (0253) 2354032, 2363372  
Fax: (0253) 2351126  
Email: [support@freedomregistry.in](mailto:support@freedomregistry.in)

### Share Transfer Process

Shares in physical form are processed by the Share Transfer Agent within 15 days from the date of receipt, if the documents are complete in all respects. Chairman, Managing Director and Company Secretary have been severally empowered to approve transfers. The same shall be ratified by the Stakeholders Relationship Committee.

### Distribution of Equity Shareholding according to Numbers as at 31<sup>st</sup> March, 2016

Category	No. of holders	% to total number of Shareholders	No of shares held in that slab	% to total number of shares
1 to 5000	3946	98.58	903514	13.96
5001 to 10000	29	0.72	225799	3.49
10001 to 20000	16	0.40	247146	3.82
20001 to 50000	4	0.10	123009	1.91
50001 to 100000	3	0.07	219978	3.40
100001 & above	5	0.12	4751568	73.43
<b>TOTAL</b>	<b>4003</b>	<b>100.00</b>	<b>6471014</b>	<b>100.00</b>

**Distribution of Equity Shareholding according to categories of Shareholders as at 31<sup>st</sup> March, 2016**

Sr. No.	Category of Shareholder	Number of Share holders	Number of Shares	%
(A)	Shareholding of Promoter and Promoter Group	8	4668691	72.15
(B)	Public shareholding			
1	<b>Institutions</b>			
	(a) Mutual Funds/ UTI	3	1425	0.02
	(b) Financial Institutions / Banks	4	7700	0.12
	(c) Insurance Companies	0	0	0
	(d) Foreign Institutional Investors	0	0	0
2	<b>Non-Institutions</b>			
	(a) Bodies Corporate	72	252475	3.91
	(b) Individuals			
	(i) holding nominal share capital up to ₹ 2 Lacs	3897	1274002	19.69
	(ii) holding nominal share capital in excess of ₹ 2 Lacs	6	247487	3.82
	NRIs	12	19224	0.30
	Clearing Member	1	10	0.00
	<b>Total Public Shareholding</b>	<b>3995</b>	<b>1802323</b>	<b>27.85</b>
	<b>TOTAL (A) + (B)</b>	<b>4003</b>	<b>6471014</b>	<b>100.00</b>

**Dematerialisation of shares and liquidity**

As on 31<sup>st</sup> March, 2016, 61,42,301 Equity Shares (94.92% of the total number of shares) are in demat form.

**Outstanding GDRS/ ADRS / Warrants or any Convertible Instruments**

The Company has not issued any GDR's/ADR's, Warrants or any convertible instruments during the financial year ended 31<sup>st</sup> March, 2016.

**Plant Location**

The Company has Plant on the following given address:

Delta Magnets Limited, B-87, MIDC, Ambad, Nashik, 422010.

**Investor Correspondence**

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

Name	Address	Telephone No. / Fax No.	Email id
Ms. Snehal Oak Company Secretary & Compliance Officer	Bayside Mall, 2 <sup>nd</sup> Floor, Opp. Sobo Central Mall, Tardeo Road, Haji Ali, Mumbai - 400 034 Maharashtra.	(022) 4079 4700 (022) 4079 4777	<a href="mailto:secretarial@deltamagnets.com">secretarial@ deltamagnets.com</a>



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## DECLARATION

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31<sup>st</sup> March, 2016.

**For Delta Magnets Limited**

**DR. RAM H. SHROFF**  
Managing Director  
DIN: 00004865

Date: 10<sup>th</sup> August, 2016

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## CERTIFICATE OF COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To  
The Members of  
**Delta Magnets Limited**  
B-87, MIDC, Ambad, Nashik 422010

We have examined the compliance of conditions of corporate governance by Delta Magnets Limited ('the Company') for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement executed by the Company with the BSE Limited ('BSE') and the National Stock Exchange of India Limited ('NSE') for the period from April 1, 2015 to November 30, 2015; and as prescribed in Regulations 17 to 27, 46 (2) (b) to (i) and para C, D and E of Schedule V of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR) for the period from December 1, 2015 to March 31, 2016. We state that the compliance of conditions of Corporate Governance is the responsibility of the management, and our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

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

**FOR A K JAIN & CO**  
Company Secretaries

**ASHISH KUMAR JAIN**  
Proprietor  
FCS:6058 COP: 6124

Place: Mumbai  
Date: 10<sup>th</sup> August, 2016

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## **INDEPENDENT AUDITORS' REPORT**

**To the Members of**

**DELTA MAGNETS LIMITED**

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of Delta Magnets Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Standalone 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone 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 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 accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, its loss and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- (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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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 over financial reporting of the Company and the operating effectiveness of such controls, we give our separate Report in "Annexure 2";
  - 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 financial statements – Refer Note 27(A) on Contingent Liabilities to the standalone financial statements;
    - (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Amit Desai & Co**  
Chartered Accountants

ICAI Firm Registration No. 130710W

**(Amit N. Desai)**

Partner

M.No. 032926

Mumbai: 12<sup>th</sup> May, 2016

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## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

**[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Delta Magnets Limited on the standalone financial statements for the year ended March 31, 2016]**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) During the year, the fixed assets have not been physically verified by the management. However, we are informed that the fixed assets of the Company are physically verified by the management according to phased programme designed to cover all the items once in every three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of immovable properties recorded as fixed assets in the books of account of the Company are held in the name of the Company.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. As informed, no material discrepancies were noticed on physical verification carried out during the year.
- (iii) The Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Act.
  - (a) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of the aforesaid loans granted by the Company are not prejudicial to the interest of the Company.
  - (b) The schedule of repayment of principal and payment of interest in respect of such loans has not been stipulated. These loans are repayable on demand and principal and interest thereon has been received whenever demanded by the Company. Thus, we are unable to comment on whether the repayments or receipts are regular and report amounts overdue for more than ninety days, if any, as required under paragraph 3(iii)(c) of the Order.
- (iv) Based on information and explanation given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of loans, investments, guarantees, and security.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the provisions of Sections 73 to 76 of the Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account 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.
- (vii) (a) The Company is generally not regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, value added tax, custom duty, cess and any other material statutory dues applicable to it.

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, value added tax, customs duty, cess and any other material statutory dues applicable to it, were outstanding, at the year end, 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 with respect to sales tax, service tax, value added tax, customs duty, excise duty, which have not been deposited on account of any dispute, except for the dues in relation to income tax as disclosed hereunder:

Name of the statute	Nature of the dues	Amount (₹ in '000)	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2,329.86	Assessment Years 1990-91, 1994-95 and 1995-96	Mumbai High Court
Income Tax Act, 1961	Income Tax	17.87	Assessment Year 2011-12	Rectification u/s 154 is pending before the Assessing Officer

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to its bankers. The Company did not have any outstanding dues to any financial institution, Government or debenture holders.
- (ix) According to the information and explanations given to us, the Company has not raised money by way of public issue offer and has not raised any term loans.
- (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 fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such instance by the management.
- (xi) As per the information and explanations given to us, Company has not paid/provided any managerial remuneration to any of the directors; therefore paragraph 3(xi) of the Order is not applicable to the Company.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, paragraph 3(xii) of the Order is not applicable to the Company.
- (xiii) As per the information and explanation given to us, all transactions entered into by the Company with the related parties are in compliance with Sections 177 and 188 of Act, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) As informed, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under audit. Therefore, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year.
- (xvi) Based on the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For Amit Desai & Co**  
Chartered Accountants  
ICAI Firm Registration No. 130710W

**(Amit N. Desai)**  
Partner  
M.No. 032926

Mumbai: 12<sup>th</sup> May, 2016

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## **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT**

**[Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Delta Magnets Limited on the standalone financial statements for the year ended March 31, 2016]**

### **Report on the Internal Financial Controls over Financial Reporting 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 Delta Magnets Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone 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.

#### **Auditors' 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 specified under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, 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 standalone financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

### **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 March 31, 2016, 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 ICAI.

**For Amit Desai & Co**  
Chartered Accountants  
ICAI Firm Registration No. 130710W

**(Amit N. Desai)**  
Partner  
M.No. 032926

Mumbai: 12<sup>th</sup> May, 2016

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016

(₹ in '000)

Particulars	Note No.	As At 31 <sup>st</sup> March, 2016		As At 31 <sup>st</sup> March, 2015	
<b>I. EQUITY AND LIABILITIES</b>					
<b>Shareholder's Funds</b>					
(a) Share Capital	2	64,710.14		64,710.14	
(b) Reserves & Surplus	3	1,82,316.74	2,47,026.88	1,85,713.83	2,50,423.97
<b>Non-Current Liabilities</b>					
(a) Long-Term Borrowings	4	93,600.00		93,000.00	
(b) Other Long-Term Liabilities	5	6,612.00		6,612.00	
(c) Long-Term Provisions	6	6,716.62	1,06,928.62	6,076.37	1,05,688.37
<b>Current Liabilities</b>					
(a) Short-Term Borrowings	7	34,026.68		24,300.07	
(b) Trade Payables	8	27,702.23		21,169.39	
(c) Other Current Liabilities	9	12,598.61		10,144.75	
(d) Short-Term Provisions	10	1,551.87	75,879.39	2,340.97	57,955.18
<b>TOTAL</b>			<b>4,29,834.89</b>		<b>4,14,067.52</b>
<b>II. ASSETS</b>					
<b>Non-Current Assets</b>					
(a) Fixed Assets	11				
(i) Tangible Assets		1,73,090.42		1,65,822.19	
(ii) Capital Work-in-Progress		3,892.06		4,680.68	
(iii) Intangible Assets under Development		21.00		21.00	
		1,77,003.47		1,70,523.87	
(b) Non-Current Investments	12	1,39,794.65		1,39,794.65	
(c) Deferred Tax Assets (Net)	13	4,821.00		4,821.00	
(d) Long-Term Loans & Advances	14	5,896.10	3,27,515.22	8,302.40	3,23,441.92
<b>Current Assets</b>					
(a) Inventories	15	18,661.86		19,142.94	
(b) Trade Receivables	16	56,105.91		47,772.73	
(c) Cash and Bank Balances	17	1,144.07		900.10	
(d) Short-Term Loans & Advances	18	21,710.37		16,612.21	
(e) Other Current Assets	19	4,697.46	1,02,319.67	6,197.62	90,625.60
<b>TOTAL</b>			<b>4,29,834.89</b>		<b>4,14,067.52</b>
Significant Accounting Policies & Notes to the Financial Statements	1 to 27				

As Per Our Report of Even Date

For Amit Desai & Co  
Chartered Accountants  
ICAI Firm Reg. No. 130710W

Amit N. Desai  
Partner  
Membership No. 032926

Mumbai: 12<sup>th</sup> May, 2016

For Delta Magnets Limited

Jaydev Mody  
Chairman  
DIN:00234797

Javed Tapia  
Director  
DIN:00056420

Abhilash Sunny  
CFO

Dr. Ram H. Shroff  
Managing Director  
DIN:00004865

Rajesh Jaggi  
Director  
DIN:00046853

Snehal Oak  
Company Secretary

Ambika Kothari  
Director  
DIN:01162900

Samir Chinai  
Director  
DIN:00112601

Darius Khambatta  
Director  
DIN:00520338

Vrajesh Udani  
Director  
DIN:00021311



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in '000)

Particulars	Note No.	Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
<b>INCOME:</b>			
Revenue From Operations (Gross)	20	1,89,038.44	2,03,493.00
Less: Excise Duty		(21,632.60)	(19,239.35)
Revenue From Operations (Net)		1,67,405.84	1,84,253.65
Other Income	21	6,273.14	4,099.37
<b>Total Revenue</b>		<b>1,73,678.98</b>	<b>1,88,353.02</b>
<b>EXPENSES:</b>			
Cost of Raw Materials Consumed	22	21,721.56	24,168.17
Changes In Inventories of Finished Goods & Work-in-Progress	23	(1,027.78)	1,930.51
Employee Benefits Expense	24	58,665.17	44,556.07
Finance Costs	25	3,927.49	3,823.17
Depreciation & Amortization Expense	11	4,087.53	3,601.59
Other Expenses	26	90,751.84	96,843.06
<b>Total Expenses</b>		<b>1,78,125.81</b>	<b>1,74,922.56</b>
Profit/(Loss) Before Exceptional, Extraordinary Items and Tax		(4,446.82)	13,430.46
Exceptional Items		-	-
Profit / (Loss) Before Extraordinary Items and Tax		(4,446.82)	13,430.46
Extraordinary Items		-	-
<b>Profit / (Loss) Before Tax</b>		<b>(4,446.82)</b>	<b>13,430.46</b>
Tax Expenses:			
- Current Tax		-	2,955.61
- Prior Years Tax Adjustments		(421.25)	3.63
- Deferred Tax		-	(298.85)
Total Tax Expenses		(421.25)	2,660.39
<b>Profit / (Loss) After Tax</b>		<b>(4,025.58)</b>	<b>10,770.08</b>
Prior Period Items		(628.48)	169.83
<b>Profit / (Loss) For The Year</b>		<b>(3,397.09)</b>	<b>10,600.24</b>
Earnings Per Equity Share: (Face Value of ₹ 10/- Each)			
Basic & Diluted		(0.52)	1.64
Significant Accounting Policies & Notes to the Financial Statements	1 to 27		

As Per Our Report of Even Date

For Amit Desai & Co  
Chartered Accountants  
ICAI Firm Reg. No. 130710W

Amit N. Desai  
Partner  
Membership No. 032926

Mumbai: 12<sup>th</sup> May, 2016

For Delta Magnets Limited

Jaydev Mody  
Chairman  
DIN:00234797

Javed Tapia  
Director  
DIN:00056420

Abhilash Sunny  
CFO

Dr. Ram H. Shroff  
Managing Director  
DIN:00004865

Rajesh Jaggi  
Director  
DIN:00046853

Snehal Oak  
Company Secretary

Ambika Kothari  
Director  
DIN:01162900

Samir Chinai  
Director  
DIN:00112601

Darius Khambatta  
Director  
DIN:00520338

Vrajesh Udani  
Director  
DIN:00021311

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in '000)

Sr. No.	Particulars	Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit/(Loss) Before Tax and Extraordinary Items	(4,446.82)	13,430.46
	<b>Adjustments For:</b>		
	Depreciation & Amortization Expense	4,087.53	3,601.59
	Loss/(Profit) on Sale/Discard of Fixed Assets	-	(1,051.85)
	Employee Benefits Expense	1,106.34	1,753.83
	Finance Costs	3,927.49	3,823.17
	Dividend Income	-	(19.96)
	Provision for Doubtful Debts/(Excess Written Back)	46.67	228.57
	Sundry Balance Written off/(Written Back)	(454.63)	(383.21)
	Prior Period Items	628.48	(169.83)
	Interest Income	(1,706.88)	(308.29)
	<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>3,188.17</b>	<b>20,904.49</b>
	<b>Adjustments For Working Capital:</b>		
	Trade and Other Receivables	(5,482.49)	(11,433.35)
	Inventories	481.08	1,457.65
	Trade Payables and Other Liabilities	9,118.82	11,360.22
	<b>Cash Generated From Operations</b>	<b>7,305.58</b>	<b>22,289.00</b>
	Taxes Paid (Net of Refund)	864.73	(1,978.32)
	<b>NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES (A)</b>	<b>8,170.31</b>	<b>20,310.69</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets, Capital Work in Progress	(10,567.12)	(8,322.81)
	Sale of Fixed Assets	-	1,051.85
	Dividend Income	-	19.96
	Interest Income	1,706.88	308.29
	Investments in Bank Deposits / Proceeds on Maturity	492.86	70.56
	Inter Corporate Deposit Given	(5,500.00)	(8,870.00)
	Sale of Current Investments	-	824.72
	<b>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES (B)</b>	<b>(13,867.38)</b>	<b>(14,917.44)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in '000)

Sr. No.	Particulars	Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Finance Costs	(3,892.70)	(3,823.17)
	Proceedings / (Repayment) From Long Term Borrowings	600.00	(12,875.00)
	Proceedings / (Repayment) From Short Term Borrowings	9,726.61	(1,347.47)
	Proceeds From Issuance of Equity Share Capital	-	12,886.09
	Share Issue Expenses	-	(160.50)
	<b>NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)</b>	<b>6,433.91</b>	<b>(5,320.05)</b>
	INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	736.84	73.19
	CASH AND CASH EQUIVALENTS - OPENING BALANCE	246.67	173.47
	<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>983.50</b>	<b>246.67</b>
	<b>Cash and Cash Equivalents Includes:</b>		
	- Cash on Hand	33.55	58.68
	- Foreign Currency on Hand	46.69	67.91
	- Balances with Banks in Current Accounts	903.27	120.07

### Notes:

- 1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on "Cash Flow Statement".
- 2) Previous year's figures have been regrouped or rearranged wherever necessary to conform to the current year's classification.

As Per Our Report of Even Date  
For Amit Desai & Co  
Chartered Accountants  
ICAI Firm Reg. No. 130710W  
  
Amit N. Desai  
Partner  
Membership No. 032926  
  
Mumbai: 12<sup>th</sup> May, 2016

For Delta Magnets Limited

Jaydev Mody  
Chairman  
DIN:00234797

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Managing Director  
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Company Secretary

Ambika Kothari  
Director  
DIN:01162900

Samir Chinai  
Director  
DIN:00112601

Darius Khambatta  
Director  
DIN:00520338

Vrajesh Udani  
Director  
DIN:00021311

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

### **1. SIGNIFICANT ACCOUNTING POLICIES**

#### **a) Basis of Preparation of Financial Statements**

The financial statements are prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 to the extent notified and guidelines issued by SEBI.

The financial statements are prepared on accrual basis under the historical cost convention, except for certain Fixed Assets which are carried at revalued amounts.

#### **b) Use of Estimates**

The preparation of financial statements in conformity with Indian GAAP requires judgments, estimates and assumptions to be made that affect the reported amount of assets and liabilities, disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses for the year. Difference between the actual results and estimates are recognized in the year in which the results are known/materialized. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

#### **c) Revenue Recognition**

Revenue is recognized only when significance risks and rewards incidental to ownership are transferred to the customers, it can be reliably measured and it is reasonable to expect ultimate collection.

Sales are inclusive of excise duty, but exclusive of sales tax/vat/service tax collected.

Income from services is recognized when services are provided and there is no uncertainty as to its ultimate collectability. Sales are net of returns, trade discounts, and allowances.

Interest Income is generally recognized on time proportion method. Other incomes are recognized on accrual basis.

#### **d) Fixed Assets**

##### **Tangible Assets**

Tangible Assets are stated at acquisition cost less accumulated depreciation and impairment losses if any. Cost of acquisition is inclusive of duties, taxes, freight and other directly attributable costs incurred to bring the assets to its working condition for intended use and are net of CENVAT credits as applicable. Borrowing cost directly attributable to acquisition of these fixed assets which necessarily take a substantial period of time to get ready for their intended use is capitalized.

##### **Intangible Assets**

Intangible assets are stated at acquisition cost less accumulated amortization/depletion and impairment losses if any.

##### **Capital Work - In- Progress**

Capital Work-In-Progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date. Advances given towards the acquisition of fixed assets are shown separately as capital advances under head long term loans & advances.

**e) Depreciation**

**Tangible Assets**

Depreciation is provided on a pro-rata basis on the straight-line method at the rates prescribed under Schedule II of the Companies Act, 2013 with the exception of the following:

- Tools are depreciated over 5 years based on the technical evaluation of useful life done by the management.
- Remaining life of Factory Building as on 01.04.2014 is estimated 25 years based on the technical evaluation of useful life done by the management. Leasehold assets are depreciated on a straight-line basis over the period of lease.

**f) Employee Benefits**

Liability is provided for retirement benefits for provident fund, gratuity and leave encashment in respect of all eligible employees. The Company has Gratuity Scheme with Life Insurance Corporation of India. Contributions under the defined contribution schemes are charged to revenue. The liability in respect of defined benefit schemes like gratuity and leave encashment is provided in the accounts on the basis of actuarial valuations as at the year end.

**g) Inventories**

Raw materials, stores, spares, components and consumables are stated cost or net realizable value whichever is lower. Cost includes freight, taxes and duties as applicable but excludes duties and taxes that are subsequently recoverable from tax authorities. Works-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes material cost, cost of conversion and other applicable overheads incurred in bringing them to their present location and condition. In accordance with Accounting Standard - 2 "Valuation of Inventories", provision is made for excise duty on closing stock of finished goods. Cost is determined on weighted average cost method.

**h) Investments**

Investments that are readily realizable and intended to be held but not more than a year are classified as Current Investments. All other investments are classified as Long Term Investment. Carrying amount of the individual investment is determined on the basis of the average carrying amount of the total holding of the investments. Long-term investments are stated at cost less provision for other than temporary diminution in value. Current investments are carried at lower of cost and fair value.

**i) Impairment of Assets**

An asset is treated as impaired when the carrying amount of an asset exceeds its recoverable value. An impairment loss is charged to the Statement of Profit & Loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

**j) Accounting for Taxes on Income**

Tax expenses are the aggregate of current tax and deferred tax charged or credited in the statement of profit and loss for the year.

**Current Tax**

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company.

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### **Deferred Tax**

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the year. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date.

### **k) Contingent Liabilities and Provisions**

- Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and the amount of which can be reliably estimated.
- Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or nonoccurrence of one or more uncertain future event not wholly within the control of the Company.
- Contingent assets are neither recognized nor disclosed in the financial statements.
- Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

### **l) Foreign Currency Transactions**

- Foreign exchange transactions are recorded at the closing rate prevailing on the dates of the respective transaction. Exchange difference arising on foreign exchange transactions settled during the year is recognized in the statement of profit and loss.
- Monetary assets and liabilities denominated in foreign currencies are converted at the closing rate as on Balance Sheet date. The resultant exchange difference is recognized in the statement of profit and loss.
- Exchange rate differences arising on a monetary item that, in substance, forms part of the company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the company's financial statements until the disposal of the net investment.
- Non-monetary assets and liabilities denominated in foreign currencies are carried at the exchange rate prevalent on the date of the transaction.

### **m) Borrowing Costs**

Borrowing costs that are directly attributable to and incurred on acquiring qualifying assets (assets that necessarily takes a substantial period of time for its intended use) are capitalized. Other borrowing costs are recognized as expenses in the period in which same are incurred.

### **n) Miscellaneous Expenditure**

Preliminary expenditures are fully charged off in the year in which they are incurred.

(₹ in '000)

Particulars	As At 31 <sup>st</sup> March, 2016		As At 31 <sup>st</sup> March, 2015	
	No. of Shares	(₹ in '000)	No. of Shares	(₹ in '000)
<b>2. SHARE CAPITAL</b>				
<b>Authorised:</b>				
Equity Shares of ₹ 10/- Each	10,000,000	100,000.00	10,000,000	100,000.00
<b>TOTAL</b>	10,000,000	100,000.00	10,000,000	100,000.00
<b>Issued, Subscribed And Fully Paid-Up:</b>				
Equity Shares of ₹ 10/- Each	64,71,014	64,710.14	64,71,014	64,710.14
<b>TOTAL</b>	64,71,014	64,710.14	64,71,014	64,710.14

**a. Reconciliation of the Equity Shares at the Beginning and at the End of the Reporting Period:**

Particulars	As At 31 <sup>st</sup> March, 2016		As At 31 <sup>st</sup> March, 2015	
	No. of Shares	(₹ in '000)	No. of Shares	(₹ in '000)
At the Beginning of the Year	64,71,014	64,710.14	60,73,663	60,736.63
Issued During the Year	-	-	3,97,351	3,973.51
Bought Back During the Year	-	-	-	-
Outstanding at the End of the Year	64,71,014	64,710.14	64,71,014	64,710.14

**b. Terms/Rights attached to Equity Shares:**

The Company has only one class of Equity Shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per Share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.

**c. Details of Equity Shareholders Holding More Than 5 % Shares in the Company:**

Particulars	As At 31 <sup>st</sup> March, 2016		As At 31 <sup>st</sup> March, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Aryanish Finance and Investments Private Limited *	10,06,570	15.56	9,96,250	15.40
Bayside Property Developers Private Limited *	10,07,751	15.57	10,06,979	15.56
Delta Real Estate Consultancy Private Limited *	10,15,977	15.70	10,06,396	15.55
SSI Trading Private Limited	16,15,153	24.96	16,15,153	24.96

**Note:**

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

(₹ in '000)

Particulars	As At 31 <sup>st</sup> March 2016	As At 31 <sup>st</sup> March 2015
<b>3. RESERVES AND SURPLUS</b>		
<b>Capital Reserve:</b>		
Opening Balance	3,504.25	3,504.25
(+) / (-) : During the Year	-	-
Closing Balance	3,504.25	3,504.25
<b>Securities Premium Reserve:</b>		
Opening Balance	1,07,025.24	98,273.15
(+) : Securities Premium Credited on Share Issue	-	8,912.58
(-) : Premium Utilised for Share Issue Expenses	-	(160.50)
Closing Balance	1,07,025.24	1,07,025.24
<b>Revaluation Reserve:</b>		
Opening Balance	1,28,768.59	1,29,344.22
(+) / (-) : Transferred to Surplus in Statement of Profit & Loss	(575.63)	(575.63)
Closing Balance	1,28,192.96	1,28,768.59
<b>Surplus / (Deficit) in Statement of Profit &amp; Loss:</b>		
Opening Balance	(53,584.25)	(64,720.18)
(+) / (-) : Net Profit / (Net Loss) During the Year	(3,397.09)	10,600.24
(+) / (-) : Depreciation Effect as per Schedule II of the Companies Act, 2013 (Refer Note 11 (B))	-	(39.94)
(+) / (-) : Transferred from Revaluation Reserve	575.63	575.63
Closing Balance	(56,405.71)	(53,584.25)
<b>TOTAL</b>	<b>1,82,316.74</b>	<b>1,85,713.83</b>
<b>4. LONG-TERM BORROWINGS</b>		
<b>Unsecured Borrowings:</b>		
From Others		
- Loans from Related Parties (Interest-Free and Repayable after One Year)	93,600.00	93,000.00
<b>TOTAL</b>	<b>93,600.00</b>	<b>93,000.00</b>



(₹ in '000)

Particulars	As At 31 <sup>st</sup> March 2016	As At 31 <sup>st</sup> March 2015
<b>5 OTHER LONG-TERM LIABILITIES</b>		
Security Deposits	6,612.00	6,612.00
<b>TOTAL</b>	<b>6,612.00</b>	<b>6,612.00</b>
<b>6. LONG-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits:</b>		
- Gratuity (Funded)	5,225.56	4,586.53
- Leave Encashment (Unfunded)	1,491.06	1,489.84
<b>TOTAL</b>	<b>6,716.62</b>	<b>6,076.37</b>
<b>7. SHORT-TERM BORROWINGS</b>		
<b>Secured Borrowing:</b>		
From a Bank - Cash Credit	34,026.68	24,300.07
(Repayable on demand & carries floating interest @14.15% p.a. payable at monthly rests. Further it is secured against first hypothecation charge on the entire current assets and movable fixed assets of the Company, both present and future and also secured by way of equitable mortgage of land & building owned by the Company.)		
<b>TOTAL</b>	<b>34,026.68</b>	<b>24,300.07</b>
<b>8. TRADE PAYABLES</b>		
Micro, Small and Medium Enterprises	-	2,396.00
Others	27,702.23	18,773.39
<b>TOTAL</b>	<b>27,702.23</b>	<b>21,169.39</b>

Details of dues to Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006:

The Company has sent letters to suppliers and vendors to confirm whether they are covered under Micro, Small and Medium Enterprises Development Act, 2006 as well as whether they have file required memorandum with the prescribed authorities. Out of the letters sent to the parties, some confirmations have been received till the date of finalization of Balance Sheet. Based on the confirmations received the details of outstanding are as under:

(₹ in '000)

Particulars	As At 31 <sup>st</sup> March 2016	As At 31 <sup>st</sup> March 2015
The principal amount remaining unpaid at the end of the year.	-	2,396.00
The interest amount remaining unpaid at the end of the year.	-	62.02
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	62.02
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006.	-	62.02
<b>9. OTHER CURRENT LIABILITIES</b>		
Duties & Taxes	2,287.68	1,470.59
Interest Accrued and Due	34.79	-
Advance Received from Customers	3,077.09	4,070.09
Payable to Employees	6,700.60	3,900.87
Other Payables	62.02	62.02
Payable Against Capital Assets	436.44	641.19
<b>TOTAL</b>	<b>12,598.61</b>	<b>10,144.75</b>
<b>10. SHORT TERM PROVISIONS</b>		
<b>Provision for Employee Benefits:</b>		
- Gratuity (Funded)	1,405.57	1,223.68
- Leave Encashment (Unfunded)	146.30	149.83
Provision For Income Tax (Net of Advance Taxes)	-	967.47
<b>TOTAL</b>	<b>1,551.87</b>	<b>2,340.97</b>

## 11. FIXED ASSETS (₹ in '000)

Tangible Assets	Leasehold Land	Building	Plant & Machineries	Furniture & Fixtures	Equipments	Vehicles	Computers	Total
<b>GROSS BLOCK</b>								
As at 1 <sup>st</sup> April, 2014	1,14,558.00	44,257.60	2,82,687.75	3,911.27	11,777.99	616.88	1,055.68	4,58,865.17
Additions	-	6,421.35	2,520.84	24.40	49.33	-	210.14	9,226.07
Disposals	-	-	7,611.71	-	3,322.78	-	-	10,934.48
As at 31 <sup>st</sup> March, 2015	1,14,558.00	50,678.95	2,77,596.89	3,935.67	8,504.55	616.88	1,265.82	4,57,156.76
Additions	-	-	10,341.59	62.12	744.60	-	186.43	11,334.74
Disposals	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	21.00	21.00
As at 31 <sup>st</sup> March, 2016	1,14,558.00	50,678.95	2,87,938.47	3,997.79	9,249.15	616.88	1,473.24	4,68,512.49
<b>ACCUMULATED DEPRECIATION</b>								
As at 1 <sup>st</sup> April, 2014	170.85	20,046.66	2,66,434.53	3,683.46	7,191.31	560.82	539.87	2,98,627.52
Charge for the Year	2.52	968.39	1,972.94	41.51	417.87	8.57	189.79	3,601.59
Adjusted with Surplus in Statement of Profit & Loss	-	-	-	15.76	7.54	16.64	-	39.94
On Disposals	-	-	7,611.71	-	3,322.78	-	-	10,934.48
As at 31 <sup>st</sup> March, 2015	173.37	21,015.05	2,60,795.77	3,740.73	4,293.94	586.04	729.66	2,91,334.56
Charge for the Year	5.47	1,070.35	2,321.99	35.33	404.77	-	249.62	4,087.53
Adjusted with Surplus in Statement of Profit & Loss	-	-	-	-	-	-	-	-
On Disposals	-	-	-	-	-	-	-	-
As at 31 <sup>st</sup> March, 2016	178.84	22,085.39	2,63,117.76	3,776.05	4,698.72	586.04	979.28	2,95,422.08
<b>NET BLOCK</b>								
As at 31 <sup>st</sup> March, 2015	1,14,384.63	29,663.91	16,801.12	194.94	4,210.61	30.84	536.16	1,65,822.19
As at 31 <sup>st</sup> March, 2016	1,14,379.16	28,593.56	24,820.71	221.74	4,550.43	30.84	493.97	1,73,090.42

### Note:

- (a) The Company has revalued its Land and Factory Building as on March 31, 2009 at the fair values determined by an independent external Valuer.
- (b) Depreciation of ₹ Nil [P.Y. ₹ 39.94 ('000)] on account of assets, whose useful life is already exhausted on April 1, 2014 has been adjusted against Surplus in Statement of Profit & Loss pursuant to adoption of estimated useful life of fixed assets as stipulated by Schedule II of Companies Act, 2013.

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**Capital Work-in-Progress**

(₹ in '000)

<b>Particulars</b>	<b>Opening</b>	<b>Additions</b>	<b>Deductions</b>	<b>Total</b>
As at 31 <sup>st</sup> March, 2015	5,583.94	12,577.56	(13,480.81)	4,680.68
As at 31 <sup>st</sup> March, 2016	4,680.68	10,144.87	(10,933.49)	3,892.06

**Intangible Assets Under Development**

(₹ in '000)

<b>Particulars</b>	<b>Opening</b>	<b>Additions</b>	<b>Deductions</b>	<b>Total</b>
As at 31 <sup>st</sup> March, 2015	21.00	-	-	21.00
As at 31 <sup>st</sup> March, 2016	21.00	-	-	21.00

(₹ in '000)

Particulars	As At 31 <sup>st</sup> March 2016	As At 31 <sup>st</sup> March 2015
<b>12. NON-CURRENT INVESTMENTS</b>		
Trade Investments (At Cost)		
<b>Investments in Subsidiary Companies:</b>		
Unquoted Fully Paid-up Equity Shares of :		
MMG India Private Limited	76,810.89	76,810.89
(1,38,65,870 Equity Shares of ₹ 10 each )		
MagDev Limited (Foreign Company)	62,983.76	62,983.76
(762,500 Equity Shares of £ 1/- each )		
(2,500 Deferred Shares of £ 1/- each )		
<b>TOTAL</b>	<b>1,39,794.65</b>	<b>1,39,794.65</b>

Particulars	As At 31 <sup>st</sup> March 2016		As At 31 <sup>st</sup> March 2015	
	Book Value	Market Value	Book Value	Market Value
Aggregate Amount of Quoted Investments	-	-	-	-
Aggregate Amount of Unquoted Investments	1,39,794.65	N.A.	1,39,794.65	N.A.

### 13. DEFERRED TAX

In accordance with Accounting Standard 22 "Accounting for Taxes on Income", the Company has accounted for Deferred Tax during the year.

The Components of Deferred Tax Assets to the extent recognized and Deferred Tax Liabilities as on 31st March, 2016 are as follows:

Particulars	As At 31 <sup>st</sup> March 2016	As At 31 <sup>st</sup> March 2015
<b>NET DEFERRED TAX LIABILITIES/ (ASSETS)</b>		
<b>Deferred Tax Liability arising on account of:</b>		
Difference between Book and Tax Depreciation	-	-
<b>TOTAL (A)</b>	-	-
<b>Deferred Tax Asset arising on account of:</b>		
Business Loss & Expenses Disallowed under the Income Tax Act, 1961	4,821.00	4,821.00
<b>TOTAL (B)</b>	4,821.00	4,821.00
<b>Net Deferred Tax Liabilities/(Assets)</b>	<b>(A) - (B)</b>	<b>(4,821.00)</b>

(₹ in '000)

Particulars	As At 31 <sup>st</sup> March 2016	As At 31 <sup>st</sup> March 2015
<b>14. LONG-TERM LOANS &amp; ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)</b>		
<b>Security Deposits:</b>		
- With Public Bodies	5,431.47	5,431.47
- With Others	11.20	11.20
Capital Advances	453.43	2,859.73
<b>TOTAL</b>	<b>5,896.10</b>	<b>8,302.40</b>
<b>15. INVENTORIES</b> (At the lower of cost and net realisable value)		
Raw Materials	1,832.18	3,541.93
Work-in-Progress	7,812.07	8,048.50
Finished Goods	4,335.60	3,071.38
Stores, Spares and Consumables etc.	3,822.48	4,000.55
Loose Tools	859.53	480.58
<b>TOTAL</b>	<b>18,661.86</b>	<b>19,142.94</b>
<b>16. TRADE RECEIVABLES (UNSECURED, UNLESS OTHERWISE STATED)</b>		
<b>Trade Receivables Outstanding for a period exceeding six months from the date they were due for payment:</b>		
Considered Good	6,740.09	272.56
Considered Doubtful	851.04	835.52
<b>Other Trade Receivables:</b>		
Considered Good	49,365.81	47,500.17
Considered Doubtful	-	-
Less: Provision for Doubtful Debts	(851.04)	(835.52)
<b>TOTAL</b>	<b>56,105.91</b>	<b>47,772.73</b>

**Provision for Doubtful Debts:**

The Company periodically evaluate all customers dues, the need for provision is amended based on various factors including collectability of specific dues, risk, perceptions of the industry in which customer operate, general economy factors.

(₹ in '000)

Particulars	As At 31 <sup>st</sup> March 2016	As At 31 <sup>st</sup> March 2015
<b>17. CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents:</b>		
Balances with Banks in Current Accounts	903.27	120.07
Cash on Hand	33.55	58.68
Foreign Currency on Hand	46.69	67.91
<b>Other Bank Balances:</b>		
Bank Deposits (Fixed Deposits with maturity more than 3 months but less than 12 months)	160.57	653.43
<b>TOTAL</b>	1,144.07	900.10
<b>18. SHORT TERM LOANS &amp; ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)</b>		
<b>Deposits:</b>		
- With Others	207.35	215.81
Balance With Statutory / Government Authorities	2,389.05	1,260.96
Advance Income Tax (Net of Provision for Taxes)	2,736.13	4,147.08
Prepaid Expenses	559.43	851.90
Advance to Creditors	892.95	837.56
Advances to Employees	555.46	428.90
Inter Corporate Deposit	14,370.00	8,870.00
<b>TOTAL</b>	21,710.37	16,612.21
<b>19. OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)</b>		
Accrued Interest Receivable	1,315.24	277.63
Other Receivables	3,382.22	5,919.99
<b>TOTAL</b>	4,697.46	6,197.62

(₹ in '000)

Particulars	Year Ended 31 <sup>st</sup> March 2016	Year Ended 31 <sup>st</sup> March 2015
<b>20. REVENUE FROM OPERATIONS (GROSS)</b>		
Sale of Products	1,86,922.03	1,94,609.61
Sale of Services	-	5,400.00
Other Operating Revenues	2,116.41	3,483.39
<b>TOTAL</b>	<b>1,89,038.44</b>	<b>2,03,493.00</b>
<b>21. OTHER INCOME</b>		
Interest Income	1,706.88	308.29
Net Gain on Sale of Fixed Assets	-	1,051.85
Dividend Income from Mutual Fund	-	19.96
Excess Provision Written Back	454.63	383.21
Lease Rent Income	3,915.00	1,740.00
Other Non-Operating Income	196.63	596.08
<b>TOTAL</b>	<b>6,273.14</b>	<b>4,099.37</b>
<b>22. COST OF MATERIALS CONSUMED</b>		
Opening Stocks	3,541.93	2,730.00
Add: Purchases	20,011.81	24,980.09
	23,553.74	27,710.09
Less: Closing Stocks	(1,832.18)	(3,541.93)
<b>TOTAL</b>	<b>21,721.56</b>	<b>24,168.17</b>
<b>23. CHANGE IN STOCK OF FINISHED GOODS &amp; WORK-IN-PROGRESS</b>		
<b>Stocks At the End:</b>		
Finished Goods	4,335.60	3,071.38
Work-in-Progress	7,812.07	8,048.50
	<b>(A)</b> 12,147.66	11,119.88
<b>Stocks At the Beginning:</b>		
Finished Goods	3,071.38	8,001.82
Work-in-Progress	8,048.50	5,048.58
	<b>(B)</b> 11,119.88	13,050.40
<b>TOTAL</b>	<b>(B) - (A)</b> (1,027.78)	1,930.51



(₹ in '000)

Particulars	Year Ended 31 <sup>st</sup> March 2016	Year Ended 31 <sup>st</sup> March 2015
<b>24. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	54,109.89	39,845.36
Contribution to Provident and Other Funds	2,740.82	2,350.08
Contribution to Gratuity Fund and Leave Encashment	1,106.34	1,753.83
Staff Welfare Expenses	708.12	606.80
<b>TOTAL</b>	<b>58,665.17</b>	<b>44,556.07</b>
<b>25. FINANCE COSTS</b>		
Interest Expenses	3,872.35	3,442.40
Other Borrowing Costs	55.14	380.77
<b>TOTAL</b>	<b>3,927.49</b>	<b>3,823.17</b>
<b>26. OTHER EXPENSES</b>		
Consumption of Stores, Spares, Consumables, Packing Materials etc.	25,749.40	24,860.23
Power and Fuel	46,860.29	51,165.82
Rates, Taxes and Water Charges	388.66	804.48
<b>Repairs and Maintenance:</b>		
- Plant & Machinery	1,368.28	2,960.72
- Building	541.02	101.68
- Others	110.82	121.89
Excise Duty Variation on Opening / Closing Stock	140.47	(405.96)
Insurance Charges	231.56	222.84
Travelling & Conveyance Expenses	2,109.48	2,484.73
Freight Charges	3,800.91	4,415.72
Provision for Doubtful Debts	46.67	228.57
Job Work Chagres	1,453.21	-
Exchange Rate Fluctuation Loss	159.24	105.61
Rent Paid	1,033.32	955.02
Discount to Customers	88.24	1,586.32
Legal & Professional Fees	2,705.59	3,816.00
Miscellaneous Expenses	3,894.84	3,177.32
<b>Payments to the Auditors:</b>		
- As Audit Fees	60.70	150.00
- For Taxation Matters	-	70.00
- For Other Services	7.60	20.47
- For Reimbursement of Expenses	1.55	1.60
	<b>69.85</b>	<b>242.07</b>
<b>TOTAL</b>	<b>90,751.84</b>	<b>96,843.06</b>

## 27. NOTES TO THE FINANCIAL STATEMENTS:

### A. Contingent Liabilities:

(Excluding interest and penalty on the respective amount if any arrived upon the final outcome)

- i. Disputed (net) demands for Income Tax pending with various Appellate authorities ₹ 2,329.86 ('000) ((Previous year ₹ 2,329.86 ('000)).
- ii. Sales Tax Liability (on account of pending 'C' forms) ₹ 5,552.40 ('000) (Previous year ₹ 4,256.23 ('000))
- iii. TDS Liability (on account various discrepancies) ₹ 610.25 ('000) (Previous year ₹ 597.55 ('000))
- iv. Corporate Guarantee given for credit facilities taken by subsidiary company ₹ 190,800.00 ('000) (Previous year ₹ 180,100.00 ('000))

### B. Capital Commitments:

Estimated amounts of Capital Commitments - ₹ 6,992.19 ('000) ((Previous year ₹ 7,476.89 ('000)).

- C. Various Debit and Credit balances are subject to confirmations/reconciliation and consequent adjustments, if any. The Company is of the view that reconciliation(s), if any, arising out of final settlement of accounts with these parties is not likely to have any material impact on the accounts. The Current Assets, Loan & Advances are stated in the Balance Sheet at the amounts which are at least realizable in ordinary course of business.

### D. Expenditure in Foreign Currency:

(₹ '000)

Particulars	2015-16	2014-15
Traveling & Other Expenses	153.35	958.26

The Foreign currency exposures that are not hedged by a derivative instrument or otherwise as at year end are given below:

Particulars	2015-16		2014-15	
	Foreign Currency	₹ in '000	Foreign Currency	₹ in '000
<b>Trade Payables</b>				
- Hedged by derivative or otherwise	-	-	-	-
- Not Hedged (USD)	8,896	590.06	-	-
- Not Hedged (EURO)	14,640	1,099.40	-	-
<b>Advance to Suppliers</b>				
- Hedged by derivative or otherwise	-	-	-	-
- Not Hedged (USD)	-	-	56,036	3,507.31
<b>Advance from Customers</b>				
- Hedged by derivative or otherwise	-	-	-	-
- Not Hedged (EURO)	6,905	518.53	6,905	466.16
<b>Contingent Liability (Corporate Guarantee)</b>				
- Hedged by derivative or otherwise	-	-	-	-
- Not Hedged (USD)	10,55,084	69,986.75	9,39,289	58,790.84
<b>TOTAL</b>		72,194.75		62,764.30

**E. CIF Value of Imports:**

(₹ '000)

Particulars	2015-16	2014-15
Raw Materials	8,420.23	10,579.68
Capital Goods	1,413.71	4,340.01
Stores, Spares and Components etc.	600.25	1,163.38

**F. Consumption of Raw Materials:**

(₹ '000)

Particulars	2015-16	2014-15
Special Ferric Oxide	10,877.03	11,467.27
Strontium Carbonate	9,639.77	11,677.67
Others	1,204.76	1,023.23
<b>TOTAL</b>	<b>21,721.56</b>	<b>24,168.17</b>

**G. Value of imported and indigenous Raw Material, Stores and Spares etc. consumed:**

(Figures in bracket pertain to previous year) (₹ '000)

Particulars	Imported		Indigenous		Total	
	Amount	%	Amount	%	Amount	%
Raw Material	9,639.77	44.38	12,081.79	55.62	21,721.56	100.00
	(11,677.67)	(48.32)	(12,490.49)	(51.68)	(24,168.17)	(100.00)
Stores, Spares and Components etc.	600.25	2.33	25,149.15	97.67	25,749.40	100.00
	(1,292.77)	(5.20)	(23,567.45)	(94.80)	(24,860.23)	(100.00)

**H. Details of Turnover and Inventory during the year:**

(Figures in bracket pertain to previous year) (₹ '000)

Finished Goods	Sales Value (Gross)	Closing Inventory	Opening Inventory
Hard Ferrite	1,86,922.03	4,335.60	3,071.38
	(1,94,609.61)	(3,071.38)	(8,001.82)

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<b>Work-in-Progress</b>	<b>Closing Inventory</b>	<b>Opening Inventory</b>
Hard Ferrite	7,812.07	8,048.50
	(8,048.50)	(5,048.58)

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**I. Related Party Disclosures :**

Related parties and transactions with them during the year as identified by the management are given below:

**(a) List of Related Parties:**

**(i) Subsidiaries:**

- MMG India Private Limited (MMG - I)
- MagDev Limited (MagDev UK)

**(ii) Key Management Personnels (KMPs) :**

- Dr. Ram H. Shroff - Executive Vice Chairman & Managing Director
- Mr. Abhilash Sunny (AS) - CFO (From 31<sup>st</sup>, January 2015)

**(iii) Individual or their relatives owning directly or indirectly interest in the voting power that gives them significant Influence or control:**

- Mr. Jaydev Mody (JM) - Chairman
- Mrs. Zia Mody (ZM) - Wife of Chairman
- Ms. Anjali Mody (AM) - Daughter of Chairman
- Mrs. Urvi Piramal (UP) - Sister of Chairman
- Dr. Ram H. Shroff - Executive Vice Chairman & Managing Director

**(iv) Enterprises over which Key Management Personnel/Individual or their Relatives mentioned in (ii) or (iii) above exercise Significant Influence or control:**

- AZB and Partners (AZB)
- Freedom Registry Limited (FRL)
- Aarti Managements Private Limited (AAMPL)
- Aditi Managements Private Limited (ADMPL)
- Anjoss Trading Company Private Limited (ATCPL)
- SSI Trading Private Limited (SSI)
- AAA Holding Trust (AAAHT)
- Skarma Consultancy Private Limited (SK)

(b) Details of Transactions carried out with related parties in (excluding reimbursement):

(₹ in '000)

Particulars	Subsidiaries		KMPs/ Individual/ Their Relatives Exercise Significant Influence or Control		Enterprises Over which KMPs/ Individual/Their Relatives Exercise Significant Influence or Control		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Remuneration Paid</b>								
A S	-	-	3,159.93	1,166.66	-	-	3,159.93	1,166.66
<b>Sub Total</b>	-	-	3,159.93	1,166.66	-	-	3,159.93	1,166.66
<b>Director Sitting Fees</b>								
J M	-	-	8.00	4.20	-	-	8.00	4.20
U P	-	-	-	4.00	-	-	-	4.00
<b>Sub Total</b>	-	-	8.00	8.20	-	-	8.00	8.20
<b>Sale of Services</b>								
M M G – I	-	5,400.00	-	-	-	-	-	5,400.00
<b>Sub Total</b>	-	5,400.00	-	-	-	-	-	5,400.00
<b>Job Work Purchase</b>								
M M G – I	1,453.21	-	-	-	-	-	1,453.21	-
<b>Sub Total</b>	1,453.21	-	-	-	-	-	1,453.21	-
<b>Rent Paid</b>								
A A A H T	-	-	-	-	576.00	576.00	576.00	576.00
<b>Sub Total</b>	-	-	-	-	576.00	576.00	576.00	576.00
<b>Rent Received</b>								
M M G – I	3,915.00	1,740.00	-	-	-	-	3,915.00	1,740.00
<b>Sub Total</b>	3,915.00	1,740.00	-	-	-	-	3,915.00	1,740.00
<b>Purchase of Goods</b>								
M M G – I	-	30.00	-	-	-	-	-	30.00
<b>Sub Total</b>	-	30.00	-	-	-	-	-	30.00
<b>ICD Given</b>								
M M G – I	5,500.00	8,870.00	-	-	-	-	5,500.00	8,870.00
<b>Sub Total</b>	5,500.00	8,870.00	-	-	-	-	5,500.00	8,870.00
<b>Interest Received on ICD Given</b>								
M M G – I	1,173.43	17.15	-	-	-	-	1,173.43	17.15
<b>Sub Total</b>	1,173.43	17.15	-	-	-	-	1,173.43	17.15

(₹ in '000)

Particulars	Subsidiaries		KMPs/ Individual/ Their Relatives Exercise Significant Influence or Control		Enterprises Over which KMPs/ Individual/Their Relatives Exercise Significant Influence or Control		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Deposit Received</b>								
M M G – I	-	6,612.00	-	-	-	-	-	6,612.00
<b>Sub Total</b>	-	6,612.00	-	-	-	-	-	6,612.00
<b>Issue of Equity Shares with Security Premium</b>								
S S I	-	-	-	-	-	12,886.09	-	12,886.09
<b>Sub Total</b>	-	-	-	-	-	12,886.09	-	12,886.09
<b>Professional Fees Paid</b>								
A Z B	-	-	-	-	70.06	-	70.06	-
F R L	-	-	-	-	35.70	52.08	35.70	52.08
S K	-	-	-	-	36.00	36.00	36.00	36.00
<b>Sub Total</b>	-	-	-	-	141.76	88.08	141.76	88.08
<b>Loan Taken</b>								
A A M P L	-	-	-	-	600.00	-	600.00	-
<b>Sub Total</b>	-	-	-	-	600.00	-	600.00	-
<b>Repayment of Loan Taken</b>								
A A M P L	-	-	-	-	-	12,875.00	-	12,875.00
<b>Sub Total</b>	-	-	-	-	-	12,875.00	-	12,875.00
<b>Corporate Guarantee/ Security Given</b>								
M M G – I	10,700.00	1,80,100.00	-	-	-	-	10,700.00	1,80,100.00
<b>Sub Total</b>	10,700.00	1,80,100.00	-	-	-	-	10,700.00	1,80,100.00
<b>Sale of Fixed Assets</b>								
M M G – I	-	17.19	-	-	-	-	-	17.19
<b>Sub Total</b>	-	17.19	-	-	-	-	-	17.19
<b>Outstanding as at 31<sup>st</sup> March</b>								
<b>Trade Receivables</b>								
M M G – I	5,967.82	1,776.75	-	-	-	-	5,967.82	1,776.75
<b>Sub Total</b>	5,967.82	1,776.75	-	-	-	-	5,967.82	1,776.75
<b>Other Receivables</b>								
M M G – I	3,382.22	5,919.99	-	-	-	-	3,382.22	5,919.99
<b>Sub Total</b>	3,382.22	5,919.99	-	-	-	-	3,382.22	5,919.99

(₹ in '000)

Particulars	Subsidiaries		KMPs/ Individual/ Their Relatives Exercise Significant Influence or Control		Enterprises Over which KMPs/ Individual/Their Relatives Exercise Significant Influence or Control		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Loan Payable</b>								
A A M P L	-	-	-	-	7,600.00	7,000.00	7,600.00	7,000.00
A D M P L	-	-	-	-	43,000.00	43,000.00	43,000.00	43,000.00
A T C P L	-	-	-	-	43,000.00	43,000.00	43,000.00	43,000.00
<b>Sub Total</b>	-	-	-	-	93,600.00	93,000.00	93,600.00	93,000.00
<b>Trade Payables</b>								
F R L	-	-	-	-	18.98	23.89	18.98	23.89
A A A H T	-	-	-	-	1,754.38	1,163.96	1,754.38	1,163.96
<b>Sub Total</b>	-	-	-	-	1,773.36	1,187.85	1,773.36	1,187.85
<b>ICD Given</b>								
M M G – I	14,370.00	8,870.00	-	-	-	-	14,370.00	8,870.00
<b>Sub Total</b>	14,370.00	8,870.00	-	-	-	-	14,370.00	8,870.00
<b>Interest Receivable</b>								
M M G – I	1,071.53	15.44	-	-	-	-	1,071.53	15.44
<b>Sub Total</b>	1,071.53	15.44	-	-	-	-	1,071.53	15.44
<b>Corporate Guarantee/ Security Given</b>								
M M G – I	1,90,800.00	1,80,100.00	-	-	-	-	1,90,800.00	1,80,100.00
<b>Sub Total</b>	1,90,800.00	1,80,100.00	-	-	-	-	1,90,800.00	1,80,100.00
<b>Deposit</b>								
M M G – I	6,612.00	6,612.00	-	-	-	-	6,612.00	6,612.00
<b>Sub Total</b>	6,612.00	6,612.00	-	-	-	-	6,612.00	6,612.00

## J. Employee Benefits

Disclosure required under Accounting Standard - 15 (Revised 2005) for “Employee Benefits” are as under:

- The Company has recognized the expected liability arising out of the compensated absence and gratuity as at 31<sup>st</sup> March, 2016 based on actuarial valuation carried out using the Projected Unit Credit Method.

ii) The below disclosure have been obtained from independent actuary. The other disclosures are made in accordance with AS - 15 (Revised) pertaining to the Defined Benefit Plan is as given below:

(₹ in '000)

Sr. No.	Particulars	Gratuity		Leave Encashment	
		(Funded)		(Unfunded)	
		2015-16	2014-15	2015-16	2014-15
<b>1</b>	<b>Assumptions :</b>				
	Discount Rate	7.80%	7.92%	7.80%	7.92%
	Salary Escalation	10.00%	10.00%	10.00%	10.00%
<b>2</b>	<b>Changes in Present Value of Obligations:</b>				
	Present value of obligations as at beginning of year	12,829.15	11,068.71	1,639.67	1,245.11
	Interest Cost	1,016.07	1,003.93	129.86	112.93
	Current Service Cost	686.49	622.33	442.55	361.91
	Benefit Paid	(350.00)	-	(287.72)	(136.04)
	Actuarial (Gain) / Loss on obligations	(324.48)	134.17	(287.00)	55.76
	Present value of obligations as at end of year	13,857.23	12,829.15	1,637.36	1,639.67
<b>3</b>	<b>Change in the Fair Value of Plan Assets:</b>				
	Fair Value of Plan Assets at the beginning of the year	7,018.94	5,967.50	-	-
	Expected Return on Plan Assets	555.90	519.17	-	-
	Contributions by the Employer	-	514.23	-	-
	Benefit Paid	(350.00)	-	-	-
	Actuarial Gains/(Losses) on Plan Assets	1.25	18.04	-	-
	Fair Value of Plan Assets at the End of the Period	7,226.09	7,018.94	-	-
<b>4</b>	<b>Actual Return on Plan Assets:</b>				
	Expected Return on Plan Assets	555.90	519.17	-	-
	Actuarial Gains/(Losses) on Plan Assets - Due to Experience	1.25	18.04	-	-
	Actual Return on Plan Assets	557.15	537.21	-	-
<b>5</b>	<b>Amount Recognized in the Balance Sheet:</b>				
	Liability at the end of the year	(13,857.23)	(12,829.15)	(1,637.36)	(1,639.67)
	Fair value of Plant Assets at the end of the year	7,226.09	7,018.94	-	-
	Difference	(6,631.13)	(5,810.21)	(1,637.36)	(1,639.67)
	Amount recognized in the Balance Sheet	(6,631.13)	(5,810.21)	(1,637.36)	(1,639.67)



Sr. No.	Particulars	Gratuity		Leave Encashment	
		(Funded)		(Unfunded)	
		2015-16	2014-15	2015-16	2014-15
<b>6</b>	<b>Expenses Recognized in the Statement of Profit and Loss:</b>				
	Current Service Cost	686.49	622.33	442.55	361.91
	Interest Cost	460.17	484.76	129.86	112.93
	Expected return on Plan assets	-	-	-	-
	Actuarial (Gain) or Loss	(325.73)	116.14	(287.00)	55.76
	Expenses recognized in the Statement of Profit and Loss	820.93	1,223.23	285.41	530.60
<b>7</b>	<b>Balance Sheet Reconciliation :</b>				
	Opening Net Liability	5,810.20	5,101.21	1,639.67	1,245.10
	Expenses as above	820.93	1,223.23	285.41	530.60
	Employer's Contribution	-	(514.23)	-	(136.04)
	Benefit Paid	-	-	(287.72)	-
	Closing Net Liability	6,631.13	5,810.20	1,637.35	1,639.67

iii. Under Defined Contribution Plan:

(₹ in '000)

Particular	2015-16	2014-15
Contribution to Provident Fund	1,986.09	1,660.50
Contribution to ESIC	622.31	546.45

**K. Earnings Per Share (Basic and Diluted):**

(₹ in '000, unless specified)

Particular	2015-16	2014-15
Net Profit / (Loss) after tax for the year	(3,397.09)	10,600.24
Weighted Average Number of Equity Shares	64,71,014	64,69,925
Basic & Diluted - Earnings Per Share (₹)	(0.52)	1.64
Nominal Value Per Equity Share (₹)	10.00	10.00

**L. Disclosure Under Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

Amount of Loans and Advances in the nature of Loans outstanding to Subsidiaries /Step down Subsidiaries and other companies.

i) Loans and Advances in the Nature of Loans:

(₹ in '000)

Name of the Company	Closing Balance		Maximum Balance Outstanding during the Year	
	2015-16	2014-15	2015-16	2014-15
<b>Subsidiary Companies:</b>				
MMG India Private Limited (MMG - I)	14,370.00	8,870.00	14,370.00	8,870.00

ii) Investment by the Loanee in the Shares of the Company:

None of the loanees and loanees of subsidiary companies has, per se, made investments in Shares of the Company.

**M.** The Company is engaged in the business of Magnets which is being the only business of the Company and hence disclosure of segment-wise information is not applicable under Accounting Standard 17 - 'Segmental Reporting'.

**N. Operating Lease Income & Expense**

(i) The Company has operating lease income as follows:

(₹ in '000)

Particular	2015-16	2014-15
Lease Rent Recognized during the Year	3,915.00	1,740.00
<b>TOTAL</b>	<b>3,915.00</b>	<b>1,740.00</b>

(ii) The Company has operating lease expenses as follows:

(₹ in '000)

Particular	2015-16	2014-15
Lease Rent Paid during the Year	1,033.32	955.00
<b>TOTAL</b>	<b>1,033.32</b>	<b>955.00</b>

**O.** The previous year's figures have been reworked, regrouped, rearranged, recasted and reclassified wherever necessary to conform to the current year's classifications.

For Delta Magnets Limited

Jaydev Mody  
Chairman  
DIN:00234797

Dr. Ram H. Shroff  
Managing Director  
DIN:00004865

Ambika Kothari  
Director  
DIN:01162900

Darius Khambatta  
Director  
DIN:00520338

Javed Tapia  
Director  
DIN:00056420

Rajesh Jaggi  
Director  
DIN:00046853

Samir Chinai  
Director  
DIN:00112601

Vrajesh Udani  
Director  
DIN:00021311

Mumbai: 12<sup>th</sup> May, 2016

Abhilash Sunny  
CFO

Snehal Oak  
Company Secretary

## INDEPENDENT AUDITORS' REPORT

**To the Members of**

**DELTA MAGNETS LIMITED**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Delta Magnets Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated 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 financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in sub-paragraph (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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 March 31, 2016, their consolidated loss and their consolidated cash flows for the year ended on that date.

### **Emphasis of Matter**

- (a) We draw attention to Note No. 26 (J) to the Consolidated Financial Statements with regard to MAT Credit Entitlement of ₹ 2,868 ('000), which is based on the judgment of the management.
- (b) We draw Attention to Note No. 26 (K) to the Consolidated Financial Statements, with regards to one of the subsidiary company becoming potentially sick under the Sick Industrial Companies (Special Provisions) Act, 1985, as on 31<sup>st</sup> March, 2016.

Our opinion is not qualified in respect of these matters.

### **Other Matter**

- (a) The audited consolidated financial results include financial results of one subsidiary which reflects total assets of ₹ 3,09,479.47 ('000) as at March 31, 2016, total revenues of ₹1,53,857.78 ('000) and net cash flows amounting to ₹ 516.60 ('000) for the year then ended.
- (b) We did not audit the standalone financial statement/financial information of one foreign subsidiary, whose financial statements reflects total assets of ₹ 2,27,865.50 ('000) as at March 31, 2016, total revenues of ₹ 2,46,844.24 ('000) and net cash flows amounting to ₹ 531.50 ('000) for the year then ended, as considered in the Statement. These financial statements have been audited/reviewed by the other auditors whose reports have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of this subsidiary is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements and our report on the 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**

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company 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 and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;

- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2016 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 over financial reporting of the Group, and the operating effectiveness of such controls, we give our separate Report in the “Annexure”;
- 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 26 (A) to the consolidated financial statements;
  - (ii) The Group did not have any material foreseeable losses on long term contracts including derivative contracts;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

**For Amit Desai & Co**  
Chartered Accountants  
ICAI Firm Registration No.130710W

**(Amit N. Desai)**  
Proprietor  
M.No. 032926

Mumbai: 12<sup>th</sup> May, 2016

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## **ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

**[Referred to under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Delta Magnets Limited on the consolidated financial statements for the year ended year ended March 31, 2016]**

### **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 financial statements of the Company as of and for the year ended March 31, 2016, We have audited the internal financial controls over financial reporting of the Group, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the of the Group which are companies incorporated in India, are 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **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 specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, 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 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 control 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 control 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 Group which are companies 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 March 31, 2016, 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 ICAI.

**For Amit Desai & Co**

Chartered Accountants

ICAI Firm Registration No.130710W

**(Amit N. Desai)**

Proprietor

M.No. 032926

Mumbai: 12<sup>th</sup> May, 2016

## CONSOLIDATED BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2016

(₹ in '000)

Particulars	Note No.	As At 31 <sup>st</sup> March, 2016		As At 31 <sup>st</sup> March, 2015	
<b>I. EQUITY AND LIABILITIES</b>					
<b>Shareholder's Funds</b>					
(a) Share Capital	2	64,710.14		64,710.14	
(b) Reserves & Surplus	3	2,08,308.28	2,73,018.42	2,74,940.89	3,39,651.03
<b>Non-Current Liabilities</b>					
(a) Long-Term Borrowings	4	2,12,616.69		1,81,250.75	
(b) Long-Term Provisions	5	9,879.61	2,22,496.30	16,445.02	1,97,695.77
<b>Current Liabilities</b>					
(a) Short-Term Borrowings	6	1,52,159.23		98,001.91	
(b) Trade Payables	7	89,746.47		61,446.02	
(c) Other Current Liabilities	8	45,108.62		61,145.42	
(d) Short-Term Provisions	9	2,817.85	2,89,832.16	4,558.05	2,25,151.40
<b>TOTAL</b>			<b>7,85,346.88</b>		<b>7,62,498.20</b>
<b>II. ASSETS</b>					
<b>Non-Current Assets</b>					
(a) Fixed Assets					
(i) Tangible Assets	10	4,05,250.91		3,62,449.64	
(ii) Intangible Assets		304.99		427.08	
(iii) Capital Work-in-Progress		5,649.83		42,201.86	
(iv) Intangible Assets under Development		21.00		21.00	
			4,11,226.73		4,05,099.58
(b) Goodwill on Consolidation		17,452.41		17,452.41	
(c) Deferred Tax Assets (Net)	11	10,060.39		22,839.10	
(d) Long-Term Loans & Advances	12	11,560.63	4,50,300.16	13,879.76	4,59,270.84
<b>Current Assets</b>					
(a) Inventories	13	1,02,460.07		96,420.49	
(b) Trade Receivables	14	1,52,208.40		1,21,063.07	
(c) Cash & Bank Balances	15	53,282.97		50,551.78	
(d) Short-Term Loans & Advances	16	26,354.76		34,061.78	
(e) Other Current Assets	17	740.50	3,35,046.71	1,130.25	3,03,227.36
<b>TOTAL</b>			<b>7,85,346.88</b>		<b>7,62,498.20</b>
Significant Accounting Policies & Notes to the Financial Statements	1 to 26				

As Per Our Report of Even Date

For Amit Desai & Co  
Chartered Accountants  
ICAI Firm Reg. No. 130710W

Amit N. Desai  
Partner  
Membership No. 032926

Mumbai: 12<sup>th</sup> May, 2016

For Delta Magnets Limited

Jaydev Mody  
Chairman  
DIN:00234797

Javed Tapia  
Director  
DIN:00056420

Abhilash Sunny  
CFO

Dr. Ram H. Shroff  
Managing Director  
DIN:00004865

Rajesh Jaggi  
Director  
DIN:00046853

Snehal Oak  
Company Secretary

Ambika Kothari  
Director  
DIN:01162900

Samir Chinai  
Director  
DIN:00112601

Darius Khambatta  
Director  
DIN:00520338

Vrajesh Udani  
Director  
DIN:00021311



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in '000)

Particulars	Note No.	Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
<b>INCOME:</b>			
Revenue From Operations (Gross)	18	5,84,343.64	5,87,313.87
Less: Excise Duty		(31,434.61)	(23,953.55)
Revenue From Operations (Net)		5,52,909.03	5,63,360.32
Other Income	19	4,691.03	4,939.36
<b>Total Revenue</b>		<b>5,57,600.07</b>	<b>5,68,299.69</b>
<b>EXPENSES:</b>			
Cost of Raw Materials Consumed	20	63,268.08	60,432.12
Purchase of Stock-in-Trade	21	1,40,066.77	1,25,131.58
Changes In Inventories of Finished Goods, Work-in-Progress & Stock-in-Trade	22	(8,664.74)	(2,709.62)
Employee Benefit Expense	23	1,57,697.46	1,57,671.51
Finance Costs	24	28,180.46	9,069.21
Depreciation & Amortization Expense	10	15,442.36	7,837.11
Other Expenses	25	1,88,433.06	1,93,614.12
<b>Total Expenses</b>		<b>5,84,423.44</b>	<b>5,51,046.03</b>
Profit/(Loss) Before Exceptional, Extraordinary Items and Tax		(26,823.38)	17,253.65
Exceptional Items		27,384.75	-
Profit/(Loss) Before Extraordinary Items and Tax		(54,208.12)	17,253.65
Extraordinary Items		-	-
Profit/(Loss) Before Tax		(54,208.12)	17,253.65
Tax Expenses:			
- Current Tax		431.47	2,955.61
- Prior Years Tax Adjustments		(421.25)	3.63
- Deferred Tax		12,877.11	36.01
Total Tax Expenses		12,887.34	2,995.24
<b>Profit/(Loss) After Tax</b>		<b>(67,095.46)</b>	<b>14,258.41</b>
Prior Period Items		1,078.16	1,999.54
<b>Profit/(Loss) For The Year</b>		<b>(68,173.62)</b>	<b>12,258.87</b>
Earnings Per Equity Share: (Face Value of ₹ 10/- Each)			
Basic & Diluted		(10.54)	1.89
Significant Accounting Policies & Notes to the Financial Statements	1 to 26		

As Per Our Report of Even Date

For Amit Desai & Co  
Chartered Accountants  
ICAI Firm Reg. No. 130710W

Amit N. Desai  
Partner  
Membership No. 032926

Mumbai: 12<sup>th</sup> May, 2016

For Delta Magnets Limited

Jaydev Mody  
Chairman  
DIN:00234797

Javed Tapia  
Director  
DIN:00056420

Abhilash Sunny  
CFO

Dr. Ram H. Shroff  
Managing Director  
DIN:00004865

Rajesh Jaggi  
Director  
DIN:00046853

Snehal Oak  
Company Secretary

Ambika Kothari  
Director  
DIN:01162900

Samir Chinai  
Director  
DIN:00112601

Darius Khambatta  
Director  
DIN:00520338

Vrajesh Udani  
Director  
DIN:00021311

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in '000)

Sr. No.	Particulars	Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit/(Loss) Before Tax and Extraordinary Items	(54,208.12)	17,253.65
	<b>Adjustments for:</b>		
	Depreciation & Amortization Expense	15,442.36	7,837.11
	Loss/ (Profit) on Sale of Fixed Asset	-	(1,051.85)
	Employee Benefits	4,601.49	3,794.97
	Finance Costs	28,180.46	9,069.21
	Exchange Rate Difference	1,442.60	5,561.43
	Provision for Doubtful Debts/(Excess Written Back)	554.66	379.34
	Sundry Balance Written off/(Written Back)	(942.59)	(648.79)
	Prior Period Items	(1,078.16)	(1,999.54)
	Dividend Income	-	(19.96)
	Interest Income	(2,008.29)	(1,287.16)
	<b>Operating Profit/(Loss) Before Working Capital Changes</b>	<b>(8,015.60)</b>	<b>38,888.40</b>
	<b>Adjustments For Working Capital:</b>		
	Trade and Other Receivables	(22,269.12)	(14,262.57)
	Inventories	(6,039.59)	(4,845.99)
	Trade Payables and Other Liabilities	(4,616.17)	28,645.34
	<b>Cash Generated From Operations</b>	<b>(40,940.49)</b>	<b>48,425.18</b>
	Taxes Paid (Net of Refund)	7.33	(2,378.04)
	<b>NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES (A)</b>	<b>(40,933.16)</b>	<b>46,047.15</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of Fixed Assets & Capital Work in Progress	(21,569.52)	(1,53,701.11)
	Investments in Bank Deposits / Proceeds on Maturity	(946.26)	(12,964.44)
	Sale of Current Investments	-	824.72
	Sale of Fixed Assets	-	1,051.85
	Dividend Income	-	19.96
	Interest Income	2,008.29	1,287.16
	<b>NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES (B)</b>	<b>(20,507.48)</b>	<b>(1,63,481.86)</b>

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

(₹ in '000)

Sr. No.	Particulars	Year Ended 31 <sup>st</sup> March, 2016	Year Ended 31 <sup>st</sup> March, 2015
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Finance Costs	(28,180.46)	(9,069.21)
	Proceeds from Issuance of Equity Share Capital	-	12,886.09
	Share Issue Expenses	-	(160.50)
	Proceedings / (Repayment) From Long Term Borrowings	37,248.72	52,095.99
	Proceedings / (Repayment) From Short Term Borrowings	54,157.32	70,097.14
	<b>NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES (C)</b>	<b>63,225.58</b>	<b>1,25,849.52</b>
	INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)	1,784.94	8,414.80
	CASH AND CASH EQUIVALENTS - OPENING BALANCE	36,863.34	28,448.54
	<b>CASH AND CASH EQUIVALENTS - CLOSING BALANCE</b>	<b>38,648.28</b>	<b>36,863.34</b>
	<b>Cash and Cash Equivalent includes:</b>		
	- Cash on Hand	241.77	198.16
	- Balances with Banks in Current Accounts	37,873.61	36,665.19
	- Deposits (Fixed Deposits with maturity less than 3 months)	532.91	-

**Notes:**

- 1) The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on "Cash Flow Statement".
- 2) Previous year's figures have been regrouped or rearranged wherever necessary conform to the current year's classification.

As Per Our Report of Even Date  
For Amit Desai & Co  
Chartered Accountants  
ICAI Firm Reg. No. 130710W

Amit N. Desai  
Partner  
Membership No. 032926

Mumbai: 12<sup>th</sup> May, 2016

For Delta Magnets Limited

Jaydev Mody  
Chairman  
DIN:00234797

Javed Tapia  
Director  
DIN:00056420

Abhilash Sunny  
CFO

Dr. Ram H. Shroff  
Managing Director  
DIN:00004865

Rajesh Jaggi  
Director  
DIN:00046853

Snehal Oak  
Company Secretary

Ambika Kothari  
Director  
DIN:01162900

Samir Chinai  
Director  
DIN:00112601

Darius Khambatta  
Director  
DIN:00520338

Vrajesh Udani  
Director  
DIN:00021311

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2016

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of Preparation of Financial Statements

The financial statements are prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the accounting standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 to the extent notified and guidelines issued by SEBI.

The financial statements are prepared on accrual basis under the historical cost convention, except for certain Fixed Assets which are carried at revalued amounts.

#### b) Principles of Consolidation

The Consolidated Financial Statements related to Delta Magnets Limited ('the Company') and its subsidiary companies have been prepared on following basis:

- i) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements".
- ii) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the foreign currency translation reserve.
- iii) The difference between the costs of the investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- iv) The difference between the proceeds from disposal of investment in a subsidiary and the carrying amount of its assets less liabilities as on the date of the disposal is recognized in the consolidated statement of profit and loss.
- v) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

#### c) Revenue Recognition

- i) Revenue is recognized only when significance risks and rewards incidental to ownership are transferred to the customers, it can be reliably measured and it is reasonable to expect ultimate collection. Sales are inclusive of excise duty, but exclusive of sales tax/vat/service tax collected.

Income from services is recognized when services are provided and there is no uncertainty as to its ultimate collectability.

Sales are net of returns, trade discounts, and allowances. Sales exclude excise duty and sales tax.

- ii) Interest Income is generally recognized on time proportion method.
- iii) Claims for price variation/exchange rate variation in case of contracts are accounted for on acceptance.
- iv) Other incomes are recognized on accrual basis.

**d) Fixed Assets**

**Tangible Assets**

Tangible assets are stated at acquisition cost less accumulated depreciation and impairment losses if any. Cost of acquisition is inclusive of duties, taxes, freight and other directly attributable costs incurred to bring the assets to its working condition for intended use and are net of CENVAT credits as applicable. Borrowing cost directly attributable to acquisition of these fixed assets which necessarily take a substantial period of time to get ready for their intended use is capitalized.

**Intangible Assets**

Intangible assets are stated at acquisition cost less accumulated depreciation and impairment losses if any.

**Capital Work-In-Progress**

Capital Work-In-Progress comprises the cost of fixed assets that are not yet ready for their intended use at the reporting date. Advances given towards the acquisition of fixed assets are shown separately as capital advances under head long term loans & advances.

**e) Depreciation**

**Tangible Assets**

Depreciation is provided on a pro-rata basis on the straight-line method at the rates prescribed under Schedule II of the Companies Act, 2013 with the exception of the following:

- Tools are depreciated over 5 years based on the technical evaluation of useful life done by the management.
- Remaining life of one factory building as on 01.04.2015 is estimated 25 years based on the technical evaluation of useful life done by the management.

**Intangible Assets**

Intangible Assets are being amortized in accordance with Accounting Standard (AS) -26 "Intangible Assets".

**f) Inventories**

Raw materials, stores, spares, components and consumables are stated cost or net realizable value whichever is lower. Cost includes freight, taxes and duties as applicable but excludes duties and taxes that are subsequently recoverable from tax authorities. Works-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes material cost, cost of conversion and other applicable overheads incurred in bringing them to their present location and condition. In accordance with Accounting Standard - 2 "Valuation of Inventories", provision is made for excise duty on closing stock of finished goods. Cost is determined on weighted average cost method. Stock-in-Trade is valued at lower of cost or net realizable value on FIFO basis after making due allowance for obsolete & slow moving stock.

**g) Employee Benefits**

Liability is provided for retirement benefits for provident fund, gratuity and leave encashment in respect of all eligible employees. Contributions under the defined contribution schemes are charged to revenue. The liability in respect of defined benefit schemes like gratuity and leave encashment is provided in the accounts on the basis of actuarial valuations as at the year end. Company's contribution to 'defined contribution pension scheme' is charged to statement of profit and loss.

**h) Foreign Currency Transactions**

- i) Foreign exchange transactions are recorded at the closing rate prevailing on the dates of the respective transaction. Exchange difference arising on foreign exchange transactions settled during the year is recognized in the statement of profit and loss.
- ii) Monetary assets and liabilities denominated in foreign currencies are converted at the closing rate as on balance sheet date. The resultant exchange difference is recognized in the statement of profit & loss.
- iii) Exchange rate differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve in the Company's financial statements until the disposal of the net investment.

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iv) Non monetary assets and liabilities denominated in foreign currencies are carried at the exchange rate prevalent on the date of the transaction.

**i) Borrowing Costs**

Borrowing costs that are directly attributable to and incurred on acquiring qualifying assets (assets that necessarily takes a substantial period of time for its intended use) are capitalized. Other borrowing costs are recognized as expenses in the year in which same are incurred.

**j) Accounting for Taxes on Income**

Tax expenses are the aggregate of current tax and deferred tax charged or credited in the statement of profit and loss for the year.

**Current Tax**

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company.

**Deferred Tax**

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the year. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognize using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date.

**Minimum Alternate Tax (MAT)**

In case the Company is liable to pay income tax under provision of Minimum Alternate Tax u/s. 115JB of Income Tax Act, 1961, the amount of tax paid in excess of normal income tax liability is recognized as an asset only if there is convincing evidence for realization of such asset during the specified period. MAT Credit Entitlement is recognized in accordance with the Guidance Note on accounting treatment in respect of Minimum Alternate Tax (MAT) issued by The Institute of Chartered Accountants of India.

**k) Impairment of Assets**

The Company evaluates all its assets for assessing any impairment and accordingly recognizes the impairment, wherever applicable, as provided in Accounting Standard 28, "Impairment of Assets".

**l) Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources and the amount of which can be reliably estimated.

Contingent Liabilities are not recognized but are disclosed in the Notes. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future event not wholly within the control of the Company.

Contingent assets are neither recognized nor disclosed in the financial statements.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

**m) Operating Leases**

Rental applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against statement of profit and loss as per the terms of lease agreement over the period of lease.

**n) Miscellaneous Expenditure**

Preliminary expenditures are fully charged off in the year in which they are incurred.

(₹ in '000)

Particulars	As At 31 <sup>st</sup> March 2016		As At 31 <sup>st</sup> March 2015	
	No. of Shares	(₹ in '000)	No. of Shares	(₹ in '000)
<b>2. SHARE CAPITAL</b>				
<b>Authorised:</b>				
Equity Shares of ₹ 10/- Each	1,00,00,000	1,00,000.00	1,00,00,000	1,00,000.00
<b>TOTAL</b>	<b>1,00,00,000</b>	<b>1,00,000.00</b>	<b>1,00,00,000</b>	<b>1,00,000.00</b>
<b>Issued, Subscribed And Fully Paid-Up:</b>				
Equity Shares of ₹ 10/- Each	64,71,014	64,710.14	64,71,014	64,710.14
<b>TOTAL</b>	<b>64,71,014</b>	<b>64,710.14</b>	<b>64,71,014</b>	<b>64,710.14</b>

**a. Reconciliation of the Equity Shares at the Beginning and at the End of the Reporting Period:**

Particulars	As At 31 <sup>st</sup> March, 2016		As At 31 <sup>st</sup> March, 2015	
	No. of Shares	(₹ in '000)	No. of Shares	(₹ in '000)
At the Beginning of the Year	64,71,014	64,710.14	60,73,663	60,736.63
Issued During the Year	-	-	3,97,351	3,973.51
Bought Back During the Year	-	-	-	-
Outstanding at the End of the Year	64,71,014	64,710.14	64,71,014	64,710.14

**b. Terms/Rights Attached to Equity Shares:**

The Company has only one class of Equity Shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per Share. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**c. Details of Shareholders Holding More Than 5 % Shares in the Company:**

Particulars	As At 31 <sup>st</sup> March, 2016		As At 31 <sup>st</sup> March, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Aryanish Finance and Investments Private Limited *	10,06,570	15.56	9,96,250	15.40
Bayside Property Developers Private Limited *	10,07,751	15.57	10,06,979	15.56
Delta Real Estate Consultancy Private Limited *	10,15,977	15.70	10,06,396	15.55
SSI Trading Private Limited	16,15,153	24.96	16,15,153	24.96

Note:- \*Aryanish Finance and Investments Private Ltd, Bayside Property Developers Private Ltd and Delta Real Estate Consultancy Private Ltd are holding Equity Shares in the capacity of trustees for Aarti J Mody Trust, Aditi J Mody Trust and Anjali J. Mody Trust, respectively.

(₹ in '000)

Particulars	As At 31 <sup>st</sup> March 2016	As At 31 <sup>st</sup> March 2015
<b>3. RESERVES AND SURPLUS</b>		
<b>Capital Reserves:</b>		
Opening Balance	3,504.25	3,504.25
(+) / (-) : During the Year	-	-
Closing Balance	3,504.25	3,504.25
<b>Securities Premium Reserve:</b>		
Opening Balance	1,07,025.24	98,273.15
(+) : Securities Premium Credited on Share Issue	-	8,912.58
(-) : Premium Utilised for Share Issue Expenses	-	(160.50)
Closing Balance	1,07,025.24	1,07,025.24
<b>Revaluation Reserve:</b>		
Opening Balance	1,28,768.59	1,29,344.22
(+) / (-) : Transferred to Surplus in Statement of Profit & Loss	(575.63)	(575.63)
Closing Balance	1,28,192.96	1,28,768.59
<b>Foreign Currency Translation Reserve:</b>		
Opening Balance	(2,473.52)	(7,448.24)
(+) / (-) : During the Year	1,541.01	4,974.73
Closing Balance	(932.51)	(2,473.52)
<b>Surplus / (Deficit) in Statement of Profit &amp; Loss:</b>		
Opening Balance	38,116.33	25,369.65
(+) / (-) : Net Profit / (Net Loss) During the Year	(68,173.62)	12,258.87
(+) / (-) : Depreciation Effect as per Schedule II of the Companies Act, 2013 [Refer Note 10 (b)]	-	(87.82)
(+) / (-) : Transferred from Revaluation Reserve	575.63	575.63
Closing Balance	(29,481.66)	38,116.33
<b>TOTAL</b>	<b>2,08,308.28</b>	<b>2,74,940.89</b>



(₹ in '000)

Particulars	As At 31 <sup>st</sup> March 2016	As At 31 <sup>st</sup> March 2015
<b>4. LONG TERM BORROWINGS</b>		
<b>Secured Borrowings:</b>		
- From Bank 1	44,825.92	23,760.11
(Term Loan of £540K @ Interest 3.8% over base rate, Repayment terms are 23 quarterly installments of £12,279.45 which covers loan and interest, last installment is due on March 2021. Security offered First Charge on Entire Building in Swindon, United Kingdom)		
- From Bank 2	73,501.05	63,600.24
[Outstanding balance as at Balance sheet date carry interest @ 14.15% p.a. (Floating) is repayable in 72 months (including moratorium period of 12 months) as per ballooning repayment schedule at monthly rests. Installment started from July, 2015. For details of securities refer note 4 (a)]		
- From Financial Institutions	689.72	890.40
(Outstanding Balance as at Balance sheet date carry floating interest @10.25% p.a., repayable in 60 months at monthly rests. Further, it is secured against hypothecation of Motor Vehicle)		
<b>Unsecured Borrowings:</b>		
From Others		
- Loans from Related Parties (Interest-Free and Repayable after One Year)	93,600.00	93,000.00
<b>TOTAL</b>	<b>2,12,616.69</b>	<b>1,81,250.75</b>

**Note:**

(a) The said borrowings are secured by way of registered mortgage of immovable property situated at Chennai and exclusive charge by way of hypothecation on entire movable fixed assets & current assets of the respective subsidiary company, present and future. Further, extension of equitable mortgage of immovable property owned by the Company situated at Nashik. Also corporate guarantee is given by the Company.

<b>5. LONG TERM PROVISIONS</b>		
<b>Provision for Employee Benefits:</b>		
Gratuity (Funded)	6,955.82	13,538.93
Leave Encashment (Unfunded)	2,923.79	2,906.09
<b>TOTAL</b>	<b>9,879.61</b>	<b>16,445.02</b>

(₹ in '000)

Particulars	As At 31 <sup>st</sup> March 2016	As At 31 <sup>st</sup> March 2015
<b>6. SHORT TERM BORROWINGS</b>		
<b>Secured Borrowing:</b>		
Bank 1 - Cash Credit (Repayable on demand & carry interest @14.15% p.a.(Floating) payable at monthly rests. Further it is secured against first hypothecation charge on the entire current assets and movable fixed assets of the Company, both present and future and also secured by way of equitable mortgage of land & building owned by the Company.)	34,026.68	24,300.07
Bank 2 - Cash Credit [Repayable on demand and carry interest @ 14.15% p.a. (Floating). For details of securities refer note 4 (a)]	16,945.79	14,911.01
Buyer's Credit Facility (Various buyer credits are repayable within one year from the date of credit facility and carries interest @ LIBOR + variable BPS. For details of securities refer note 4 (a)]	69,986.75	58,790.84
<b>Unsecured Borrowings:</b>		
From Others		
- Loans from Related Parties	31,200.00	-
	<b>1,52,159.23</b>	<b>98,001.91</b>
<b>7. TRADE PAYABLES</b>		
Micro, Small and Medium Enterprises	-	6,486.65
Others	89,746.47	54,959.37
<b>TOTAL</b>	<b>89,746.47</b>	<b>61,446.02</b>

Details of dues to Micro and Small Enterprises as defined under the MSMED Act, 2006:

During the year as a process, the Company has sent letters to suppliers and vendors of the Company to confirm whether they are covered under Micro, Small and Medium Enterprises Development Act, 2006 as well as they have file required memorandum with the prescribed authorities. Out of the letters sent to the parties, some confirmations have been received till the date of finalization of Balance Sheet. Based on the confirmations received the details of outstanding are as under:

(₹ in '000)

Particulars	As At 31 <sup>st</sup> March 2016	As At 31 <sup>st</sup> March 2015
The principal amount remaining unpaid at the end of the year.	-	6,486.65
The interest amount remaining unpaid at the end of the year.	-	110.78
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	110.78
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act 2006.	-	110.78
<b>8. OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Borrowings	13,786.32	9,925.75
Interest Accrued & Due on Borrowings	1,698.55	15.44
Interest Accrued But Not Due on Borrowings	1,344.57	1,005.48
Duties & Taxes	11,463.51	13,423.35
Advance Received from Customers	3,606.38	14,154.84
Payable Against Capital Assets	436.44	14,046.56
Payable to Employees	9,026.39	6,881.17
Book Overdraft	84.39	-
Other Current Liabilities	3,662.06	1,692.83
<b>TOTAL</b>	<b>45,108.62</b>	<b>61,145.42</b>
<b>9. SHORT TERM PROVISIONS</b>		
<b>Provision for Employee Benefits:</b>		
- Gratuity (Funded)	2,394.75	2,794.03
- Leave Encashment (Unfunded)	423.10	796.55
Provision For Income Tax (Net of Advance Taxes)	-	967.47
<b>TOTAL</b>	<b>2,817.85</b>	<b>4,558.05</b>

## 10. FIXED ASSETS

(₹ in '000)

Tangible Assets	Freehold Lands	Buildings	Leasehold Land	Plant & Machineries	Furniture & Fixtures	Equipments	Vehicles	Computers	Total
<b>GROSS BLOCK</b>									
As at 1 <sup>st</sup> April, 2014	37,032.83	1,07,024.63	1,14,558.00	5,59,120.94	10,983.92	11,777.99	1,229.07	10,899.14	8,52,626.51
Additions	-	6,421.35	-	1,04,173.10	796.22	234.91	1,625.30	4,008.43	1,17,259.30
Disposal	-	-	-	7,611.71	-	3,322.78	-	-	10,934.48
As at 31 <sup>st</sup> March, 2015	37,032.83	1,13,445.98	1,14,558.00	6,55,682.33	11,780.13	8,690.12	2,854.37	14,907.56	9,58,951.33
Additions	-	-	-	55,190.68	364.24	1,316.03	-	1,228.07	58,099.03
Disposal	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	1.49	-	-	-	21.00	22.49
As at 31 <sup>st</sup> March, 2016	37,032.83	1,13,445.98	1,14,558.00	7,10,874.50	12,144.37	10,006.14	2,854.37	16,156.64	10,17,072.85
<b>ACCUMULATED DEPRECIATION</b>									
As at 1 <sup>st</sup> April, 2014	-	34,487.57	170.86	5,36,471.68	9,845.94	7,191.31	1,173.02	10,277.04	5,99,617.41
Charge for the year	-	2,562.46	2.52	3,869.16	227.88	421.99	56.07	590.85	7,730.94
Adjusted with Surplus in Statement of Profit & Loss	-	-	-	-	63.64	7.54	16.64	-	87.82
Disposal for the year	-	-	-	7,611.71	-	3,322.78	-	-	10,934.48
As at 31 <sup>st</sup> March, 2015	-	37,050.03	173.37	5,32,729.13	10,137.46	4,298.07	1,245.73	10,867.89	5,96,501.69
Charge for the year	-	2,664.42	5.47	10,164.77	259.24	422.87	193.00	1,610.50	15,320.26
Adjusted with Surplus in Statement of Profit & Loss	-	-	-	-	-	-	-	-	-
Disposal for the year	-	-	-	-	-	-	-	-	-
As at 31 <sup>st</sup> March, 2016	-	39,714.45	178.84	5,42,893.90	10,396.70	4,720.94	1,438.74	12,478.39	6,11,821.95
<b>NET BLOCK</b>									
As at 31 <sup>st</sup> March, 2015	37,032.83	76,395.95	1,14,384.63	1,22,953.19	1,642.67	4,392.05	1,608.64	4,039.67	3,62,449.64
As at 31 <sup>st</sup> March, 2016	37,032.83	73,731.53	1,14,379.16	1,67,980.60	1,747.67	5,285.21	1,415.63	3,678.25	4,05,250.91

(₹ in '000)

Intangible Assets	Computer Software	Total
<b>GROSS BLOCK</b>		
As at 1 <sup>st</sup> April, 2014	1,481.32	1,481.32
Additions (transfer from computers)	97.57	97.57
Disposal	-	-
As at 31 <sup>st</sup> March, 2015	1,578.89	1,578.89
Additions	-	-
Disposal	-	-
As at 31 <sup>st</sup> March, 2016	1,578.89	1,578.89
<b>ACCUMULATED DEPRECIATION</b>		
As at 1 <sup>st</sup> April, 2014	1,045.64	1,045.64
Charge for the year	106.17	106.17
Disposal for the year	-	-
As at 31 <sup>st</sup> March, 2015	1,151.81	1,151.81
Charge for the year	122.09	122.09
Disposal for the year	-	-
As at 31 <sup>st</sup> March, 2016	1,273.90	1,273.90
<b>NET BLOCK</b>		
As at 31 <sup>st</sup> March, 2015	427.08	427.08
As at 31 <sup>st</sup> March, 2016	304.99	304.99

#### Capital Work-in-Progress

Particulars	Opening	Additions	Deductions	Total
As at 31 <sup>st</sup> March, 2015	5,857.62	1,42,984.13	(1,06,639.89)	42,201.86
As at 31 <sup>st</sup> March, 2016	42,201.86	12,005.65	(48,557.66)	5,649.83

#### Intangible Assets Under Development

Particulars	Opening	Additions	Deductions	Total
As at 31 <sup>st</sup> March, 2015	21.00	-	-	21.00
As at 31 <sup>st</sup> March, 2016	21.00	-	-	21.00

#### Note:

- (a) The Company has revalued its Land and Factory Building as on March 31<sup>st</sup>, 2009 at the fair values determined by an independent external Valuer.
- (b) Depreciation of ₹ Nil [P.Y. ₹ 87.82 ('000)] on account of assets, whose useful life is already exhausted on April 1<sup>st</sup>, 2014 has been adjusted against Surplus in Statement of Profit & Loss pursuant to adoption of estimated useful life of fixed assets as stipulated by Schedule II of Companies Act, 2013.

## 11. DEFERRED TAX

In accordance with Accounting Standard 22 "Accounting for Taxes on Income", the Company has accounted for Deferred Tax during the year.

The components of Deferred Tax Assets to the extent recognized and Deferred Tax Liabilities as on 31<sup>st</sup> March, 2016 are as follows:

(₹ in '000)

Particulars	As At 31 <sup>st</sup> March 2016	As At 31 <sup>st</sup> March 2015
<b>NET DEFERRED TAX LIABILITIES / (ASSETS)</b>		
<b>Deferred Tax Liability arising on account of:</b>		
Difference between Book and Tax Depreciation	14,876.85	4,804.22
<b>TOTAL (A)</b>	14,876.85	4,804.22
<b>Deferred Tax Asset arising on account of:</b>		
Business Loss & Expenses Disallowed under the Income Tax Act, 1961	22,799.94	22,799.94
Others	2,137.30	4,843.38
<b>TOTAL (B)</b>	24,937.24	27,643.32
<b>Net Deferred Tax Liabilities / (Assets)</b>	<b>(A) - (B)</b>	<b>(10,060.39)</b>
		<b>(22,839.10)</b>
<b>12. LONG-TERM LOANS &amp; ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)</b>		
Capital Advances	453.43	2,859.73
<b>Security Deposits:</b>		
- With Public bodies	8,228.00	8,140.83
- With Others	11.20	11.20
MAT Credit Entitlement	2,868.00	2,868.00
<b>TOTAL</b>	11,560.63	13,879.76
<b>13. INVENTORIES</b>		
(At the lower of cost and net realisable value)		
Raw Materials	9,850.84	11,725.81
Work-in-Progress	12,798.70	16,306.07
Finished Goods	29,803.14	28,874.82
Stock-in-Trade (In respect of Goods Acquired for Trading)	43,618.50	32,374.71
Stores and Spares, Consumables and Loose Tools etc.	6,388.90	7,139.09
<b>TOTAL</b>	1,02,460.07	96,420.49

(₹ in '000)

Particulars	As At 31 <sup>st</sup> March 2016	As At 31 <sup>st</sup> March 2015
<b>14. TRADE RECEIVABLES (UNSECURED, UNLESS OTHERWISE STATED)</b>		
<b>Trade Receivables Outstanding for a period exceeding six months from the date they were due for payment:</b>		
Considered Good	9,382.21	2,560.75
Considered Doubtful	2,243.54	1,964.78
<b>Other Trade Receivables:</b>		
Considered Good	1,42,826.20	1,18,502.32
Considered Doubtful	-	-
Less: Provision for Doubtful Debts	(2,243.54)	(1,964.78)
<b>TOTAL</b>	<b>1,52,208.40</b>	<b>1,21,063.07</b>

**Provision for Doubtful Debts:**

The Group periodically evaluates all customer dues. The need for provision is amended based on various factors including collectability of specific dues, risk, perceptions of the industry in which customer operates and general economy factors.

<b>15. CASH AND BANK BALANCES</b>		
<b>Cash and Cash Equivalents :</b>		
Balances with Banks	37,873.61	36,665.19
Cash on Hand	241.77	198.16
Deposits (Fixed Deposits with maturity less than 3 months)	532.91	-
<b>Other Bank Balances:</b>		
Deposits (Fixed Deposits with maturity more than 3 months but less than 12 months)	14,634.69	13,688.43
<b>TOTAL</b>	<b>53,282.97</b>	<b>50,551.78</b>

(₹ in '000)

<b>Particulars</b>	<b>As At 31<sup>st</sup> March 2016</b>	<b>As At 31<sup>st</sup> March 2015</b>
<b>16. SHORT TERM LOANS AND ADVANCES (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)</b>		
<b>Deposit :</b>		
-With Public Bodies	-	-
-With Others	269.85	235.81
<b>Other Loans and Advances :</b>		
Advance to Suppliers (Others)	3,317.84	1,394.93
Balance with Statutory Authorities	13,541.77	21,303.07
Advance Income Tax (Net of Provision for Taxes)	4,734.44	5,719.46
Prepaid Expenses	3,823.51	4,565.27
Advance to Employees	667.36	843.24
<b>TOTAL</b>	<b>26,354.76</b>	<b>34,061.78</b>
<b>17. OTHER CURRENT ASSETS (UNSECURED, CONSIDERED GOOD UNLESS OTHERWISE STATED)</b>		
Accrued Interest Receivable	727.15	1,092.34
Other Recoverable	13.36	37.92
<b>TOTAL</b>	<b>740.50</b>	<b>1,130.25</b>



(₹ in '000)

Particulars	Year Ended 31 <sup>st</sup> March 2016	Year Ended 31 <sup>st</sup> March 2015
<b>18. REVENUE FROM OPERATIONS (GROSS)</b>		
Sale of Products	5,71,766.45	5,68,682.65
Sale of Services	10,460.78	15,147.84
Other Operating Revenues	2,116.41	3,483.39
<b>TOTAL</b>	<b>5,84,343.64</b>	<b>5,87,313.87</b>
<b>19. OTHER INCOME</b>		
Interest Income	2,008.29	1,287.16
Exchange Rate Fluctuation Income	452.05	-
Sundry Balance Written Back	58.31	648.79
Dividend from Mutual Fund	-	19.96
Excess Provision Written Back	884.28	-
Net Gain on Sale of Fixed Assets	-	1,051.85
Other Non-Operating Income	1,288.10	1,931.60
<b>TOTAL</b>	<b>4,691.03</b>	<b>4,939.36</b>
<b>20. COST OF MATERIALS CONSUMED</b>		
Opening Stocks	11,725.81	9,074.28
Add: Purchases	61,393.11	63,083.65
	73,118.92	72,157.92
Less: Closing Stocks	(9,850.84)	(11,725.81)
<b>TOTAL</b>	<b>63,268.08</b>	<b>60,432.12</b>
<b>21. PURCHASES OF STOCK-IN-TRADE</b>		
Ferrite	1,40,066.77	1,25,131.58
<b>TOTAL</b>	<b>1,40,066.77</b>	<b>1,25,131.58</b>

(₹ in '000)

Particulars	Year Ended 31 <sup>st</sup> March 2016	Year Ended 31 <sup>st</sup> March 2015
<b>22. CHANGES IN STOCK OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>		
Stocks At the End		
Finished Goods	29,803.14	28,874.82
Stock-in-Trade	43,618.50	32,374.71
Work-in-Progress	12,798.70	16,306.07
	<b>(A)</b>	<b>77,555.60</b>
Stocks At the Beginning		
Finished Goods	28,874.82	27,184.09
Stock-in-Trade	32,374.71	39,599.07
Work-in-Progress	16,306.07	8,062.82
	<b>(B)</b>	<b>74,845.98</b>
<b>TOTAL</b>	<b>(B) - (A)</b>	<b>(2,709.62)</b>
<b>23. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	1,37,698.61	1,34,528.84
Contribution to Provident and Other Funds	12,234.71	14,014.59
Contribution to Gratuity Fund and Leave Encashment	4,601.49	3,794.97
Staff Welfare Expenses	3,162.64	5,333.11
<b>TOTAL</b>	<b>1,57,697.46</b>	<b>1,57,671.51</b>
<b>24. FINANCE COSTS</b>		
Interest Expense	24,836.26	7,254.33
Other Borrowing Costs	3,344.19	1,814.88
<b>TOTAL</b>	<b>28,180.46</b>	<b>9,069.21</b>

(₹ in '000)

Particulars	Year Ended 31 <sup>st</sup> March 2016	Year Ended 31 <sup>st</sup> March 2015
<b>25. OTHER EXPENSES</b>		
Consumption of Stores, Spares, Consumables, Packing Materials etc.	43,383.06	45,085.83
Job Work Charges	6,673.58	11,070.52
Power and Fuel	71,689.72	73,847.23
Rates, Taxes and Water Charges	5,357.75	5,315.74
<b>Repairs and Maintenance:</b>		
- Plant & Machinery	3,378.44	4,271.14
- Building	827.51	400.34
- Others	1,886.12	1,661.23
Excise Duty Variation on Opening / Closing Stock	146.82	669.82
Insurance Charges	2,052.94	2,625.05
Travelling Expenses including Foreign Travelling	10,807.16	11,003.58
Freight, Vehicle & Distribution Charges	6,877.32	5,310.66
Provision for Bad Debts	554.66	379.34
Advertisement, Publicity and Selling expenses	5,409.01	4,196.35
Net Loss/(Gain) on Foreign Exchange	1,251.21	1,750.57
Lease Rent	3,068.67	1,747.66
Discounts	128.25	1,596.92
Miscellaneous Expenses	15,270.52	12,570.65
<b>Payment to Auditors:</b>		
- For Audit Fees	1,753.63	2,467.60
- For Taxation Matters	-	120.00
- For Other Services	7.60	20.47
- For Reimbursement of Expenses	1.55	5.30
	1,762.78	2,613.36
Legal & Professional Fees	7,907.55	7,498.14
<b>TOTAL</b>	<b>1,88,433.06</b>	<b>1,93,614.12</b>

## 26. NOTES TO THE FINANCIAL STATEMENTS

### A. Contingent Liabilities and Capital Commitments:

#### Contingent Liabilities:

Claims against the Company not acknowledged as debts: (Excluding interest and penalty on the respective amount if any arrived upon the final outcome)

- i. Disputed (net) demands for Income Tax pending with various Appellate authorities ₹ 2,329.86 ('000) ((Previous year ₹ 2,329.86 ('000)).
- ii. TDS Liability (on account various discrepancies) ₹ 1,946.21 ('000) (Previous year ₹ 1,460.86 ('000))
- iii. Disputed ESIC Demands ₹ 89.69 ('000) ((Previous year ₹ 89.69 ('000))
- iv. Disputed (net) demands for Sales Tax (CST) ₹ 224.82 ('000) ((Previous year ₹ 224.82 ('000))
- v. Sales Tax Liability (On account of pending 'C' forms) ₹ 10,740.22 ('000) ((Previous year ₹ 9,056.97 ('000))
- vi. Outstanding Letters of Credit ₹ 3,418.21 ('000) ((Previous year ₹ 3,091.13 ('000))

#### Capital Commitments:

(₹ in '000)

Particulars	As At 31 <sup>st</sup> March 2016	As At 31 <sup>st</sup> March 2015
Estimated amounts of Capital Expenditure Commitments	6,992.19	11,118.45

- B. Various Debit and Credit balances are subject to confirmations/reconciliation and consequent adjustments, if any. The Company is of the view that reconciliation(s), if any, arising out of final settlement of accounts with these parties is not likely to have any material impact on the accounts. The Current Assets, Loan & Advances are stated in the Balance Sheet at the amounts which are at least realizable in ordinary course of business.

### C. The Subsidiary Companies Considered in the Consolidated Financial Statements are:

Name of the Company	Country of Incorporation	% of Voting Rights As At 31 <sup>st</sup> March	
		2016	2015
MagDev Limited (From 30.06.2010)	UK	100	100
MMG India Private Limited (From 30.06.2010)	India	100	100

D. The Foreign currency exposures that are not hedged by a derivative instrument or otherwise as at year end are given below:

Particulars	2015-16		2014-15	
	Foreign Currency	₹ in '000 "	Foreign Currency	₹ in '000
<b>Trade Payables</b>				
- Hedged by derivative or otherwise				
- Not Hedged (USD)	77,536	5,143.15	2,27,737	14,254.24
- Not Hedged (EURO)	14,640	1,099.40	-	-
- Not Hedged (JPY)	-	-	17,63,000	918.70
<b>Trade Receivables</b>				
- Hedged by derivative or otherwise	-	-	-	-
- Not Hedged (USD)	51,455	3,413.15	1,02,286	6,402.17
- Not Hedged (GBP)	13,443	1,278.26	26,284	2,430.18
- Not Hedged (EURO)	-	-	2,081	140.46
<b>Advance to Suppliers</b>				
- Hedged by derivative or otherwise	-	-	-	-
- Not Hedged (USD)	-	-	56,036	3,507.31
- Not Hedged (JPY)	36,60,800	2,162.07	-	-
<b>Advance from Customers</b>				
- Hedged by derivative or otherwise	-	-	-	-
- Not Hedged (EURO)	7,006	526.12	6,905	466
<b>Foreign Currency Loan Payable</b>				
- Hedged by derivative or otherwise	-	-	-	-
- Not Hedged (USD)	10,55,084	69,986.75	9,39,289	58,790.84
<b>TOTAL</b>		83,608.90		86,910.06

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## **E. Segments Disclosures:**

The Company is engaged in the business of Magnets which is being the only business of the Company and hence disclosure of segment-wise information is not applicable under Accounting Standard 17 - 'Segmental Reporting'.

## **F. Related Party Disclosures :**

Related parties and transactions with them during the year as identified by the management are given below:

### **(a) List of Related Parties:**

#### **(i) Key Management Personnels (KMPs):**

- Dr. Ram H. Shroff - Executive Vice Chairman & Managing Director
- Mr. Abhilash Sunny (AS) - CFO (From 31<sup>st</sup> January, 2015)

#### **(ii) Individual or their relatives owning directly or indirectly interest in the voting power that gives them significant Influence or control:**

- Mr. Jaydev Mody (JM) - Chairman
- Mrs. Zia Mody (ZM) - Wife of Chairman
- Ms. Anjali Mody (AM) - Daughter of Chairman
- Mrs. Urvi Piramal (UP) - Sister of Chairman
- Dr. Ram H. Shroff - Executive Vice Chairman & Managing Director

#### **(iii) Enterprises over which Key Management Personnel/Individual or their Relatives mentioned in (ii) or (iii) above exercise Significant Influence or control:**

- AZB & Partners (AZB)
- Freedom Registry Limited (FRL)
- Aarti Management Consultancy Private Limited (AAMPL)
- Aditi Management Consultancy Private Limited (ADMPL)
- Anjoss Trading Company Private Limited (ATCPL)
- SSI Trading Private Limited (SSI)
- AAA Holding Trust (AAAHT)
- Skarma Consultancy Private Limited (SK)

(b) Details of Transactions carried out with related parties in (excluding reimbursement):

(₹ in '000)

Particulars	KMPs/ Individual/ Their Relatives Exercise Significant Influence or Control		Enterprises Over which KMPs/ Individual/Their Relatives Exercise Significant Influence or Control		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Remuneration Paid</b>						
A S	3,159.93	1,166.66	-	-	3,159.93	1,166.66
<b>Sub Total</b>	3,159.93	1,166.66	-	-	3,159.93	1,166.66
<b>Director Sitting Fees</b>						
J M	8.00	4.20	-	-	8.00	4.20
U P	-	4.00	-	-	-	4.00
<b>Sub-Total</b>	8.00	8.20	-	-	8.00	8.20
<b>Rent Paid</b>						
A A A H T	-	-	576.00	576.00	576.00	576.00
<b>Sub-Total</b>	-	-	576.00	576.00	576.00	576.00
<b>Issue of Equity Shares with Sec. Premium</b>						
S S I	-	-	-	12,886.09	-	12,886.09
<b>Sub Total</b>	-	-	-	12,886.09	-	12,886.09
<b>Professional Fees Paid</b>						
A Z B	-	-	70.06	-	70.06	-
F R L	-	-	35.70	52.08	35.70	52.08
S K	-	-	36.00	36.00	36.00	36.00
<b>Sub-Total</b>	-	-	141.76	88.08	141.76	88.08
<b>Loan Received</b>						
A A M P L	-	-	600.00	-	600.00	-
<b>Sub-Total</b>	-	-	600.00	-	600.00	-
<b>Repayment of Loan</b>						
A A M P L	-	-	-	12,875.00	-	12,875.00
<b>Sub-Total</b>	-	-	-	12,875.00	-	12,875.00

Particulars	KMPs/ Individual/ Their Relatives Exercise Significant Influence or Control		Enterprises Over which KMPs/ Individual/Their Relatives Exercise Significant Influence or Control		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
<b>Outstanding as on 31<sup>st</sup> March</b>						
<b>Loan Payable</b>						
A A M P L	-	-	7,600.00	7,000.00	7,600.00	7,000.00
A D M P L	-	-	43,000.00	43,000.00	43,000.00	43,000.00
A T C P L	-	-	43,000.00	43,000.00	43,000.00	43,000.00
<b>Sub-Total</b>	-	-	93,600.00	93,000.00	93,600.00	93,000.00
<b>Expenses Payable</b>						
F R L	-	-	18.98	23.89	18.98	23.89
A A A H T	-	-	1,754.38	1,163.96	1,754.38	1,163.96
<b>Sub-Total</b>	-	-	1,773.36	1,187.85	1,773.36	1,187.85

## G. Employee Benefits

Disclosure required under Accounting Standard - 15 (Revised 2005) for "Employee Benefits" are as under:

- The Company has recognized the expected liability arising out of the compensated absence and gratuity as at 31<sup>st</sup> March, 2016 based on actuarial valuation carried out using the Projected Unit Credit Method.
- The below disclosure have been obtained from independent actuary. The other disclosures are made in accordance with AS - 15 (Revised) pertaining to the Defined Benefit Plan is as given below:

(₹ in '000)

Sr. No.	Particulars	Gratuity		Leave Encashment	
		(Funded)		(Unfunded)	
		2015-16	2014-15	2015-16	2014-15
<b>1</b>	<b>Assumptions :</b>				
	Discount Rate	7.80%	7.92%	7.80%	7.92%
	Salary Escalation	10.00%	10.00%	10.00%	10.00%
<b>2</b>	<b>Changes in Present Value of Obligations:</b>				
	Present value of obligations as at beginning of year	28,159.36	23,432.16	3,511.53	2,753.08
	Interest Cost	2,230.22	2,125.30	278.11	249.70
	Current Service Cost	1,361.41	1,214.40	608.14	860.73
	Benefit Paid	(13,788.91)	-	(1,926.23)	(324.31)
	Actuarial (Gain) / Loss on obligations	284.15	1,387.50	693.05	163.43
	Present value of obligations as at end of year	18,246.22	28,159.36	3,164.61	3,702.63



Sr. No.	Particulars	Gratuity		Leave Encashment	
		(Funded)		(Unfunded)	
		2015-16	2014-15	2015-16	2014-15
<b>3</b>	<b>Change in the Fair Value of Plan Assets:</b>				
	Fair Value of Plan Assets at the beginning of the year	11,826.39	10,378.01	-	-
	Expected Return on Plan Assets	936.65	519.17	-	-
	Contributions by the Employer	-	514.23	-	-
	Benefit Paid	(3,784.32)	-	-	-
	Actuarial Gains/(Losses) on Plan Assets - Due to Experience	(83.07)	414.98	-	-
	Fair Value of Plan Assets at the End of the Period	8,895.66	11,826.39	-	-
<b>4</b>	<b>Actual Return on Plan Assets:</b>				
	Expected Return on Plan Assets	936.65	519.17	-	-
	Actuarial Gains/(Losses) on Plan Assets - Due to Experience	(83.07)	414.98	-	-
	Actual Return on Plan Assets	853.58	934.16	-	-
<b>5</b>	<b>Amount recognized in the Balance Sheet :</b>				
	Liability at the end of the year	(18,246.22)	(28,159.36)	(3,164.61)	(3,702.63)
	Fair value of Plant Assets at the end of the year	8,895.66	11,826.39	-	-
	Difference	(9,350.57)	(16,332.97)	(3,164.61)	(3,702.63)
	Amount recognized in the Balance Sheet	(9,350.57)	(16,332.97)	(3,164.61)	(3,702.63)
<b>6</b>	<b>Expenses recognized in the Statement of Profit and Loss:</b>				
	Current Service Cost	1,361.41	1,214.40	608.14	860.73
	Interest Cost	1,293.57	1,606.12	278.11	249.70
	Expected return on Plan assets	-	-	-	-
	Actuarial (Gain) or Loss	367.21	972.52	693.05	163.43
	Expenses recognized in the Statement of Profit and Loss	3,022.19	3,793.04	1,579.30	1,273.87
<b>7</b>	<b>Balance Sheet Reconciliation :</b>				
	Opening Net Liability	16,332.96	13,054.15	3,511.53	2,753.07
	Expenses as above	3,022.19	3,793.04	1,579.30	1,273.87
	Employer's Contribution	-	(514.23)	-	(136.04)
	Benefit Paid	(10,004.59)	-	(1,926.23)	(188.27)
	Closing Net Liability	9,350.57	16,332.96	3,164.60	3,702.63

iii. Under Defined Contribution Plan:

(₹ in '000)

Particulars	2015-16	2014-15
Contribution to Provident Fund	3,855.93	4,028.56
Contribution to ESIC	842.19	693.48

#### H. Earnings Per Share

(Rupees in '000, unless specified)

Particulars	2015-16	2014-15
Net Profit/(Loss) After Tax	(68,173.62)	12,258.87
Weighted Average Number of Equity Shares	64,71,014	64,69,925
Basic & Diluted Earnings Per Share (₹)	(10.54)	1.89
Nominal Value Per Equity Share (₹)	10	10

#### I. Operating Lease Expenses Disclosure

The Group has operating lease expenses as follows :

(₹ in '000)

Particulars	2015-16	2014-15
Lease Rent Paid During the Year	6,165.37	3,941.12
<b>TOTAL</b>	<b>6,165.37</b>	<b>3,941.12</b>

#### J. MAT Credit Entitlement

MAT Credit Entitlement of ₹ 2,868.00 ('000) (Previous Year ₹ 2,868.00 ('000)) is based on business projections of Company provided by Management, and the same have been relied upon by the Auditors.

- K.** During the year, one of the Subsidiary Company becoming potentially sick, the Management is in process of chalking out the final plan to revive the Company financially in near future.
- L.** An amount of ₹ 17,452.41 ('000) appearing under head "Goodwill on Consolidation" is shown as net amount after adjusting an amount of ₹ 3,452.94 ('000) being the Capital Reserve arising on consolidation of one of the Subsidiary Company.
- M.** During the year, the MMG India Pvt. Ltd, Chennai Division (WOS of the Company) has announced Voluntary Retirement Scheme (VRS) for its permanent workmen. The said subsidiary has incurred a total expenditure of ₹ 27,384.75 ('000) on the said scheme. In compliance with the provisions of the Accounting Standards -15 "Employees Benefits", the entire amount of ₹ 27,384.75 ('000) is charged to Statement of Profit and Loss under the head Exceptional items.

**N. Disclosure in terms of Schedule III of the Companies Act, 2013:**

Sr. No.	Name of the Company	Net Assets i.e Total Assets minus Total Liabilities		Share in Profit or (Loss)	
		As % of Consolidated Net Assets	(₹ in '000)	As % of Consolidated Profit or (Loss)	(₹ in '000)
<b>1</b>	<b>Parent:</b>				
	Delta Magnets Limited	62.20%	2,47,026.88	-5%	(3,397.09)
<b>2</b>	<b>Subsidiaries:</b>				
	MMG India Private Limited (Indian)	5.52%	21,921.07	-109%	(73,496.94)
	MagDev Limited (Foreign)	32.28%	1,28,171.21	14%	9,292.43
	<b>TOTAL</b>	100.00%	3,97,119.16	100%	(67,601.60)
	Add/(Less): Inter-company eliminations		(1,24,100.75)		(572.02)
	Add/(Less): Minority interests in all subsidiaries		-		-
	<b>Consolidated Net Assets/Profit (Loss)</b>		2,73,018.41		(68,173.62)

**O.** The Previous year's figures have been reworked, regrouped, rearranged, recasted and reclassified wherever necessary to conform to the current year's classifications.

For Delta Magnets Limited				
	Jaydev Mody Chairman DIN:00234797	Dr. Ram H. Shroff Managing Director DIN:00004865	Ambika Kothari Director DIN:01162900	Darius Khambatta Director DIN:00520338
	Javed Tapia Director DIN:00056420	Rajesh Jaggi Director DIN:00046853	Samir Chinai Director DIN:00112601	Vrajesh Udani Director DIN:00021311
Mumbai: 12 <sup>th</sup> May, 2016	Abhilash Sunny CFO	Snehal Oak Company Secretary		

**ANNEXURE - A**

**(Salient Features of Financial Statements of Subsidiaries As Per Companies Act , 2013)  
Financial Information of Subsidiaries (AOC-1)**

(₹ in '000)

Sr. No.	Name of Subsidiary Company	Date Since When Subsidiary Acquired	Reporting Period	Reporting Currency	Capital	Reserves	Total Liabilities	Total Assets	Investment	Turnover	Profit/ (Loss) Before Taxation	Provision for Taxation	Profit/ (Loss) After Dividend Taxation	Proposed Shareholding	% of Shareholding	Country of Company
1.	MMG India Pvt. Ltd.	30.06.2010	31.03.2016	INR	1,38,658.70	(1,16,737.63)	2,87,558.40	3,09,479.47	-	- 1,53,857.78	(63,424.31)	10,072.63	(73,496.94)	-	100	India
2.	MagDev Limited	30.06.2010	31.03.2016	INR	55,025.61	73,145.60	99,694.28	2,27,865.50	-	- 2,46,844.24	12,528.39	3,235.96	9,292.43	-	100	UK
				GBP '000	765.00	769.24	1,048.44	2,396.36	-	- 2,632.34	133.60	34.51	99.09	-		

Exchange Rate for 1 GBP as on 31.03.2016:

Closing Rate ₹ 95.0882

Average Rate ₹ 93.7737







**DELTA MAGNETS LIMITED**

CIN: L32109MH1982PLC028280

Registered Office: B – 87, MIDC, Ambad, Nashik – 422 010, Maharashtra.

Email ID : [secretarial@deltamagnets.com](mailto:secretarial@deltamagnets.com), Website : [www.deltamagnets.com](http://www.deltamagnets.com)

Tel No : 91-0253-2382238, Fax No : 92-0253-2382926

**ATTENDANCE SLIP**

**PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL**

DP ID.	Folio No./Client ID.	No. of Shares
--------	----------------------	---------------

Name of the Shareholder: \_\_\_\_\_

Name of the Proxy : \_\_\_\_\_

I hereby record my/our presence at the **34<sup>th</sup> ANNUAL GENERAL MEETING** of the Company held on Monday, 26<sup>th</sup> September, 2016 at 3.00 p.m. at Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik - 422 010, Maharashtra.

Signature of the Shareholder/Proxy : \_\_\_\_\_

(Only shareholders/proxies are allowed to attend the meeting)







**DELTA MAGNETS LIMITED**

CIN: L32109MH1982PLC028280

Registered Office: B – 87, MIDC, Ambad, Nashik – 422 010, Maharashtra.

Email ID : [secretarial@deltamagnets.com](mailto:secretarial@deltamagnets.com), Website : [www.deltamagnets.com](http://www.deltamagnets.com)

Tel No : 91-0253-2382238, Fax No : 92-0253-2382926

**PROXY FORM**

**(Form No. MGT - 11)**

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies  
(Management and Administration) Rules, 2014]

Name of the Member(s) : \_\_\_\_\_

Registered address : \_\_\_\_\_

E-mail ID: \_\_\_\_\_ Folio No./Client ID: \_\_\_\_\_ DP ID: \_\_\_\_\_

I / We being the member(s) of \_\_\_\_\_ shares of Delta Magnets Limited, hereby appoint

1) Name \_\_\_\_\_  
Address \_\_\_\_\_  
having email id \_\_\_\_\_ or failing him

2) Name \_\_\_\_\_  
Address \_\_\_\_\_  
having email id \_\_\_\_\_ or failing him

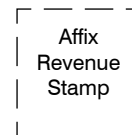
3) Name \_\_\_\_\_  
Address \_\_\_\_\_  
having email id \_\_\_\_\_ or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **34<sup>th</sup> ANNUAL GENERAL MEETING** of the Company to be held on Monday, 26<sup>th</sup> September, 2016 at 3.00 p.m. at Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik – 422 010, Maharashtra and at any adjournment thereof in respect of such resolutions as are indicated below:



Resolution No.	Subject Matter of the Resolution	Vote		
		For	Against	Abstain
1	Adoption of the financial statements and reports thereon for the year ended 31 <sup>st</sup> March, 2016			
2	Appointment of a Director in place of Ms. Ambika Kothari, who retires by rotation and being eligible, offers herself for re-appointment			
3	Ratification of the appointment of M/s. Amit Desai & Co, Chartered Accountant as Statutory Auditors of the Company			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016



Signature of shareholder across Revenue Stamp

.....  
Signature of first proxy holder

.....  
Signature of second proxy holder

.....  
Signature of third proxy holder

**Notes:**

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. It is optional to indicate your preference, if you leave the for, against or abstained column blank against any or all resolution, your proxy will be entitled to vote in the manner as he / she may deem appropriate.
3. Members are requested to note that a person can act as a proxy on behalf of members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting right, than such proxy shall not act as a proxy for any other person or Member.
4. A Proxy need not be a member of the Company.



*If Undelivered, please return to:*

Freedom Registry Limited  
Unit: Delta Magnets Limited  
Plot No. 101/102, 19<sup>th</sup> Street,  
MIDC, Satpur,  
Nasik - 422 007,  
Maharashtra.