



 **DELTA** *MAGNETS LIMITED*

*37<sup>th</sup> Annual Report 2018-19*

## 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   |

## CHIEF FINANCIAL OFFICER

Mr. Abhilash Sunny

## COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Anannya Godbole

## REGISTERED OFFICE

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

## PLANT LOCATION

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

## STATUTORY AUDITORS

M/s. M H S & Associates  
Chartered Accountants

## BANKERS

Axis Bank Limited

## SHARE TRANSFER AGENTS

Freedom Registry Limited  
Plot No. 101/102, MIDC, 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

| <b>CONTENTS</b>                                  | <b>Page</b> |
|--|-------------|
| Notice.....                                      | 1           |
| Directors' Report.....                           | 24          |
| Management Discussions and Analysis Report ..... | 54          |
| Corporate Governance Report.....                 | 58          |
| Independent Auditors' Report .....               | 81          |
| Balance Sheet.....                               | 90          |
| Statement of Profit and Loss.....                | 91          |
| Statement of Changes in Equity .....             | 92          |
| Cash Flow Statement .....                        | 93          |
| Notes to Financial Statements .....              | 95          |
| Consolidated Financial Statements .....          | 139         |

## NOTICE

Notice is hereby given that the 37<sup>th</sup> Annual General Meeting (AGM) of Members of Delta Magnets Limited (the 'Company') will be held on Friday, 27<sup>th</sup> September, 2019 at 02.00 p.m. at The Gateway Hotel, P-17, Mumbai - Agra National Highway, MIDC, Ambad, Nashik, Maharashtra-422010 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement (including the Consolidated Financial Statement) for the financial year ended 31<sup>st</sup> March, 2019 together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a director in place of Dr. Ram H. Shroff (DIN: 00004865), who retires by rotation and being eligible offers himself for re-appointment.

### SPECIAL BUSINESS:

3. To Re-appoint Mr. Rajesh Jaggi (DIN: 00046853) as an Independent Director of the Company.

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

**“RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. Rajesh Jaggi (DIN: 00046853) as the Non-Executive Independent Director of the Company, who has submitted a declaration confirming the criteria of Independence under Section 149 (6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time and who is eligible for re-appointment for the second term under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as a Non-Executive Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for 2<sup>nd</sup> term of five (5) consecutive years on the Board of the Company w.e.f. 04<sup>th</sup> August, 2019 upto 03<sup>rd</sup> August, 2024.”

4. To Re-appoint Mr. Javed Tapia (DIN: 00056420) as an Independent Director of the Company.

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

**“RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. Javed Tapia (DIN: 00056420) as the Non-Executive Independent Director of the Company, who has submitted a declaration confirming the criteria of Independence under Section 149 (6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time and who is eligible for re-appointment for the second term under the provisions of the Companies Act, 2013, Rules made thereunder

and Listing Regulations and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as a Non-Executive Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for 2<sup>nd</sup> term of five (5) consecutive years on the Board of the Company w.e.f. 04<sup>th</sup> August, 2019 upto 03<sup>rd</sup> August, 2024.”

5. To Re-appoint Mr. Samir Chinai (DIN: 00112601) as an Independent Director of the Company.

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

**“RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for re-appointment of Mr. Samir Chinai (DIN: 00112601) as the Non-Executive Independent Director of the Company, who has submitted a declaration confirming the criteria of Independence under Section 149 (6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time and who is eligible for re-appointment for the second term under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as a Non-Executive Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for 2<sup>nd</sup> term of five (5) consecutive years on the Board of the Company w.e.f. 04<sup>th</sup> August, 2019 upto 03<sup>rd</sup> August, 2024.”

6. To Re-appoint Dr. Vrajesh Udani (DIN: 00021311) as an Independent Director of the Company.

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

**“RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for re-appointment of Dr. Vrajesh Udani (DIN: 00021311) as the Non-Executive Independent Director of the Company, who has submitted a declaration confirming the criteria of Independence under Section 149 (6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time and who is eligible for re-appointment for the second term under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as a Non-Executive Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for 2<sup>nd</sup> term of five (5) consecutive years on the Board of the Company w.e.f. 04<sup>th</sup> August, 2019 upto 03<sup>rd</sup> August, 2024.”

7. To Appoint Mr. Darius Khambatta (DIN: 00520338), Director of the Company as an Independent Director

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

**“RESOLVED THAT** pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors and pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and any other

applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”) (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the approval of the Members of the Company be and is hereby accorded for appointment of Mr. Darius Khambatta (DIN: 00520338), Director as the Non-Executive Independent Director of the Company, who has submitted a declaration confirming the criteria of Independence under Section 149 (6) of the Companies Act, 2013 read with the Listing Regulations, as amended from time to time and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director pursuant to Section 160 of the Companies Act, 2013, as a Non-Executive Independent Director of the Company, whose term shall not be subject to retirement by rotation, to hold office for 1<sup>st</sup> term of five (5) consecutive years on the Board of the Company w.e.f. conclusion of ensuing Annual General Meeting.”

**NOTES:**

1. A Statement pursuant to Section 102(1) of the Companies Act, 2013 (“the Act”), relating to the Special Business to be transacted at the AGM is annexed hereto.
2. 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.
3. 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.
4. 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 authorising their representative to attend and vote on their behalf at the AGM.
5. In terms of Section 152 of the Act, Dr. Ram H. Shroff, shall retire by rotation at the ensuing AGM. Dr. Ram H. Shroff (DIN: 00004865), being eligible, offers himself for re-appointment.

The Board of Directors of the Company recommends re-appointment of Dr. Ram H. Shroff.

6. Details of Dr. Ram H. Shroff, proposed to be appointed/re-appointed at the ensuing AGM, as required by 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 their appointment/ re-appointment.
7. The requirement to place the matter relating to appointment of Auditors for ratification by Members at every AGM is done away with vide notification dated 7<sup>th</sup> May, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of appointment of Auditors, who were appointed in the AGM held on 27<sup>th</sup> September, 2018.
8. Members are requested to bring their attendance slip duly completed and signed along with their copy of annual report to the AGM.
9. 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.

10. The Register of Beneficial Owners, Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 21<sup>st</sup> September, 2019 to Friday, 27<sup>th</sup> September, 2019 (both days inclusive), for the purpose of AGM of the Company.
11. Members are requested to:
  - (a) intimate to the Company's STA, changes, if any, in their registered addresses at an early date, in case of shares held in physical form;
  - (b) intimate to the respective DP, changes, if any, in their registered addresses/email ID or bank mandates to their DP with whom they are maintaining their demat accounts.
  - (c) quote their Folio Numbers/Client ID/DP ID 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.
12. SEBI has mandated the submission of the Permanent Account Number (PAN) by every participants in securities market. Members holding shares in electronic form are therefore requested to submit their PAN to DP. Members holding shares in physical forms are required to submit their PAN details to STA.
13. Pursuant to sections 101 and 136 of the Act read with the Rules made thereunder, the Notice calling the AGM along with the Annual Report 2018-19 would be sent by electronic mode to those Members whose e-mail addresses are registered with the Depositories 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 addresses, physical copies would be sent by the permitted mode. However, in case a Member wishes to receive a physical copy of the Annual Report, he is requested to send an email to [secretarial@deltamagnets.com](mailto:secretarial@deltamagnets.com) and [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 addresses with the DP (in case of shares held in dematerialized 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.
14. 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.
15. 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 modifications, 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 National Securities Depository Limited ("NSDL"), on all the business items set forth in the Notice of AGM and the business may be transacted through such remote e-voting. The instructions for remote e-Voting explain the process and manner for generating/receiving the password and for casting of vote(s) in a secure manner. However, the Members are requested to take note of the following items:

  - a. The remote e-Voting period will commence on Tuesday, 24<sup>th</sup> September, 2019 (9.00 a.m) and will end on Thursday, 26<sup>th</sup> September, 2019 (5.00 p.m). 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, 20<sup>th</sup> September, 2019, may cast their votes through remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting after 5.00 pm (IST) on Thursday, 26<sup>th</sup> September, 2019 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, 20<sup>th</sup> September, 2019.
- 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, 20<sup>th</sup> September, 2019, 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.evoting.nsdl.com](http://www.evoting.nsdl.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 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 have 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 the 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 the Chairman, 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 NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) immediately after the result is declared by the Chairman.

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

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

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

**DETAILS ON STEP 1 IS MENTIONED BELOW:****How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

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

4. Your User ID details are given below :

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

5. Your password details are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.



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

**DETAILS ON STEP 2 IS GIVEN BELOW:**

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

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

**General Guidelines for shareholders**

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

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

**A. Ms. Pallavi Mhatre, Manager**

E-voting Helpdesk  
National Securities Depositories Limited  
Email : [evoting.nsdl.co.in](mailto:evoting.nsdl.co.in)  
Phone : 022-24994545

**B. Ms. Anannya Godbole, 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, Nasik - 422 007  
Email : [support@freedomregistry.in](mailto:support@freedomregistry.in)  
Phone : 0253-2354032, 2363372

16. 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.
17. 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,**

**ANANNYA GODBOLE**  
**Company Secretary**  
**ACS No: 23112**

Mumbai, 09<sup>th</sup> August, 2019

**Registered Office:**

B-87, MIDC, Ambad,  
Nashik-422 010, Maharashtra.  
CIN : L32109MH1982PLC028280  
Email ID : [secretarial@deltamagnets.com](mailto:secretarial@deltamagnets.com)  
Website : [www.deltamagnets.com](http://www.deltamagnets.com)  
Tel No : 91-22-40794700  
Fax No : 91-22-40794777

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE ACT

The following explanatory statement sets out all material facts relating to Item No. 3 to 7 of the Notice:

### **Item No. 3,4,5 & 6:**

Mr. Rajesh Jaggi (DIN: 00046853), Mr. Javed Tapia (DIN: 00056420), Mr. Samir Chinai (DIN: 00112601) and Dr. Vrajesh Udani (DIN: 00021311) were appointed as Independent Directors on the Board of the Company pursuant to the provisions of Section 149 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 at the 32<sup>nd</sup> Annual General Meeting held on September 25, 2014 for a period of five consecutive years (“first term” in line with the explanation to Sections 149 (10) and 149 (11) of the Act).

The Nomination and Remuneration Committee of the Board of Directors, on the basis of the report of performance evaluation of Independent Directors, has recommended to the Board reappointment of Mr. Rajesh Jaggi (DIN: 00046853), Mr. Javed Tapia (DIN: 00056420), Mr. Samir Chinai (DIN: 00112601) and Dr. Vrajesh Udani (DIN: 00021311) as Independent Directors for a second term of 5 (five) consecutive years, on the Board of the Company.

The Board, based on the performance evaluation of Independent Directors considers that, given their background and experience and contributions made by them during their tenure, the continued association of the aforesaid Independent Directors would be beneficial to the Company and it is desirable to continue to avail their services as Independent Directors. Accordingly, it is proposed to re-appoint them as Independent Directors of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years for a term w.e.f. 04<sup>th</sup> August, 2019 upto 03<sup>rd</sup> August, 2024 on the Board of the Company.

Mr. Rajesh Jaggi, Mr. Javed Tapia, Mr. Samir Chinai and Dr. Vrajesh Udani are not disqualified from being appointed as Directors in terms of Section 164 of the Act and have given their consent to act as Directors and declarations to the effect that they meet with the criteria of independence as prescribed under Section 149 (6) of the Act and the Listing Regulations.

The Company has received notices in writing from a member as per Section 160 of the Act proposing the candidature of Mr. Rajesh Jaggi, Mr. Javed Tapia, Mr. Samir Chinai and Dr. Vrajesh Udani for the office of Independent Directors of the Company.

In the opinion of the Board, Mr. Rajesh Jaggi, Mr. Javed Tapia, Mr. Samir Chinai and Dr. Vrajesh Udani fulfil the conditions for appointment as Independent Directors as specified in the Act and the Listing Regulations. Mr. Rajesh Jaggi, Mr. Javed Tapia, Mr. Samir Chinai and Dr. Vrajesh Udani are independent of the management.

Details of Directors whose re-appointment as Independent Directors is proposed at Item Nos. 3,4,5 & 6 are provided in the “Annexure 1” to this Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings (“SS-2”), issued by the Institute of Company Secretaries of India.

Copy of documents relating to the items are available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Mr. Rajesh Jaggi, Mr. Javed Tapia, Mr. Samir Chinai and Dr. Vrajesh Udani are interested in the resolutions set out in the Notice with regard to their respective re-appointments. The relatives of Mr. Rajesh Jaggi, Mr. Javed Tapia, Mr. Samir Chinai and Dr. Vrajesh Udani may be deemed to be interested in the respective resolutions to the extent of their shareholding interest, if any, in the Company.

Save and except the above, none of the other Directors/Key Managerial Personnel and/or their relatives are interested in these resolutions.

The Board recommends the Special Resolutions set out in Item Nos. 3,4,5 & 6 of this Notice for the approval of the Members.

**Item No.7:**

The Board of Directors pursuant to the recommendation of the Nomination and Remuneration Committee proposed to designate Mr. Darius Khambatta, Non-Executive Director as Independent Director of the Company for the period of Five (5) years with effect from conclusion of ensuing Annual General Meeting.

The Nomination and Remuneration Committee of the Board of Directors has recommended to the Board appointment of Mr. Darius Khambatta (DIN: 00520338), as an Independent Director for a 1st term of 5 (five) consecutive years, on the Board of the Company.

Accordingly, it is proposed to appoint him as Independent Director of the Company, not liable to retire by rotation and to hold office for a 1st term of 5 (five) consecutive years w.e.f. conclusion of ensuing Annual General Meeting.

Mr. Darius Khambatta is not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act as Director and declarations to the effect that he meets with the criteria of independence as prescribed under Section 149 (6) of the Act and the Listing Regulations.

The Company has received notice in writing from a member as per Section 160 of the Act proposing the candidature of Mr. Darius Khambatta for the office of Independent Director of the Company.

In the opinion of the Board, Mr. Darius Khambatta fulfills the conditions for appointment as Independent Director as specified in the Act and the Listing Regulations. Mr. Khambatta is independent of the management.

Details of Mr. Darius Khambatta whose appointment as Independent Director is proposed at Item Nos. 7 is provided in the "Annexure 1" to this Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

Copy of documents relating to the item are available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day.

Mr. Darius Khambatta is interested in the resolution set out at Item No. 7 of the Notice with regard to his appointment. The relatives of Mr. Darius Khambatta may be deemed to be interested in the resolution to the extent of his shareholding interest, if any, in the Company.



## ANNEXURE - 1

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

**Name of Director:**

Dr. Ram H. Shroff

**Date of 1<sup>st</sup> Appointment:**

01<sup>st</sup> August, 2011

**Age:**

48 years

**Qualification:**

Qualified Medical Doctor

**Experience/ Profile:**

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

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

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

Managing Director designated as Executive Vice Chairman liable to retire by rotation without remuneration.

**Last Drawn Remuneration:**

Nil

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

None

**Shareholding in the Company (Individually or Jointly):**

2115 Equity Shares of ₹ 10/- each

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

05

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

**i) Directorships held in other Companies**

Creme-De-La-Creme Private Limited

Charak Healthcare Private Limited

Charak Pharma Private Limited

Stride Livestock Private Limited

ISS Trading Private Limited

Royal Western India Turf Club Limited

SSI Trading Private Limited

MMG India Private Limited

SI Agro Private Limited

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

Arrow Textiles Limited

Young Presidents Organisation (Mumbai Chapter)

**ii) Chairman of Board Committees**

None

**iii) Member of Board Committees**

MMG India Private Limited - Audit Committee

Arrow Textiles Limited- Audit Committee, Corporate Social Responsibility Committee, Investment Committee, General Purpose Committee, Borrowing Committee, Risk Management Committee

**Name of Director:**

Mr. Rajesh Jaggi

**Date of 1<sup>st</sup> Appointment:**

29<sup>th</sup> June, 2009

**Age:**

50 years

**Qualification:**

MBA in Finance

**Experience/ Profile:**

Mr. Rajesh Jaggi is the Managing Partner – Real Estate at The Everstone Group—a successful builder of diversified businesses across India and Southeast Asia with assets in excess of US \$5 billion across private equity, real estate, green infrastructure and venture capital. Mr. Jaggi joined Everstone in 2012 and is responsible for all real estate investments and operations of the group.

Mr. Jaggi has over 23 years of real estate leadership experience in India, including strategic planning, fund raising, acquisitions, finance, sales and marketing, legal, and project and facility management services.

Under his leadership, Everstone Group's industrial real estate business IndoSpace has become a leading developer, builder and manager of light industrial and warehousing parks. It is the largest operational pan-India developer of modern industrial real estate with a portfolio of over 30 million square feet across 30 logistics and industrial parks.

IndoSpace formed a strategic long-term partnership with GLP, the leading global provider of modern logistics facilities and technology-led solutions last September. Through this partnership, GLP has become an investor in IndoSpace Core, a joint venture established in 2017 by IndoSpace and Canada Pension Plan Investment Board (CPPIB) that is focused on acquiring and developing modern logistics facilities in India. CPPIB initially committed approximately US\$500 million to IndoSpace Core.

Recently, IndoSpace announced the closure of its third – and India's largest ever – logistics real estate fund with a corpus of \$1.2 billion, taking its total India commitment to well over \$3.2 billion.

Prior to joining Everstone, Mr. Jaggi was the Managing Director of Peninsula Land Limited, a USD 400-million market capitalization listed real estate company, where he led the successful commissioning of projects that totaled 28 million square feet of real estate across residential, commercial and retail space.

An alumnus of F.W. Olin Graduate School of Business at Babson College, Boston, and a graduate from the University of Mumbai, Mr. Jaggi was featured as one of India's Hottest Young Executives by Business Today magazine (February 8, 2009 issue) – recognition for his contribution in leading Peninsula from a local Mumbai based developer to a notable national player.

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

Non-Executive, Independent Director not liable to retire by rotation.

**Last Drawn Remuneration:**

Nil



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

None

**Shareholding in the Company (Individually or Jointly):**

Nil

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

05

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

**i) Directorships held in other Companies**

Antarctica Trading Company Private Limited  
Highstreet Cruises and Entertainment Private Limited  
Delta Corp Limited  
IndoSpace Capital Advisors Private Limited  
Rohan CityScape Private Limited  
Ambition Logistics Park Private Limited  
IndoSpace Industrial Park Pune Private Limited  
IndoSpace Industrial Parks Private Limited  
Nihit Logistics Park Private Limited  
IndoSpace AS Industrial Park Private Limited  
RVK Industrial Park Private Limited  
IndoSpace Industrial Park Oragadam Walajabad Limited  
Indospace Rohan Industrial Park Private Limited

**ii) Chairman of Board Committees**

Highstreet Cruises and Entertainment Private Ltd - Audit Committee & Nomination and Remuneration Committee

**iii) Member of Board Committees**

Delta Corp Limited - Audit Committee, Nomination, Remuneration and Compensation Committee, Risk Management Committee, General Purpose Committee, Investment Committee, Allotment Committee, QIP Committee  
Highstreet Cruises and Entertainment Private Limited -Corporate Social Responsibility Committee

**Name of Director:**

Mr. Javed Tapia

**Date of 1<sup>st</sup> Appointment:**

14<sup>th</sup> March, 2008

**Age:**

53 years

**Qualification:**

Post Graduation in Business Administration

**Experience/ Profile:**

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

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

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

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

Non-Executive, Independent Director not liable to retire by rotation.

**Last Drawn Remuneration:**

Nil

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

None

**Shareholding in the Company (Individually or Jointly):**

Nil

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

05

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

**i) Directorships held in other Companies**

Clover Livestock Private Limited  
MMG India Private Limited  
Clover Transaction Systems Private Limited  
Sienna Systems Resources Private Limited  
Clover Solar Private Limited  
Clover Realty and Infrastructure Private Limited  
Beverly Hills Realty Private Limited  
Clover Housing Developments Private Limited  
Worthwhile Properties Private Limited  
Amalfi Realty Private Limited  
Clover Infotech Private Limited  
Clover Technologies Private Limited

**ii) Chairman of Board Committees**

MMG India Private Limited - Audit Committee & Nomination and Remuneration Committee

**iii) Member of Board Committees**

Nil

**Name of Director:**

Mr. Samir Chinai

**Date of 1<sup>st</sup> Appointment:**

04<sup>th</sup> August, 2014

**Age:**

59 years

**Qualification:**

Architect

**Experience/ Profile:**

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. Mr. Chinai is a Director of various companies.

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

Non-Executive, Independent Director not liable to retire by rotation.

**Last Drawn Remuneration:**

Nil

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

None

**Shareholding in the Company (Individually or Jointly):**

Nil

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

05

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

**i) Directorships held in other Companies**

Act Fininvest Limited

Piramal Nextgen Trading Private Limited

Piramal Sons Private Limited

Oneup Multitrade Private Limited

Teknopoint Multitrade Private Limited

Nutech Multitrade Private Limited

Pureview Trading Company Private Limited

Lifezone Mercantile Private Limited

Niranjan Piramal Textile Mills Limited

Zing Investments Private Limited

Renato Finance and Investments Private Limited

Fashion Focused Design House Private Limited

Samir Chinai Associates Private Limited

Rural Agricultural and Educational Centre

**ii) Chairman of Board Committees**

Nil

**iii) Member of Board Committees**

Nil

**Name of Director:**

Dr. Vrajesh Udani

**Date of 1<sup>st</sup> Appointment:**

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

**Age:**

63 years

**Qualification:**

Paediatric Neurologist

**Experience/ Profile:**

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

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

Non-Executive, Independent Director not liable to retire by rotation.

**Last Drawn Remuneration:**

Nil

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

None

**Shareholding in the Company (Individually or Jointly):**

Nil

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

03

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

**i) Directorships held in other Companies**

Arrow Textiles Limited

Delta Corp Limited

Highstreet Cruises and Entertainment Private Limited

MMG India Private Limited

Marvel Resorts Private Limited

**ii) Chairman of Board Committees**

Nil

**iii) Member of Board Committees**

Delta Corp Limited - Audit Committee & Risk Management Committee

MMG India Private Limited - Audit Committee & Nomination and Remuneration Committee

Arrow textiles Limited - Audit Committee

Marvel Resorts Private Limited - Audit Committee & Nomination and Remuneration Committee

Highstreet Cruises and Entertainment Private Limited - Audit Committee & Nomination and Remuneration Committee

**Name of Director:**

Mr. Darius Khambatta

**Date of 1<sup>st</sup> Appointment:**

01<sup>st</sup> October, 2012

**Age:**

61 years

**Qualification:**

Chartered Accountant

**Experience/ Profile:**

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

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

Non-Executive, Independent Director not liable to retire by rotation.

**Last Drawn Remuneration:**

Nil

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

None

**Shareholding in the Company (Individually or Jointly):**

Nil

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

05

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

**i) Directorships held in other Companies**

West Star Agro - Realties Private Limited

MMG India Private Limited

J M Realty Management Private Limited

J M Township and Real Estate Private Limited

AAA Real Land Developers Private Limited

Highstreet Cruises and Entertainment Private Limited



Bayside Properties Private Limited CN  
Lakeview Mercantile Company Private Limited  
Newplaza Multitrade Private Limited  
Intertrade Mercantile Company Private Limited  
Outreach Mercantile Company Private Limited  
Blackpool Realty Private Limited  
Freedom Aviation Private Limited  
J M Property Management Private Limited

**ii) Chairman of Board Committees**

Nil

**iii) Member of Board Committees**

Highstreet Cruises and Entertainment Private Limited -Corporate Social Responsibility Committee & Nomination and Remuneration Committee

MMG India Private Limited-Nomination and Remuneration Committee

# DIRECTORS' REPORT

## TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Thirty Seventh (37<sup>th</sup>) Directors' Report of your Company along with the financial statements for the Financial Year ended 31<sup>st</sup> March, 2019.

### 1. FINANCIAL SUMMARY AND HIGHLIGHTS

Certain key aspects of your Company's performance during the Financial Year ended 31<sup>st</sup> March, 2019 as compared to the previous Financial Year are summarised below:

(₹ in '000)

| Particulars                                  | Standalone Year Ended |             | Consolidated Year Ended |             |
|--|-----------------------|-------------|-------------------------|-------------|
|  | 31.03.2019            | 31.03.2018  | 31.03.2019              | 31.03.2018  |
| Income for the year                          | 2,64,526.72           | 2,49,185.42 | 7,94,522.52             | 7,34,694.11 |
| Profit before Interest, Depreciation and Tax | 29,388.53             | 21,077.82   | 24,379.65               | 42,886.47   |
| Finance Charges                              | 17,736.59             | 14,847.12   | 45,269.34               | 48,346.79   |
| Profit before Depreciation and Taxes         | 11,651.94             | 6,230.70    | (20,889.69)             | (5,460.32)  |
| Depreciation & Amortization                  | 7,891.23              | 8,082.20    | 21,688.27               | 22,173.52   |
| Provisions for Taxation/ Deferred Tax        | (728.17)              | (2,436.36)  | 811.59                  | 6,785.53    |
| Net Profit for the Current Year              | 4,488.88              | 584.86      | (43,389.55)             | (34,419.37) |
| Earlier Years Balance Brought Forward        | 48,725.14             | 46,938.53   | 4,534.48                | 3,5746.16   |
| Net Profit available for Appropriation       | 53,214.02             | 47,523.39   | (38,855.06)             | 3,166.11    |
| Appropriation:                               |                       |             |                         |             |
| Other Comprehensive Income                   | 653.63                | 1,201.75    | 680.84                  | 1,368.37    |
| Transfer to/from Reserves                    | -                     | -           | -                       | -           |
| Balance carried to Balance Sheet             | 53,867.66             | 48,725.14   | (38,174.23)             | 4,534.48    |

The Standalone Gross Revenue from operations for financial year 2018-19 was ₹ 2,50,324.11 Thousand (Previous Year: ₹ 2,38,346.76 Thousand). The Operating Profit before tax stood at ₹ 3,760.72 Thousand as against loss of ₹ 1,851.50 Thousand in the Previous Year. The Net Profit after tax for the year stood at ₹ 4,488.89 Thousand against ₹ 584.86 Thousand reported in the Previous Year.

The Consolidated Gross Revenue from operations for financial year 2018-19 was ₹ 7,92,024.64 Thousand (Previous Year: ₹ 7,26,014.30 Thousand), The Consolidated Operating Profit before tax stood (for continued operations) at ₹ (42,577.96) Thousand (Previous Year: ₹ (27,633.83) Thousand). The Consolidated Profit after tax stood at ₹ (43,389.55) Thousand (Previous Year: ₹ (32,580.05) Thousand).

### 2. DIVIDEND

The Directors do not recommend any dividend for the Financial Year ended 31<sup>st</sup> March, 2019.

### 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 6471014 Equity Shares of ₹10/- each.

#### **4. EXTRACT OF ANNUAL RETURN**

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

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

The Board met Five (5) times in Financial Year 2018-19 viz., on 18<sup>th</sup> May, 2018, 10<sup>th</sup> August, 2018, 19<sup>th</sup> September, 2018, 02<sup>nd</sup> November, 2018 and 08<sup>th</sup> February, 2019. The particulars of meetings held and attended by each Director are detailed in the Corporate Governance Report, which forms part of this Annual Report.

#### **6. DIRECTORS’ RESPONSIBILITY STATEMENT**

Your Directors hereby confirm that:

- i. In the preparation of the annual accounts for Financial Year ended 31<sup>st</sup> March, 2019, 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, 2019 and of the profit of the Company for that period.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts for Financial Year ended 31<sup>st</sup> March, 2019 on a ‘going concern’ basis.
- v. The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and have been operating efficiently.
- vi. The Directors have devised proper systems to ensure compliance with provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **7. DECLARATION BY INDEPENDENT DIRECTOR**

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

#### **8. POLICY ON DIRECTORS’ APPOINTMENT AND REMUNERATION**

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

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

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

**10. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

During the Financial Year 2018-19, your Company has entered into transactions with related parties as defined under Section 2(76) of the Act, Rules made thereunder and Regulation 23 of the Listing Regulations. During the Financial Year 2018-19, the Company has not entered into transactions with related parties which qualify as material transactions as per Listing Regulations. The Form AOC - 2 pursuant to Section 134 (3)(h) of the Act read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is appended as **Annexure III** to this Report.

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

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

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

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

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

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

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

**13. BUSINESS RISK MANAGEMENT**

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

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

**14. VIGIL MECHANISM**

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

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

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

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

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

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

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

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

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

## **16. SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES**

During the year under review no company has become or ceased to be subsidiary, joint venture and associate company.

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

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

Further, the Company has material 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>.

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

The Company has neither accepted nor renewed any deposits during the Financial Year 2018-19 in terms of Chapter V of the Act.

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

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

## **19. INTERNAL CONTROL WITH REFERENCE TO FINANCIAL STATEMENTS**

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

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

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

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

## **20. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

Pursuant to recommendation of the Nomination and Remuneration Committee and subject to approval of members at ensuing Annual General Meeting Mr. Rajesh Jaggi, Mr. Javed Tapia, Dr. Vrajesh Udani and Mr. Samir Chinai will be re-appointed as an Independent Directors on the Board of Directors of the Company in accordance with Section 149(4) of the Act, with effect from 04<sup>th</sup> August, 2019 to hold office for a 2<sup>nd</sup> term of 5 (five) consecutive years.

Further, pursuant to recommendation of the Nomination and Remuneration Committee and subject to approval of members at forthcoming Annual General Meeting, Mr. Darius Khambatta will be appointed as an Independent Director on the Board of Directors of the Company in accordance with Section 149(4) of the Act, with effect from conclusion of ensuing Annual General Meeting to hold office for period of 5 (five) consecutive years.

## **21. AUDITORS**

### **1. Statutory Auditor**

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

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

Statutory Auditor's Emphasis on Matter and Managements Reply

As regard Auditors observation with respect to utilization of MAT credit entitlement of ₹ 5,108.73 ('000) on Standalone basis and ₹ 7,976.72 ('000) on Consolidated basis, as per management future business projections, such credit will be fully utilized within the stipulated period.

## **2. Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Act and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors of the Company have appointed M/s. A. K. Jain & Co., Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the year ended 31<sup>st</sup> March, 2019. The Secretarial Audit Report is appended as **Annexure V** to this Report.

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

## **22. REPORTING OF FRAUDS**

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

## **23. MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

## **24. CORPORATE GOVERNANCE**

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

## **25. AUDIT COMMITTEE OF THE COMPANY**

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

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

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

## **26. PARTICULARS OF EMPLOYEES**

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

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

**27. COMPLIANCE OF THE SECRETARIAL STANDARDS**

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

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

The Company has complied with the provisions relating to constitution of Internal Complaints Committee and has Anti-Sexual Harassment policy pursuant to the provisions of The Sexual Harassment of Woman at Workplace (Prevention, Prohibition & Redressal) Act 2013. The Company has Anti-Sexual Harassment policy pursuant to the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company did not receive any such complaints during the financial year 2018-19.

**29. SCHEME OF AMALGAMATION**

The Company, as per the order of the National Company Law Tribunal, Mumbai Bench ('NCLT') dated 15<sup>th</sup> March, 2019, had convened a meeting of the members on 22<sup>nd</sup> April, 2019 wherein the members have approved the scheme of amalgamation of Arrow Textiles Limited ('First Transferor Company') and MMG India Private Limited ('Second Transferor Company') with Delta Magnets Limited (Transferee Company) and their respective shareholders with requisite majority. Further, The Company has filed a petition with National Company Law Tribunal (NCLT) on 25<sup>th</sup> April, 2019 for obtaining sanction to the Scheme pursuant to the provisions of Section 230 to Section 232 of the Companies Act, 2013. The final hearing on the same is awaited.

**30. ACKNOWLEDGEMENTS**

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

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

**JAYDEV MODY**  
**Chairman**  
**DIN: 00234797**

Place: Mumbai  
Date: 09<sup>th</sup> August, 2019

**Registered Office:**

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

CIN : L32109MH1982PLC028280

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

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

Tel No : 91-253-2382238

Fax No : 91-253-2382926



# ANNEXURE - I

## FORM NO. MGT-9

### EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2019

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

#### I. REGISTRATION AND OTHER DETAILS

|      |   |   |
|------|---|---|
| i.   | CIN   | L32109MH1982PLC028280   |
| ii.  | Registration Date   | 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<br>Sub Category: Indian Non-Government Company  |
| v.   | Address of the Registered Office and contact details                      | B-87, MIDC, Ambad, Nashik-422 010, Maharashtra<br>Tel No : 91-253-2382238<br>Fax No: 91-253-2382926<br>Email ID : <a href="mailto:secretarial@deltamagnets.com">secretarial@deltamagnets.com</a>  |
| vi.  | Whether listed  | Yes   |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Freedom Registry Limited<br>Share Transfer Agent, Plot No. 101/102, 19 <sup>th</sup> Street,<br>MIDC, Satpur, Nashik-422 007, Maharashtra.<br>Tel No : 91-253-2354032<br>Fax No: 91-253-2351126<br>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 Other Articles (Hard Ferrites)  | 32909                            | 91.10%                             |

#### 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><br>B-87, MIDC, Ambad, Nashik-422 010, Maharashtra                 | U27209MH1996PTC222840 | Subsidiary                     | 100%             | 2(87)              |
| 2.      | <b>MagDev Limited</b><br>Unit 23 Ash Industrial Estate<br>Kembrey Park, Swindon, SN2 8UN           | NA                    | Subsidiary                     | 100%             | 2(87)              |
| 3.      | <b>Pilamec Ltd., UK</b><br>Woodward Hale, 38 Dollar Street,<br>Cirencester, Gloucestershire GL72AN | 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. Promoters</b>           |   |   |             |                |                   |   |             |                |                   |                      |
| <b>1) Indian</b>              |   |   |             |                |                   |   |             |                |                   |                      |
| a)                            | Individual/HUF  | 43240   | 0           | 43240          | 0.67              | 53240                                     | 0           | 53240          | 0.82              | 0.15                 |
| 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  | 3010298   | 0           | 3010298        | 46.52             | 3000298                                   | 0           | 3000298        | 46.37             | (0.15)               |
|                               | <b>Sub-total (A) (1):-</b>                                    | <b>4668691</b>                                  | <b>0</b>    | <b>4668691</b> | <b>72.15</b>      | <b>4668691</b>                            | <b>0</b>    | <b>4668691</b> | <b>72.15</b>      | <b>0.00</b>          |
| <b>2) 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>4668691</b>                                  | <b>0</b>    | <b>4668691</b> | <b>72.15</b>      | <b>4668691</b>                            | <b>0</b>    | <b>4668691</b> | <b>72.15</b>      | <b>0.00</b>          |
| <b>B. Public Shareholding</b> |   |   |             |                |                   |   |             |                |                   |                      |
| <b>1) Institutions</b>        |   |   |             |                |                   |   |             |                |                   |                      |
| a)                            | Mutual Funds / UTI  | 225   | 1200        | 1425           | 0.02              | 225                                       | 1200        | 1425           | 0.02              | 0.00                 |
| b)                            | Banks / FI  | 0   | 7700        | 7700           | 0.12              | 525                                       | 7700        | 8225           | 0.13              | 0.01                 |
| 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>750</b>                                | <b>8900</b> | <b>9650</b>    | <b>0.15</b>       | <b>0.01</b>          |
| <b>2) Non-Institutions</b>    |   |   |             |                |                   |   |             |                |                   |                      |
| <b>a) Bodies Corporate</b>    |   |   |             |                |                   |   |             |                |                   |                      |
| i)                            | Indian  | 226012  | 676         | 226688         | 3.50              | 224700                                    | 676         | 225376         | 3.48              | (0.02)               |
| 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) Individuals</b>      |  |   |               |                |                   |   |               |                |                   |                      |
| i)                         | Individual Shareholders holding nominal share capital upto share capital upto ₹ 1 lakh | 697103  | 283795        | 980898         | 15.16             | 720781                                    | 260109        | 980890         | 15.16             | 0.00                 |
| ii)                        | Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh            | 521752  | 26000         | 547752         | 8.46              | 556158                                    | 0             | 556158         | 8.59              | 0.13                 |
| <b>c) Others (specify)</b> |  |   |               |                |                   |   |               |                |                   |                      |
| (c1)                       | Clearing Member  | 200   | 0             | 200            | 0.00              | 6012                                      | 0             | 6012           | 0.09              | 0.09                 |
| (c2)                       | NRIs   | 8299  | 225           | 8524           | 0.13              | 6549                                      | 225           | 6774           | 0.10              | (0.03)               |
| (c3)                       | IEPF   | 0   | 0             | 0              | 0.00              | 0   | 0             | 0              | 0.00              | 0.00                 |
| (c4)                       | Director or Directors Relatives  | 2200  | 200           | 2400           | 0.04              | 2200                                      | 200           | 2400           | 0.04              | 0.00                 |
| (c5)                       | Trusts   | 50  | 0             | 50             | 0.00              | 50  | 0             | 50             | 0.00              | 0.00                 |
| (c6)                       | HUF  | 26686   | 0             | 26686          | 0.41              | 15013                                     | 0             | 15013          | 0.23              | (0.18)               |
|                            | <b>Sub-Total (B)(2):</b>   | <b>1482302</b>                                  | <b>310896</b> | <b>1793198</b> | <b>27.71</b>      | <b>1531463</b>                            | <b>261210</b> | <b>1792673</b> | <b>27.70</b>      | <b>(0.01)</b>        |
|                            | <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                                     | <b>1482527</b>                                  | <b>319796</b> | <b>1802323</b> | <b>27.85</b>      | <b>1532213</b>                            | <b>270110</b> | <b>1802323</b> | <b>27.85</b>      | <b>0.00</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>6151218</b>                                  | <b>319796</b> | <b>6471014</b> | <b>100</b>        | <b>6200904</b>                            | <b>270110</b> | <b>6471014</b> | <b>100</b>        | <b>0.00</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 | 1001570   | 15.48                            | -  | 996570                                    | 15.40                            | -  | (0.08)                                    |
| 3.      | *Bayside Property Developers Private Limited      | 997751  | 15.42                            | -  | 997751                                    | 15.42                            | -  | 0.00                                      |
| 4.      | *Delta Real Estate Consultancy Private Limited    | 1010977   | 15.62                            | -  | 1005977                                   | 15.55                            | -  | (0.08)                                    |
| 5.      | Dr. Ram H. Shroff                                 | 2115  | 0.03                             | -  | 2,115                                     | 0.03                             | -  | 0.00                                      |
| 6.      | SSI Trading Private Limited                       | 1615153   | 24.96                            | -  | 1615153                                   | 24.96                            | -  | 0.00                                      |
| 7.      | Urvi Piramal A                                    | 20000   | 0.31                             | -  | 25000                                     | 0.39                             | -  | 0.08                                      |
| 8.      | Kalpna Singhania                                  | 20000   | 0.31                             | -  | 25000                                     | 0.39                             | -  | 0.08                                      |

\*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 (01.04.2018 to 31.03.2019) |                                 |
|---------|--|--|----------------------------------|------------|---------------------------------------|------------------------------|--|---------------------------------|
|         |  | No. of Shares at the beginning (01.04.2018) / end of the year (31.03.2019) | % of total shares of the Company |            |                                       |                              | No. of shares  | % of total share of the Company |
| 1.      | Ziabai Jaydev Mody jointly with Jaydev Mukund Mody | 1125   | 0.02                             | 01.04.2018 | 0                                     | Nil movement during the year | 1125   | 0.02                            |
|         |  | 1125   | 0.02                             | 31.03.2019 |                                       |                              |  |                                 |
| 2.      | *Aryanish Finance and Investments Private Limited  | 1001570  | 15.48                            | 01.04.2018 | (5,000)                               | Transfer                     | 996570   | 15.40                           |
|         |  | 996570   | 15.40                            | 31.03.2019 |                                       |                              |  |                                 |
| 3.      | *Bayside Property Developers Private Limited       | 997751   | 15.42                            | 01.04.2018 | 0                                     | Nil movement during the year | 997751   | 15.42                           |
|         |  | 997751   | 15.42                            | 31.03.2019 |                                       |                              |  |                                 |
| 4.      | *Delta Real Estate Consultancy Private Limited     | 1010977  | 15.62                            | 01.04.2018 | (5,000)                               | Transfer                     | 1005977  | 15.55                           |
|         |  | 1005977  | 15.55                            | 31.03.2019 |                                       |                              |  |                                 |
| 5.      | Dr. Ram H. Shroff                                  | 2115   | 0.03                             | 01.04.2018 | 0                                     | Nil movement during the year | 2115   | 0.03                            |
|         |  | 2115   | 0.03                             | 31.03.2019 |                                       |                              |  |                                 |
| 6.      | SSI Trading Private Limited                        | 1615153  | 24.96                            | 01.04.2018 | 0                                     | Nil movement during the year | 1615153  | 24.96                           |
|         |  | 1615153  | 24.96                            | 31.03.2019 |                                       |                              |  |                                 |
| 7.      | Urvi Piramal A                                     | 20000  | 0.31                             | 01.04.2018 | 5,000                                 | Transfer                     | 25000  | 0.39                            |
|         |  | 25000  | 0.39                             | 31.03.2019 |                                       |                              |  |                                 |
| 8.      | Kalpana Singhania                                  | 20000  | 0.31                             | 01.04.2018 | 5,000                                 | Transfer                     | 25000  | 0.39                            |
|         |  | 25000  | 0.39                             | 31.03.2019 |                                       |                              |  |                                 |

\*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. Name No.                          | Shareholding   |                                  | Date       | Increase / (Decrease) in Shareholding | Reason                   | Cumulative Shareholding during the year (01.04.2018 to 31.03.2019) |                                  |
|---------------------------------------|--|----------------------------------|------------|---------------------------------------|--------------------------|--|----------------------------------|
|                                       | No. of Shares at the beginning (01.04.2018) / end of the year (31.03.2019) | % 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                             | 01.04.2018 |                                       | Nil                      | 106117   | 1.64                             |
|                                       | 106117   | 1.64                             | 31.03.2019 | 0                                     | movement during the year |  |                                  |
| 2 New Deal Multitrade Private Limited | 95500  | 1.48                             | 01.04.2018 |                                       | Nil                      | 95500  | 1.48                             |
|                                       | 95500  | 1.48                             | 31.03.2019 | 0                                     | movement during the year |  |                                  |
| 3 Chirag Mehta                        | 64000  | 0.99                             | 01.04.2018 |                                       | Nil                      | 64000  | 0.99                             |
|                                       | 64000  | 0.99                             | 31.03.2019 | 0                                     | movement during the year |  |                                  |
| 4 Hitesh Ramji Javeri                 | 60000  | 0.93                             | 01.04.2018 |                                       | Nil                      | 60000  | 0.93                             |
|                                       | 60000  | 0.93                             | 31.03.2019 | 0                                     | movement during the year |  |                                  |
| 5 Sanjaykumar Sarawagi                | 47273  | 0.73                             | 01.04.2018 |                                       | Nil                      | 47273  | 0.73                             |
|                                       | 47273  | 0.73                             | 31.03.2019 | 0                                     | movement during the year |  |                                  |
| 6 Kalpana Prakash Pandey              | 43062  | 0.67                             | 01.04.2018 |                                       | Nil                      | 43062  | 0.67                             |
|                                       | 43062  | 0.67                             | 31.03.2019 | 0                                     | movement during the year |  |                                  |
| 7 Harsha Hitesh Javeri                | 37027  | 0.57                             | 01.04.2018 |                                       |                          |  |                                  |
|                                       |  |                                  | 20.07.2018 | 2430                                  | Buy                      | 39457  | 0.61                             |
|                                       |  |                                  | 17.08.2018 | 543                                   | Buy                      | 40000  | 0.62                             |
|                                       | 40000  | 0.62                             | 31.03.2019 |                                       |                          |  |                                  |
| 8 Mehraboon Jamshed Irani             | 23478  | 0.36                             | 01.04.2018 |                                       |                          |  |                                  |
|                                       |  |                                  | 14.09.2018 | (60)                                  | Sell                     | 23418  | 0.36                             |
|                                       |  |                                  | 19.09.2018 | (500)                                 | Sell                     | 22918  | 0.35                             |
|                                       |  |                                  | 21.09.2018 | (818)                                 | Sell                     | 22100  | 0.34                             |
|                                       |  |                                  | 11.01.2019 | 918                                   | Buy                      | 23018  | 0.36                             |
|                                       |  |                                  | 18.01.2019 | 133                                   | Buy                      | 23151  | 0.36                             |
|                                       |  |                                  | 25.01.2019 | 500                                   | Buy                      | 23651  | 0.37                             |
|                                       |  |                                  | 08.03.2019 | 167                                   | Buy                      | 23818  | 0.37                             |
|                                       |  |                                  | 15.03.2019 | 1188                                  | Buy                      | 25006  | 0.39                             |
|                                       |  | 22.03.2019                       | 670        | Buy                                   | 25676                    | 0.40   |                                  |
|                                       | 25676  | 0.40                             | 31.03.2019 |                                       |                          |  |                                  |

| Sr. Name No.                 | Shareholding   |                                  | Date       | Increase / (Decrease) in Shareholding | Reason | Cumulative Shareholding during the year (01.04.2018 to 31.03.2019) |                                  |
|------------------------------|--|----------------------------------|------------|---------------------------------------|--------|--|----------------------------------|
|                              | No. of Shares at the beginning (01.04.2018) / end of the year (31.03.2019) | % of total shares of the Company |            |                                       |        | No of shares   | % of total shares of the Company |
| 9 Hasumati Sunderlal Patel   | 18919  | 0.29                             | 01.04.2018 |                                       |        |  |                                  |
|                              |  |                                  | 12.10.2018 | 1000                                  | Buy    | 19919  | 0.31                             |
|                              |  |                                  | 19.10.2018 | 581                                   | Buy    | 20500  | 0.32                             |
|                              |  |                                  | 26.10.2018 | 500                                   | Buy    | 21000  | 0.32                             |
|                              |  |                                  | 09.11.2018 | 1410                                  | Buy    | 22410  | 0.35                             |
|                              |  |                                  | 16.11.2018 | 790                                   | Buy    | 23200  | 0.36                             |
|                              |  |                                  | 23.11.2018 | 110                                   | Buy    | 23310  | 0.36                             |
|                              |  |                                  | 30.11.2018 | 227                                   | Buy    | 23537  | 0.36                             |
|                              |  |                                  | 07.12.2018 | 163                                   | Buy    | 23700  | 0.37                             |
|                              | 23700  | 0.37                             | 31.03.2019 |                                       |        |  |                                  |
| 10 Madhukant Sunderlal Patel | 8745   | 0.14                             | 01.04.2018 |                                       |        |  |                                  |
|                              |  |                                  | 06.04.2018 | (210)                                 | Sell   | 8535   | 0.13                             |
|                              |  |                                  | 01.06.2018 | (1000)                                | Sell   | 7535   | 0.12                             |
|                              |  |                                  | 22.06.2018 | (170)                                 | Sell   | 7365   | 0.11                             |
|                              |  |                                  | 24.08.2018 | 150                                   | Buy    | 7515   | 0.12                             |
|                              |  |                                  | 31.08.2018 | (1000)                                | Sell   | 6515   | 0.10                             |
|                              |  |                                  | 14.09.2018 | 798                                   | Buy    | 7313   | 0.11                             |
|                              |  |                                  | 12.10.2018 | 515                                   | Buy    | 7828   | 0.12                             |
|                              |  |                                  | 19.10.2018 | 26649                                 | Buy    | 34477  | 0.53                             |
|                              |  |                                  | 26.10.2018 | 1008                                  | Buy    | 35485  | 0.55                             |
|                              |  |                                  | 02.11.2018 | (181)                                 | Sell   | 35304  | 0.55                             |
|                              |  |                                  | 09.11.2018 | (157)                                 | Sell   | 35147  | 0.54                             |
|                              |  |                                  | 16.11.2018 | (11)                                  | Sell   | 35136  | 0.54                             |
|                              |  |                                  | 01.03.2019 | (49)                                  | Sell   | 35087  | 0.54                             |
|                              |  | 08.03.2019                       | 1287       | Buy                                   | 36374  | 0.56   |                                  |
|                              |  | 15.03.2019                       | (200)      | Sell                                  | 36174  | 0.56   |                                  |
|                              |  | 29.03.2019                       | (500)      | Sell                                  | 35674  | 0.55   |                                  |
|                              | 35674  | 0.55                             | 31.03.2019 |                                       |        |  |                                  |

(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 (01.04.2018 to 31.03.2019) |                                  |
|---|---|----------------------------------|------------|--------------------------------------|------------------------------|--|----------------------------------|
|   | No. of Shares at the beginning (01.04.2018)/ end of the year (31.03.2019) | % of total shares of the Company |            |                                      |                              | No of shares   | % of total shares of the Company |
| 1 *Mr. Jaydev Mody                        | 1125  | 0.02                             | 01.04.2018 | 0                                    | Nil movement during the year | 1125   | 0.02                             |
|   | 1125  | 0.02                             | 31.03.2019 |                                      |                              |  |                                  |
| 2 Dr. Ram H. Shroff                       | 2115  | 0.03                             | 01.04.2018 | 0                                    | Nil movement during the year | 2115   | 0.03                             |
|   | 2115  | 0.03                             | 31.03.2019 |                                      |                              |  |                                  |
| 3 Ms. Ambika Kothari                      | 1950  | 0.03                             | 01.04.2018 | 0                                    | Nil movement during the year | 1950   | 0.03                             |
|   | 1950  | 0.03                             | 31.03.2019 |                                      |                              |  |                                  |
| 4 Mr. Darius Khambatta                    | 0   | 0.00                             | 01.04.2018 | 0                                    | Nil movement during the year | 0  | 0.00                             |
|   | 0   | 0.00                             | 31.03.2019 |                                      |                              |  |                                  |
| 5 Mr. Javed Tapia                         | 0   | 0.00                             | 01.04.2018 | 0                                    | Nil movement during the year | 0  | 0.00                             |
|   | 0   | 0.00                             | 31.03.2019 |                                      |                              |  |                                  |
| 6 Mr. Rajesh Jaggi                        | 0   | 0.00                             | 01.04.2018 | 0                                    | Nil movement during the year | 0  | 0.00                             |
|   | 0   | 0.00                             | 31.03.2019 |                                      |                              |  |                                  |
| 7 Mr. Samir Chinai                        | 450   | 0.01                             | 01.04.2018 | 0                                    | Nil movement during the year | 450  | 0.01                             |
|   | 450   | 0.01                             | 31.03.2019 |                                      |                              |  |                                  |
| 8 Dr. Vrajesh Udani                       | 0   | 0.00                             | 01.04.2018 | 0                                    | Nil movement during the year | 0  | 0.00                             |
|   | 0   | 0.00                             | 31.03.2019 |                                      |                              |  |                                  |
| 9 Mr. Abhilash Sunny                      | 0   | 0.00                             | 01.04.2018 | 5                                    | Buy                          | 5  | 0.00                             |
|   |   |                                  | 22.02.2019 |                                      |                              |  |                                  |
|   | 5   | 0.00                             | 31.03.2019 |                                      |                              |  |                                  |
| 10 Ms. Anannya Godbole                    | 1   | 0.00                             | 01.04.2018 | 0                                    | Nil movement during the year | 1  | 0.00                             |
|   | 1   | 0.00                             | 31.03.2019 |                                      |                              |  |                                  |

\*Holding jointly with Ziabai Jaydev Mody.

**V. INDEBTEDNESS**

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

(₹ in'000)

| Sr. Particulars no.  | Secured Loans excluding Deposits (₹) | Unsecured Loans (₹) | Deposits (₹) | Total Indebtedness (₹) |
|--|--------------------------------------|---------------------|--------------|------------------------|
| <b>Indebtedness at the beginning of the Financial Year</b> |                                      |                     |              |                        |
| i) Principal Amount  | 51,482.93                            | 97,100.00           | -            | 1,48,582.93            |
| ii) Interest due but not paid                              | -                                    | -                   | -            | -                      |
| iii) Interest accrued but not due                          | -                                    | -                   | -            | -                      |
| <b>TOTAL (I+II+III)</b>                                    | <b>51,482.93</b>                     | <b>97,100.00</b>    | <b>-</b>     | <b>1,48,582.93</b>     |
| <b>Change in Indebtedness during the Financial Year</b>    |                                      |                     |              |                        |
| Addition   | 16,305.50                            | 13,800.00           | -            | 30,105.50              |
| Reduction  | -                                    | -                   | -            | -                      |
| Net Change   | <b>16,305.50</b>                     | <b>13,800.00</b>    | <b>-</b>     | <b>30,105.50</b>       |
| <b>Indebtedness at the end of the Financial Year</b>       |                                      |                     |              |                        |
| i) Principal Amount  | 67,788.43                            | 1,10,900.00         | -            | 1,78,688.43            |
| ii) Interest due but not paid                              | -                                    | -                   | -            | -                      |
| iii) Interest accrued but not due                          | -                                    | -                   | -            | -                      |
| <b>TOTAL (I+II+III)</b>                                    | <b>67,788.43</b>                     | <b>1,10,900.00</b>  | <b>-</b>     | <b>1,78,688.43</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<br>Dr. Ram H. Shroff |
|--|--|
| <b>1. Gross salary</b>   |  |
| 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              |  |
| <b>2. Stock Option</b>   |  |
| <b>3. Sweat Equity</b>   | Not Applicable                                 |
| <b>4. Commission</b><br>- as % of profit<br>- others, specify...                   |  |
| <b>5. Others, please specify</b>   |  |
| <b>TOTAL (A)</b>   |  |
| <b>Ceiling as per the Act</b>  | 5% of Net Profit as per Section 198 of the Act |
|  | ₹ 188.03                                       |



**B. Remuneration to Other Directors**

(₹ in '000)

| Sr. No.   | Particulars of Remuneration                      | Name of Director  |                           |                             |                         | 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 (₹)   | 20.00   | 20.00                     | 12.00                       | 10.00                   | 52.00        |
|           | Commission (₹)                                   | 0.00  | 0.00                      | 0.00                        | 0.00                    | 0.00         |
|           | Others, please specify (₹)                       | 0.00  | 0.00                      | 0.00                        | 0.00                    | 0.00         |
|           | <b>TOTAL (1) (₹)</b>                             | <b>20.00</b>  | <b>20.00</b>              | <b>12.00</b>                | <b>10.00</b>            | <b>52.00</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 (₹) | 4.00  | 8.00                      | 10.00                       |                         | 22.00        |
|           | Commission (₹)                                   | 0.00  | 0.00                      | 0.00                        |                         | 0.00         |
|           | Others, please specify (₹)                       | 0.00  | 0.00                      | 0.00                        |                         | 0.00         |
|           | <b>TOTAL (2) (₹)</b>                             | <b>4.00</b>   | <b>8.00</b>               | <b>10.00</b>                |                         | <b>22.00</b> |
|           | <b>TOTAL (B)=(1+2) (₹)</b>                       |   |                           |                             |                         | <b>74.00</b> |
|           | <b>Total Managerial Remuneration (A+B) (₹)</b>   |   |                           |                             |                         | 74.00        |
|           | Overall Ceiling as per the Act (%)               | 1% of the Net Profits equivalent to ₹ 37.61 with respect to the ceiling for the Company applicable for the Financial Year covered by this 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. Anannya Godbole) |                  |
| <b>1.</b> | <b>Gross salary</b>   |  |   |                  |
| (a)       | Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 1,740.00                                     | 300.00                                  | <b>2,040.00</b>  |
| (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              | 2,591.35                                     | 117.78                                  | <b>2,709.13</b>  |
| <b>2.</b> | <b>Stock Option</b>   | -  | -                                       | -                |
| <b>3.</b> | <b>Sweat Equity</b>   | -  | -                                       | -                |
| <b>4.</b> | <b>Commission</b><br>- as % of profit<br>- others, specify...                   | 500.00                                       | -                                       | <b>500.00</b>    |
| <b>5.</b> | <b>Others, please specify</b>   | 268.65                                       | 38.00                                   | <b>306.65</b>    |
|           | <b>TOTAL</b>  | <b>5,100.00</b>                              | <b>455.78</b>                           | <b>5,555.78</b>  |

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

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

Place: Mumbai

Date: 09<sup>th</sup> August, 2019

## ANNEXURE II

### NOMINATION AND REMUNERATION POLICY

#### 1. OBJECTIVE

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

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

#### 2. DEFINITIONS

- 2.1. Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. Board means Board of Directors of the Company.
- 2.3. Directors mean Directors of the Company.
- 2.4. Key Managerial Personnel means
  - 2.4.1. Managing Director;
  - 2.4.2. Whole-time director;
  - 2.4.3. Chief Financial Officer;
  - 2.4.4. Company Secretary; and
  - 2.4.5. such other officer as may be prescribed under the Companies Act, 2013 as amended from time to time .
- 2.5. Senior Management shall means officers/personnel of the listed entity who are members of its core management team excluding board of directors and normally this shall comprise all members of management one level below the chief executive officer/managing director/whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer.]

### 3. ROLE OF COMMITTEE

#### 3.1 The Committee shall:

- 3.1.1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;
- 3.1.2. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- 3.1.3. Devising a policy on diversity of board of directors;
- 3.1.4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal.
- 3.1.5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
- 3.1.6. Recommend to the Board, appointment Remuneration and removal of Director, KMP and Senior Management Personnel.
- 3.1.7. Formulate detailed ESOS Plan and the terms and conditions thereof including but not limited to determination of the Exercise Price, Exercise Period, Lock – in period, consequence of failure to exercise option, method of valuation, accounting policies, disclosures, etc and matters related thereto or such other role as may be defined by the Board of Directors.

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

##### 3.2.1. Appointment criteria and qualifications

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

##### 3.2.2. Term / Tenure

- a) Managing Director/Whole-time Director:

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

b) Independent Director:

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

3.2.3. Evaluation

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

3.2.4. Removal

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

3.2.5. Retirement

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

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

3.3.1. General:

- a) The remuneration / compensation / commission etc. to the Managing Director or Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.
- b) The remuneration and commission to be paid to the Managing Director or Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down as per the provisions of the Act and in line with the Company's policy.

- c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Managing Director or Whole-time Director.
- d) Where any insurance is taken by the Company on behalf of its Managing Director or Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

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

- a) Fixed pay:

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

- b) Minimum Remuneration:

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

- c) Provisions for excess remuneration:

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

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

- a) Remuneration / Commission:

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

- b) Sitting Fees:

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

- c) Commission:

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

d) Stock Options:

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

**4. MEMBERSHIP**

- 4.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- 4.2 The quorum for a meeting of the nomination and remuneration committee shall be either two members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance.
- 4.3 Membership of the Committee shall be disclosed in the Annual Report.
- 4.4 Term of the Committee shall be continued unless terminated by the Board of Directors.

**5. CHAIRPERSON**

- 5.1 Chairperson of the Committee shall be an Independent Director.
- 5.2 Chairperson of the Company may be appointed as a member of the Committee but shall not be a Chairman of the Committee.
- 5.3 In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- 5.4 Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

**6. FREQUENCY OF MEETINGS**

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

**7. COMMITTEE MEMBERS' INTERESTS**

- 7.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- 7.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

**8. SECRETARY**

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

**9. VOTING**

- 9.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- 9.2 In the case of equality of votes, the Chairman of the meeting will have a casting vote.

**10. NOMINATION DUTIES**

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

- 10.1 Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- 10.2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;

- 10.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.
- 10.4 Determining the appropriate size, diversity and composition of the Board;
- 10.5 Setting a formal and transparent procedure for selecting new Directors for appointment to the Board;
- 10.6 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- 10.6 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 10.7 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- 10.8 Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- 10.9 Recommend any necessary changes to the Board; and
- 10.10 Considering any other matters, as may be requested by the Board.

#### **11. REMUNERATION DUTIES**

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

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

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

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



## ANNEXURE III

### FORM NO. AOC-2

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

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

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

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

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

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

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

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

Place: Mumbai  
 Date: 09<sup>th</sup> August, 2019

## ANNEXURE IV

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

### (A) CONSERVATION OF ENERGY

(₹ in '000)

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 : ₹ 690.36 ('000)

#### Foreign Exchange Earnings and Outgo:

During the year, the foreign exchange outgo was ₹ 17,047.42 ('000) (Last Year ₹ 12,564.47 ('000) the foreign exchange earned was Nil (Last Year Nil)

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

**Jaydev Mody**  
Chairman  
DIN: 00234797

Place: Mumbai  
Date: 09<sup>th</sup> August, 2019

## ANNEXURE V

FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

**For The Financial Year ended on 31<sup>st</sup> March, 2019**

[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, 2019 (‘Audit Period’) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined 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, 2019 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, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**Not Applicable to the Company during the Audit Period**);
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (**Not Applicable to the Company during the Audit Period**);
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (**Not Applicable to the Company during the Audit Period**);
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not Applicable to the Company during the Audit Period)**;
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not Applicable to the Company during the Audit Period)**; and
  - i. The Securities and Exchange Board of India (Listing obligations and Disclosures Requirements) Regulations, 2015.
- (vi) The management has confirmed that there is/ are no sector specific laws applicable to the Company during the Audit Period.

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

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

#### **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/ unanimously. There were no dissenting views by any member of the Board of Directors during the period under review.

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

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

| Date of event | Details of the specific events/ actions bearing on Company's affairs pursuant of the above referred laws, rules, regulations, guidelines etc.   |
|---------------|---|
| 19.09.2018    | Pursuant to the provisions of the Sections 230 to 232 of the Companies Act, 2013, the Board of Directors of the Company have approved the Scheme of Amalgamation of Arrow Textiles Limited ('First Transferor Company') and MMG India Private Limited ('Second Transferor Company') with Delta Magnets Limited (Transferee Company) and their respective shareholders. The Company has received observation letter from the both the Exchanges and The Hon'ble National Company Law Tribunal, Mumbai Bench ('NCLT') vide their order dated 15 <sup>th</sup> March, 2019 have directed the Company to convey the meeting of the members on 22 <sup>nd</sup> April, 2019. |

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

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

Place: Mumbai  
Date: 9<sup>th</sup> August, 2019

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

## ANNEXURE A

To  
The Members  
**Delta 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: 9<sup>th</sup> August, 2019

## ANNEXURE-VI

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

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2018-19 :-

| Sr. No.                        | Name of Director / KMP and Designation | Remuneration of Director / KMP for Financial Year 2018-19 (₹ in '000) | Ratio of remuneration of each Director / KMP to median remuneration of employees |
|--------------------------------|--|---|--|
| <b>Non-Executive Directors</b> |  |   |  |
| 1                              | Mr. Jaydev Mody                        | 4.00  | 1%   |
| 2                              | Ms. Ambika Kothari                     | 8.00  | 2%   |
| 3                              | Mr. Darius Khambatta                   | 10.00   | 2%   |
| 4                              | Mr. Javed Tapia                        | 20.00   | 4%   |
| 5                              | Mr. Rajesh Jaggi                       | 20.00   | 4%   |
| 6                              | Mr. Samir Chinai                       | 10.00   | 2%   |
| 7                              | Dr. Vrajesh Udani                      | 12.00   | 2%   |
| <b>Executive Directors</b>     |  |   |  |
| 8                              | Dr. Ram H. Shroff                      | 0   | 0%   |

- (ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2018-19

| Sr. No. | Name of Director / KMP                       | Remuneration of Director / KMP for Financial Year 2018-19 (₹ in '000) | % of increase in Remuneration in the Financial Year 2018-19 |
|---------|--|---|---|
| 1       | Mr. Jaydev Mody                              | 4.00  | 0%  |
| 2       | Ms. Ambika Kothari                           | 8.00  | 0%  |
| 3       | Mr. Darius Khambatta                         | 10.00   | 0%  |
| 4       | Mr. Javed Tapia                              | 20.00   | 0%  |
| 5       | Mr. Rajesh Jaggi                             | 20.00   | 0%  |
| 6       | Mr. Samir Chinai                             | 10.00   | 0%  |
| 7       | Dr. Vrajesh Udani                            | 12.00   | 0%  |
| 8       | Dr. Ram H. Shroff (Managing Director)        | 0   | 0%  |
| 9       | Mr. Abhilash Sunny (Chief Financial Officer) | 5,100.00  | 1%  |
| 10      | Ms. Anannya Godbole (Company Secretary)      | 455.78  | 7%  |

**(iii) The percentage increase in median remuneration of employees for the Financial Year 2018-19**

Median remuneration of each employee increased by 99% in financial year 2018-19.

**(iv) The number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2019**

118

**(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 financial year 2018-19 is around 87%, while the average increase in the remuneration of the Key Managerial Personnel is 4%.

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

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

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

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

Place: Mumbai

Date: 09<sup>th</sup> August, 2019

# MANAGEMENT DISCUSSIONS & ANALYSIS REPORT

## ECONOMIC AND INDUSTRY OVERVIEW

### GLOBAL ECONOMY

In 2018, the global economy began its journey on a firm footing with estimated global economic growth of 3.6% (Source: world Economic outlook by IMF). During the second half of 2018, this rate of development gradually declined, owing to impending US-China trade dispute and some slowdown across developed markets.

Emerging and developing markets of Asia maintained their steady progress at 6.4% during 2018. However, its important to note that India's economy expanded at 7.1% in 2018 vis-a vis 6.7% in 2017, whereas China growth deteriorated from 6.9% in 2017 to 6.6% in 2018 (Source: world Economic outlook by IMF). Sub-Saharan Africa's economy also sustained a steady rise of 3% during the year.

### INDIAN ECONOMY

India continues to be one of the fastest growing major economies in the world and is expected to be among the world's top three economic powers in the next 10-15 years. The Indian economy is expected to improve and close the year 2019 with a GDP growth of 7.3% (Source: IMF)

Sustained real GDP growth of over 6% since FY 19 has led to a fundamental transformation of India's economy. Today, India is the world's seventh largest economy in real terms, backed by strong demand, positive consumption pattern and rising disposable income. IN PPP terms, the economy is expected to be among the top five global economies by 2020.

### INDIAN AUTO INDUSTRY

Indian automotive industry saw marginal increase of 5% at 26,267,783 units in FY19. The industry produced a total 30,915,420 vehicles including passenger vehicles, commercial vehicles, three wheelers, two wheelers and quadricycle in April-March 2019 as against 29,094,447 in April-March 2018, registering a growth of 6.26% over the same period last year.

The sale of Passenger Vehicles grew by 2.70% in April-March 2019 over the same period last year. The overall Commercial Vehicles segment registered a growth of 17.55% in April- March 2019 as compared to the same period last year. Three Wheelers sales increased by 10.27% in April-March 2019 over the same period last year. Two Wheelers sales registered a growth at 4.86% in April-March 2019 over April-March 2018.

Exports –In April-March 2019, overall automobile exports grew by 14.50%. While Passenger Vehicles exports declined by -9.64%, Commercial Vehicles, Three Wheelers and Two Wheelers registered a growth of 3.17%, 49.00% and 16.55% respectively in April-March 2019 over the same period last year.

E-mobility : The cabinet's approval for the second phase of the Faster Adoption and Manufacturing of Electric Vehicles (FAME II) scheme signalled the Government of India's positive intent to invest in a future of green mobility. While the focus in FAME II is still very much on subsidies for the purchase of electric vehicles (EVs), the inclusion of charging infrastructure into the framework of incentives is likely to provide impetus to the establishment of public charging facilities across the country. This will see the emergence of charging stations not only in Tier 1 cities but also in Tier 2 cities and highways across the country. In the process, it is expected to address one of the most pressing concerns for consumers – the dearth of charging infrastructure in the country.

**Going forward:** With the general elections over and the Government taking important steps to improve liquidity in the system, demand is expected to improve from the second half of 2019-20. From a medium-term perspective, even if



demand picks up following positive triggers such as a good monsoon and the festival season, other challenges exist. The mandatory anti-lock braking system (ABS) and a combi-brake system (CBS) will lead to further price increases. The industry also has to face new BS-VI emission norms, effective April 2020. This will again see the need for clearing inventory of BS-IV vehicles.

## **INDIAN ELECTRONICS INDUSTRY**

The Indian Electronic Manufacturing Services (EMS) has witnessed a 26% CAGR over FY 13-17 & is expected to see a CAGR of 32% over FY 18- 21E. The low penetration of consumer electronics, increased focus of brand owners to outsourcing production, and government incentives for Make-in-India are the key growth factors. Further, rising labour cost in China, along with INR depreciation and the recent increase in import duty, on various products augur well for indigenous EMS providers. Rising cost of imports from China could also potentially open export opportunities. Backward integration & economies of scale by contract manufacturers can drive better control over cost & product quality.

**The Indian Home Appliances Industry** has consistently grown with current trends and reinventing old technologies to suit the consumer requirements of today. In today's day and age, consumers are looking for the convenience in the form of household appliances. Formerly known as 'appliances of the west', products like the vacuum cleaner, slow juicers, hand blenders, washing machines, etc have made its way into authentic Indian kitchens. The common factor driving the demand for such appliances is the proposition of convenience, time reduction on daily chores. The year 2018, revolutionised the home appliances industry with the introduction of innovations like smart appliances inclusive of energy saving tools, wireless, sensor-driven products, voice command for hand-free movement, digital features and mobile integration.

Over the years, the markets and consumers have changed considerably. Rising per capita disposable income of consumers, especially upper and lower middle income groups, aspiring millennials, growing working population and the ever-evolving consumer lifestyle are responsible to boost the home appliances industry in India. The industry is expected to witness a 13% CAGR till 2023.

**Fans:** Ceiling fans, Table fans, Pedestal fans and Wall fans. While ceiling fans dominates the organised market in terms of volume, table fans, pedestal fans and wall fans follow also are gaining equal prominence. The unorganised sector is heavily dominated by ceiling fans and table fans. Much of the sale of organised sector is in the metro, tier I and tier II markets. Moreover, the export of fans from India has grown considerably in the last few years and is a testimony to the quality and development of fan industry in India.

Going forward it is projected that the Indian electric fans market will surpass \$2 billion by 2023. With the growing housing sector, increasing disposable incomes, higher number of organised outlets, rising preference for online sales and emergence of smart fans (like dust free, LED), the demand for electric fans will continue to grow.

**The Indian lighting industry** is evolving rapidly. There has been a shift from conventional Fluorescent Lighting (FTL and CFL) incandescent bulb and High Intensity Discharge (HID) lamps to LEDs owing to its on a decline mode since four years and the market is currently going through a visible demand shift. India is the second most populous country in the world and situation that has led to an ever-widening demand- supply gap. However, the acceptance levels of the LEDs is now on a rise with higher demand being driven from the construction segment, replacement as well as demand for battens, downlighters and smart lighting for households. The Electric Lamp and Component Manufacturers Association of India (ELCOMA) predicts that LED market will grow to INR 261 billion by 2020, taking the LED Market share to 80% of the total lighting Industry.

Key factors that are expected to boost the market include declining LED prices coupled with favourable government initiatives to provide LED lights at subsidised cost. Under Street Lighting National Programme (SLNP), EESL seeks to replace 3.5 crore lights across the country.

## 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.

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

(₹ In '000)

| Particulars                                  | Standalone Year Ended |          | Consolidated Year Ended |          |
|--|-----------------------|----------|-------------------------|----------|
|  | 31.03.19              | 31.03.18 | 31.03.19                | 31.03.18 |
| Income for the year                          | 264,527               | 249,185  | 794,523                 | 734,694  |
| Profit before Interest, Depreciation and Tax | 29,389                | 21,078   | 24,380                  | 42,886   |
| Finance Charges                              | 17,737                | 14,847   | 45,269                  | 48,347   |
| Profit before Depreciation and Taxes         | 11,652                | 6,231    | -20,890                 | -5,461   |
| Depreciation & Amortization                  | 7,891                 | 8,082    | 21,688                  | 22,174   |
| Provisions for Taxation/ Deferred Tax        | -728                  | -2436    | 812                     | 4,946    |
| Net Profit for the Current Year              | 4,489                 | 585      | -43,390                 | -32,580  |
| Add: Other Comprehensive Income (OCI)        | 654                   | 1,202    | -1,364                  | 253      |
| Total Comprehensive Income for the Year      | 5,143                 | 1,787    | -44,753                 | -32,327  |

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

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

### **RISKS AND CONCERNS**

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

### **INTERNAL CONTROL SYSTEM AND ADEQUACY**

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

### **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

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

As on 31st March, 2019, the DMG Group had employee strength of 233 on its payroll.

### **CAUTIONARY STATEMENT**

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

# CORPORATE GOVERNANCE REPORT

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

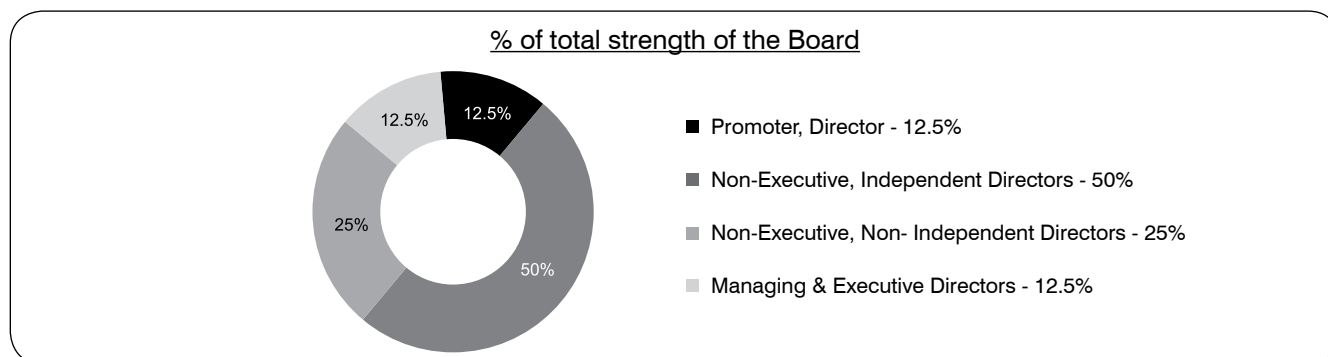
The Company fully subscribes to the principles and spirit of Corporate Governance. Corporate Governance is an ethically driven business process that is committed to values and conduct aimed at enhancing an organization's wealth generating capacity. This is ensured by taking ethical business decisions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

A report on compliance with the principles of Corporate Governance as on 31<sup>st</sup> March, 2019 as prescribed by the Securities and Exchange Board of India (SEBI) and Schedule V of the Listing Regulations is given below:

## BOARD OF DIRECTORS

### A. Composition of the Board

As on 31<sup>st</sup> March, 2019, in compliance of Regulation 17 of Listing Regulations, the Board has an optimum combination of Executive, Non-Executive and Independent Directors. The Board has Eight (8) Directors and the composition of which is as provided hereunder:



| Category                                   | Name of Directors  | No. of Directors | % of total strength of the Board |
|--|--|------------------|----------------------------------|
| Promoter, Non -Executive Director          | 1. Mr. Jaydev Mody   | 1                | 12.5                             |
| Non- Executive, Independent Directors      | 1. Mr. Javed Tapia<br>2. Mr. Rajesh Jaggi<br>3. Mr. Samir Chinai<br>4. Dr. Vrajesh Udani | 4                | 50                               |
| Non- Executive, Non- Independent Directors | 1. Ms. Ambika Kothari<br>2. Mr. Darius Khmbatta  | 2                | 25                               |
| Managing & Executive Directors             | 1. Dr. Ram H. Shroff   | 1                | 12.5                             |

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

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

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

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

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

None of the Directors of the Company are inter-se related to each other.

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



#### **Mr. Jaydev Mody**

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



**Dr. Ram H. Shroff**

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

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



**Ms. Ambika Kothari**

Ms. Ambika Kothari graduated with honors from Wellesley College with a B.A. in Economics and a minor in Math and Art. Ms. Kothari has experience in the fields of business administration, finance, management and entrepreneurship. She has worked with reputed firms such as Goldman Sachs in New York, DSP Merrill Lynch in Mumbai and Moody’s Investor Services in Singapore. Ms. Kothari is a director in several companies. She currently manages investments for G.K. International Private Limited and is a Founder Partner at Sea Face Paperie LLP, a startup stationery and design firm.



**Mr. Darius Khambatta**

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



**Mr. Javed Tapia**

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

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

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



**Mr. Rajesh Jaggi**

Mr. Rajesh Jaggi is the Managing Partner – Real Estate at The Everstone Group—a successful builder of diversified businesses across India and Southeast Asia with assets in excess of US \$5 billion across private equity, real estate, green infrastructure and venture capital. Mr. Jaggi joined Everstone in 2012 and is responsible for all real estate investments and operations of the group.

Mr. Jaggi has over 23 years of real estate leadership experience in India, including strategic planning, fund raising, acquisitions, finance, sales and marketing, legal, and project and facility management services.

Under his leadership, Everstone Group’s industrial real estate business IndoSpace has become a leading developer, builder and manager of light industrial and warehousing parks. It is the largest operational pan-India developer of modern industrial real estate with a portfolio of over 30 million square feet across 30 logistics and industrial parks.

IndoSpace formed a strategic long-term partnership with GLP, the leading global provider of modern logistics facilities and technology-led solutions last September. Through this partnership, GLP has become an investor in IndoSpace Core, a joint venture established in 2017 by IndoSpace and Canada Pension Plan Investment Board (CPPIB) that is focused on acquiring and developing modern logistics facilities in India. CPPIB initially committed approximately US\$500 million to IndoSpace Core.

Recently, IndoSpace announced the closure of its third – and India’s largest ever – logistics real estate fund with a corpus of \$1.2 billion, taking its total India commitment to well over \$3.2 billion.

Prior to joining Everstone, Mr. Jaggi was the Managing Director of Peninsula Land Limited, a USD 400-million market capitalization listed real estate company, where he led the successful commissioning of projects that totaled 28 million square feet of real estate across residential, commercial and retail space.

An alumnus of F.W. Olin Graduate School of Business at Babson College, Boston, and a graduate from the University of Mumbai, Mr. Jaggi was featured as one of India’s Hottest Young Executives by Business Today magazine (February 8, 2009 issue) – recognition for his contribution in leading Peninsula from a local Mumbai based developer to a notable national player.

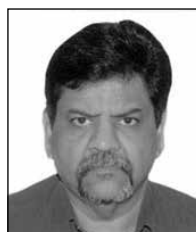


**Mr. Samir Chinai**

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. Mr. Chinai is a Director of various companies.



**Dr. Vrajesh Udani**

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

## **B. Board Procedure**

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

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

## **C. Information placed before the Board**

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

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

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

## **E. Board Support**

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

## **F. CEO / CFO Certification**

Pursuant to Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer (CFO) of the Company have certified to the Board regarding the Financial Statements for the year ended 31<sup>st</sup> March, 2019. The Managing Director and the CFO have also given quarterly certification on financial results to the Board in terms of Regulation 33 (2) of the Listing Regulations.

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

A separate meeting of Independent Directors of the Company, without the attendance of Non-Independent Directors and members of management, was held on 08<sup>th</sup> February, 2019, as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25(3) of the Listing Regulations. At the Meeting, the Independent Directors:

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



## H. Details of Board Meetings:

i. The details of the meetings held during the financial year 2018-19 is detailed below:

| Sr. No. | Date of the Board Meeting        |
|---------|----------------------------------|
| 1       | 18 <sup>th</sup> May, 2018       |
| 2       | 10 <sup>th</sup> August, 2018    |
| 3       | 19 <sup>th</sup> September, 2018 |
| 4       | 2 <sup>nd</sup> November, 2019   |
| 5       | 8 <sup>th</sup> February, 2019   |

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

ii. Details of Directorships and Chairman/Membership of Board Committees Showing the position as on 31<sup>st</sup> March, 2019 are given in the following table:

| Name of the Director                  | Category                       | Number of Board Meetings during the year 2018-2019 |          | Whether attended the last AGM held on 27.09.2018 | Number of Directorships in other Companies | Number of Committee positions held in other Public Companies |         | Directorship in Other listed entity (category of Directorship)                                   |
|---------------------------------------|--------------------------------|--|----------|--|--|--|---------|--|
|                                       |                                | Held   | Attended |  |  | Chairman   | *Member |  |
| Mr. Jaydev Mody (Chairman)            | Non-Executive, Promoter        | 5  | 2        | No   | 12   | 2  | 2       | 1. Arrow Textiles Limited (Chairman)<br>2. Delta Corp Limited (Chairman)                         |
| Dr. Ram H. Shroff (Managing Director) | Executive, Non-Independent     | 5  | 5        | Yes  | 12   | 0  | 2       | 1. Arrow Textiles Limited (Managing Director)  |
| Ms. Ambika Kothari                    | Non-Executive, Non-Independent | 5  | 4        | No   | 17   | 0  | 0       |  |
| Mr. Darius Khambatta                  | Non-Executive, Non-Independent | 5  | 5        | No   | 14   | 0  | 0       |  |
| Mr. Javed Tapia                       | Non-Executive, Independent     | 5  | 5        | No   | 12   | 1  | 1       |  |
| Mr. Rajesh Jaggi                      | Non-Executive, Independent     | 5  | 5        | Yes  | 13   | 1  | 2       | 1. Delta Corp Limited (Independent Director)   |
| Mr. Samir Chinai                      | Non-Executive, Independent     | 5  | 5        | No   | 14   | 0  | 0       |  |
| Dr. Vrajesh Udani                     | Non-Executive, Independent     | 5  | 3        | No   | 5  | 0  | 5       | 1. Delta Corp Limited (Independent Director)<br>2. Arrow Textiles Limited (Independent Director) |

\*Note: This is total Number of Membership including the Committee in which he/she is a Chairperson. Number of Committees in which he/she is Chairperson is shown in the previous column.

## iii. Shareholding of Non-executive Directors

The Individual shareholding of Non-executive Directors (including shareholding as joint holder) as on 31<sup>st</sup> March, 2019 is given below:

| <b>Name</b>          | <b>No. of shares held</b> |
|----------------------|---------------------------|
| 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                         |

**Committees of the Board**

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

**A. AUDIT COMMITTEE**

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

**i. Composition**

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

The composition of the Audit Committee of the Board of Directors of the Company along with the details of the meetings held and attended during the financial year 2018-19 is detailed below:

| <b>Sr. No.</b> | <b>Names of Members</b> | <b>Category</b>      | <b>Chairman/Member</b> |
|----------------|-------------------------|----------------------|------------------------|
| 1              | Mr. Rajesh Jaggi        | Independent Director | Chairman               |
| 2.             | Dr. Ram H. Shroff       | Managing Director    | Member                 |
| 3.             | Mr. Javed Tapia         | Independent Director | Member                 |
| 4.             | Dr. Vrajesh Udani       | Independent Director | Member                 |

## ii. Meeting and attendance

During the financial year 2018-19, five (5) meetings of the Audit Committee were held as follows:

| No. | Date                             | Committee Strength | No. of members present |
|-----|----------------------------------|--------------------|------------------------|
| 1.  | 18 <sup>th</sup> May, 2018       | 4                  | 3                      |
| 2.  | 10 <sup>th</sup> August, 2018    | 4                  | 4                      |
| 3.  | 19 <sup>th</sup> September, 2018 | 4                  | 3                      |
| 4.  | 2 <sup>nd</sup> November, 2018   | 4                  | 4                      |
| 5.  | 8 <sup>th</sup> February, 2019   | 4                  | 4                      |

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

The previous Annual General Meeting of the Company was held on Thursday, 27<sup>th</sup> September, 2018 was attended by Mr. Rajesh Jaggi, Chairman of the Audit Committee.

The Company Secretary acts as the Secretary to the Committee.

## iii. Extract of Terms of Reference

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

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

## B. NOMINATION AND REMUNERATION COMMITTEE

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

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

The Company Secretary acts as the Secretary to the Committee.

**i. Meeting and attendance**

During the financial year 2018-2019, One (1) meeting of the Nomination and Remuneration Committee was held as follows:

| Sr. No | Date                       | Committee Strength | No. of members present |
|--------|----------------------------|--------------------|------------------------|
| 1.     | 18 <sup>th</sup> May, 2018 | 3                  | 3                      |

**ii. Extract of Terms of reference**

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

**iii. Performance Evaluation and criteria for evaluation**

During the year, the Board has carried out an annual evaluation of its own Performance, performance of the boards, its committees and Individual Directors

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

**iv. Nomination and Remuneration Policy**

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

**C. Remuneration of Directors**

During the financial year 2018-19 apart from sitting fees that they are entitled to under the Act as Non-Executive Directors and reimbursement of expenses incurred in discharge of their duties, none of the Non-Executive Directors have any other material pecuniary relationship or transactions with Company, its promoters, its Directors, its senior management or its subsidiaries and associates.

**i. Criteria for Payment to Non-Executive Directors**

Overall remuneration should be reasonable and sufficient to attract, retain and motivate Directors aligned to the requirements of the Company; taking into consideration the challenges faced by the Company and its

future growth imperatives. Remuneration paid should be reflective of the size of the Company, complexity of the sector/ industry/ Company's operations and the Company's capacity to pay the remuneration and be consistent with recognized best practices.

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

Details of sitting fees paid to Non-Executive Directors during financial year 2018-19 are as follows:

| <b>Name</b>          | <b>Sitting fees (₹ in 000)</b> |
|----------------------|--------------------------------|
| Mr. Jaydev Mody      | 4                              |
| Ms. Ambika Kothari   | 8                              |
| Mr. Darius Khambatta | 10                             |
| Mr. Javed Tapia      | 20                             |
| Mr. Rajesh Jaggi     | 20                             |
| Mr. Samir Chinai     | 10                             |
| Dr. Vrajesh Udani    | 12                             |

**ii. Service Contract, Severance Fee and Notice Period**

The Company has not entered into any service contract.

**iii. Employee Stock Option Scheme**

The Company does not have any Employee Stock Option Scheme.

**iv. Details of remuneration paid to Executive and Non-Executive Directors for the year ended 31<sup>st</sup> March, 2019 and their relationship with other Directors of the Company**

**Executive Director**

NIL

During the financial year 2018-19, except payment of sitting fees, the Company does not have any pecuniary relationship or transactions with the Non - Executive Directors.

**D. STAKEHOLDERS RELATIONSHIP COMMITTEE**

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

The constitution of the Stakeholders Relationship Committee of the Board of Directors of the Company along with the details of the meetings held and attended by the members of the Committee during the financial year 2018-19 is detailed below:

**i. Composition**

The composition of Stakeholders Relationship Committee as on 31<sup>st</sup> March, 2019 is as follows:

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

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

**ii. Meeting and attendance**

During the financial year 2018-19, Five (5) meetings of the Stakeholders Relationship Committee were held, as follows:

| Sr. No. | Date                            | Committee Strength | No. of Members present |
|---------|---------------------------------|--------------------|------------------------|
| 1.      | 09 <sup>th</sup> April, 2018    | 3                  | 3                      |
| 2.      | 23 <sup>rd</sup> July, 2018     | 3                  | 3                      |
| 3.      | 15 <sup>th</sup> October, 2018  | 3                  | 3                      |
| 4.      | 12 <sup>th</sup> December, 2018 | 3                  | 3                      |
| 5.      | 16 <sup>th</sup> January, 2019  | 3                  | 3                      |

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

**iii. Terms of Reference**

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

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

**iv. Details of Shareholders' / Investors' Complaints**

During the financial year ended 31<sup>st</sup> March, 2019, there were no complaints received from shareholders of the Company and hence no complaints were pending as on that date.

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

## E. DETAILS OF ANNUAL GENERAL MEETINGS

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

| Year      | Location   | Date                             | Day     | Time      | No. of Special Resolutions |
|-----------|--|----------------------------------|---------|-----------|----------------------------|
| 2015 – 16 | Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik-422 010, Maharashtra   | 26 <sup>th</sup> September, 2016 | Monday  | 3.00 p.m. | 0                          |
| 2016 – 17 | Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik-422 010, Maharashtra   | 26 <sup>th</sup> September, 2017 | Tuesday | 3.00 p.m. | 0                          |
| 2017-18   | Hotel Express Inn, Nashik Pathardi Phata, Ambad, Mumbai Agra Road, Nashik – 422 010, Maharashtra | 27 <sup>th</sup> September, 2018 | Tuesday | 1.00 p.m. | 0                          |

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

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

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

v. Procedure for postal ballot: Not Applicable

## F. MEANS OF COMMUNICATION

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

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

b) The financial results are displayed on Company's website on [www.deltamagnets.com](http://www.deltamagnets.com) as well as on the website of stock exchanges i.e. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

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

**G. GENERAL SHAREHOLDER INFORMATION****i. Annual General Meeting**

|               |   |   |
|---------------|---|---|
| Date and Time | : | Friday, the 27 <sup>th</sup> day of September, 2019, at 02.00 P.M.                  |
| Venue         | : | The Gateway Hotel, P-17 MIDC, Ambad, Mumbai-Agra Road, Nasik - 422 010, Maharashtra |

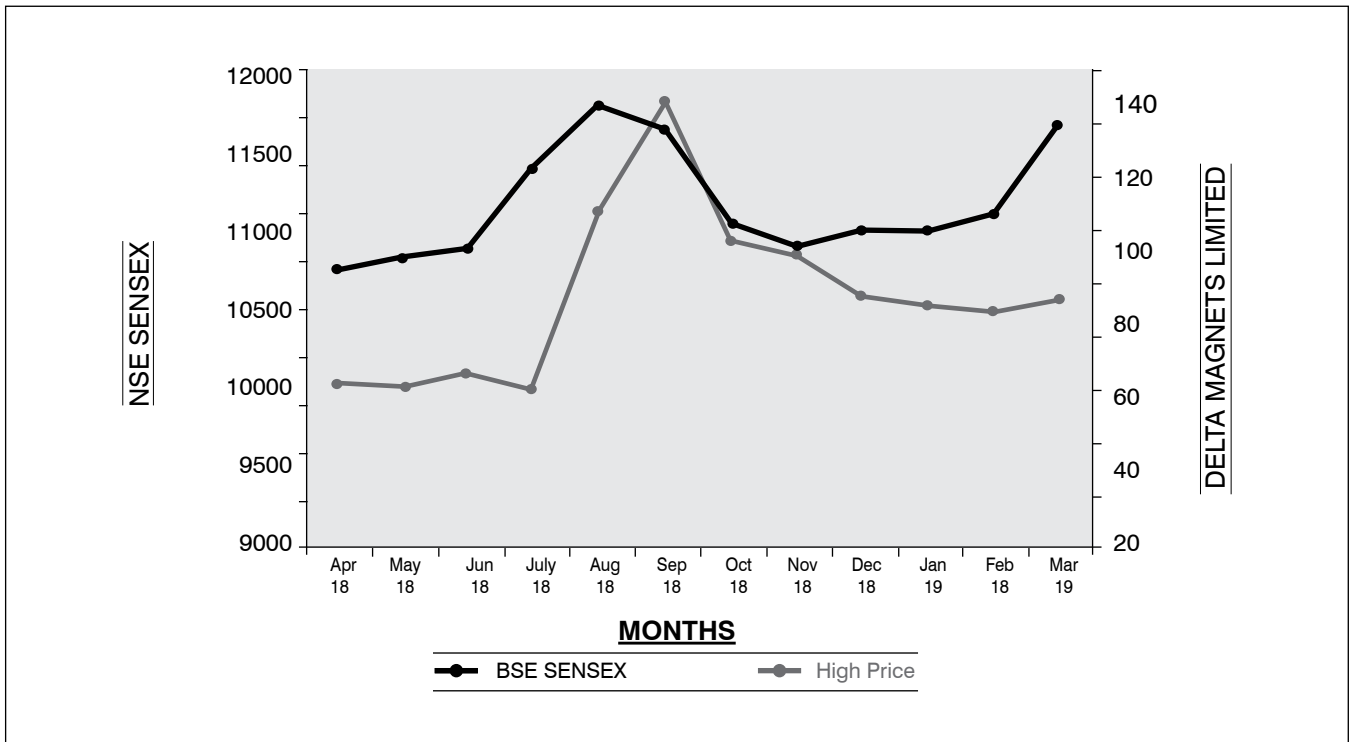
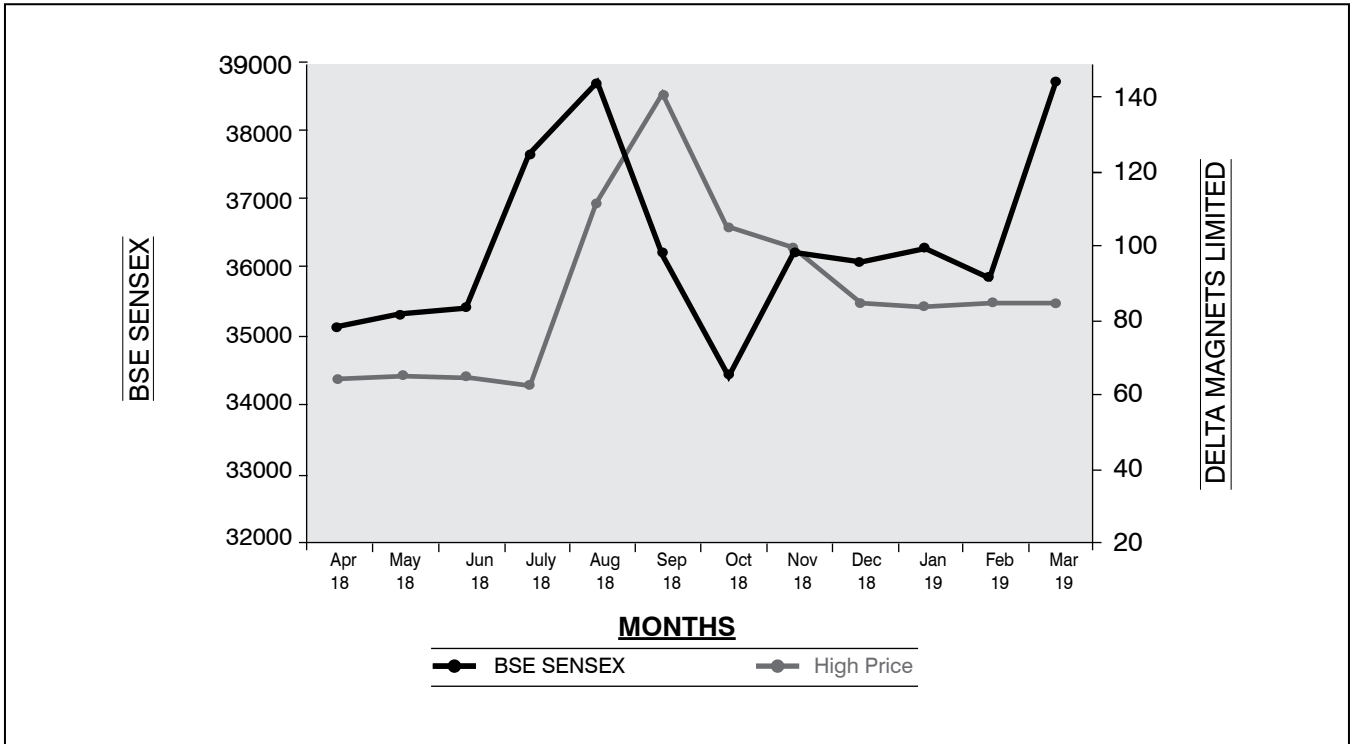
As required under Regulation 36(3) of the Listing Regulations, particulars of Directors seeking re-appointment at the forthcoming AGM are given in the Annexure to the Notice of the AGM to be held on Friday, 27<sup>th</sup> September, 2019

|  |   |  |
|--|---|--|
| Financial Year                                   | : | 1 <sup>st</sup> April to 31 <sup>st</sup> March.   |
| Dates of Book Closure                            | : | From Saturday, 21 <sup>st</sup> September, 2019 To Friday, 27 <sup>th</sup> September, 2019 (Both days inclusive)  |
| Dividend payment date                            | : | Not Applicable   |
| Dividend History                                 | : | Not Applicable   |
| Stock Exchange where Company's Shares are listed | : | BSE Limited<br>Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai 400 001, Maharashtra.<br>Scrip Code : 504286<br><br>National Stock Exchange of India Limited<br>Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra.<br>Scrip Symbol : DELTAMAGNT |
| 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, 2019.   |

**ii. Stock Market Price data: High /Low during each month for the financial year 2018-19**

| Month           | BSE Limited |         | National Stock Exchange of India Limited |         |
|-----------------|-------------|---------|--|---------|
|                 | High (₹)    | Low (₹) | High (₹)                                 | Low (₹) |
| April, 2018     | 63.90       | 50.10   | 64.00                                    | 56.80   |
| May, 2018       | 64.35       | 49.15   | 63.35                                    | 51.90   |
| June, 2018      | 64.00       | 51.30   | 66.50                                    | 50.85   |
| July, 2018      | 62.40       | 50.00   | 62.45                                    | 46.05   |
| August, 2018    | 110.95      | 46.55   | 110.25                                   | 48.30   |
| September, 2018 | 140.00      | 86.10   | 139.80                                   | 86.10   |
| October, 2018   | 104.55      | 63.70   | 102.05                                   | 66.00   |
| November, 2018  | 98.70       | 69.30   | 98.95                                    | 71.55   |
| December, 2018  | 85.00       | 74.25   | 88.05                                    | 74.00   |
| January, 2019   | 83.60       | 75.50   | 85.60                                    | 68.15   |
| February, 2019  | 85.05       | 65.00   | 84.00                                    | 63.00   |
| March, 2019     | 83.95       | 68.15   | 86.80                                    | 70.20   |





**iii. 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)

**iv. 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.

**v. Distribution of Equity Shareholding according to Numbers as at 31<sup>st</sup> March, 2019**

| Category        | No. of holders | % to total number of Shareholders | No of shares held in that slab | % to total number of shares |
|-----------------|----------------|-----------------------------------|--------------------------------|-----------------------------|
| 1 to 5000       | 4049           | 98.64                             | 855247                         | 13.22                       |
| 5001 to 10000   | 26             | 0.63                              | 192541                         | 2.98                        |
| 10001 to 20000  | 13             | 0.32                              | 196480                         | 3.04                        |
| 20001 to 50000  | 9              | 0.22                              | 285678                         | 4.41                        |
| 50001 to 100000 | 3              | 0.07                              | 219500                         | 3.39                        |
| 100001 & above  | 5              | 0.12                              | 4721568                        | 72.96                       |
| <b>TOTAL</b>    | <b>4105</b>    | <b>100</b>                        | <b>6471014</b>                 | <b>100</b>                  |

**vi. Distribution of Equity Shareholding according to categories of shareholders as at 31<sup>st</sup> march, 2019.**

| Sr. No.    | Category of Shareholder                            | Number of Share holders | Number of Shares | %            |
|------------|--|-------------------------|------------------|--------------|
| <b>(A)</b> | <b>Shareholding of Promoter and Promoter Group</b> | <b>8</b>                | <b>4668691</b>   | <b>72.15</b> |
| <b>(B)</b> | <b>Public shareholding</b>                         |                         |                  |              |
| <b>1</b>   | <b>Institutions</b>                                |                         |                  |              |
|            | (a) Mutual Funds/ UTI                              | 3                       | 1425             | 0.02         |
|            | (b) Financial Institutions / Banks                 | 5                       | 8225             | 0.13         |
|            | (c) Insurance Companies                            | 0                       | 0                | 0.00         |
|            | (d) Foreign Institutional Investors                | 0                       | 0                | 0.00         |

| Sr. No.  | Category of Shareholder                                  | Number of Share holders | Number of Shares | %            |
|----------|--|-------------------------|------------------|--------------|
| <b>2</b> | <b>Non-Institutions</b>                                  |                         |                  |              |
|          | (a) Bodies Corporate                                     | 42                      | 225376           | 3.48         |
|          | (b) Individuals  |                         |                  |              |
|          | (i) holding nominal share capital up to ₹ 1 Lacs         | 3941                    | 980890           | 15.16        |
|          | (ii) holding nominal share capital in excess of ₹ 1 Lacs | 22                      | 556158           | 8.59         |
|          | NRIs   | 18                      | 6774             | 0.10         |
|          | Clearing Member  | 13                      | 6012             | 0.09         |
|          | Director or Director's Relatives                         | 3                       | 2400             | 0.04         |
|          | Trusts   | 1                       | 50               | 0.00         |
|          | HUF  | 49                      | 15013            | 0.23         |
|          | <b>Total Public Shareholding</b>                         | <b>4097</b>             | <b>1802323</b>   | <b>27.85</b> |
|          | <b>TOTAL (A) + (B)</b>                                   | <b>4105</b>             | <b>6471014</b>   | <b>100</b>   |

**vii. Dematerialisation of shares and liquidity**

As on 31<sup>st</sup> March, 2019, 6200904 Equity Shares (95.83 % of the total number of shares) are in demat form as compared to 6151218 Equity Shares (95.06 % of the total number of shares) as on 31<sup>st</sup> March, 2018

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

The Company has not issued any GDR's/ADR's, Warrants or any convertible instruments during the financial year 2018-19.

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

**ix. Plant Location**

The Company has Plant on the following address:

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

**x. Investor Correspondence**

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

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

**xi. Fees to Statutory Auditors**

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

| Particulars                             | (₹ in 000)  |   |
|---|---|---|
|   | Year Ended<br>31 <sup>st</sup> March, 2019<br>(₹) | Year Ended<br>31 <sup>st</sup> March, 2018<br>(₹) |
| Audit Fees                              | 2,133.49  | 2,533.22  |
| Audit Fees for Other Services           | -   | 75.58   |
| Reimbursement of Out of pocket Expenses | -   | -   |
| <b>TOTAL</b>                            |   | <b>2,608.79</b>                                   |

**H. OTHER DISCLOSURES:**

| Particulars   | Regulations  | Details   | Website link of details/policy  |
|---|--|---|---|
| (a) Related party transactions  | Regulation 23 of SEBI Listing Regulations and as defined under the Act | During the financial year 2018-19 there are no materially significant Related Party Transactions of the Company which have potential conflict with the interests of the company at large. The Register of Contracts detailing the transactions as required under the Act is placed before the Board. Transactions with related parties are disclosed by way of Notes to the Accounts, which forms part of this Annual Report. | <a href="http://www.deltamagnetsgroup.com/dml/downloads/policies/Related-Party-Transaction-Policy.pdf">http://www.deltamagnetsgroup.com/dml/downloads/policies/Related-Party-Transaction-Policy.pdf</a> |
| b) Details of non-compliance by the Company, penalty, strictures imposed on the Company by the stock exchange, or Securities and Exchange Board of India ('SEBI') or any statutory authority on any matter related to capital markets | Schedule V (C) 10(b) to the SEBI Listing Regulations                   | There were no penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years.   |   |
| (c) Whistle Blower Policy and Vigil Mechanism   | Regulation 22 of SEBI Listing Regulations                              | The Company has a Whistle Blower Policy and has established the necessary vigil mechanism for directors and employees to report concerns about unethical behavior. No person has been denied access to the Chairman of the Audit Committee. The said policy has been uploaded on the website of the Company.  | <a href="http://www.deltamagnetsgroup.com/dml/downloads/policies/Whistle-Blower-Policy.pdf">http://www.deltamagnetsgroup.com/dml/downloads/policies/Whistle-Blower-Policy.pdf</a>                       |

| Particulars                                       | Regulations  | Details  | Website link of details/policy  |
|---|--|--|---|
| (d) Discretionary requirements                    | Schedule II Part E of the SEBI Listing Regulations   | The Company complies with the following non-mandatory requirements: <ul style="list-style-type: none"> <li>The financial statements of the Company are with unmodified audit opinion.</li> <li>The Chairman of the Board is a Non-Executive Director and his position is separate from that of the Managing Director.</li> <li>Reporting of the Internal Auditor to the Audit Committee.</li> </ul>                    |   |
| (e) Subsidiary Companies                          | Regulation 24 of the SEBI Listing Regulations  | The Company has a policy for determining 'material subsidiaries' which is disclosed on its website.  | <a href="http://www.deltamagnetsgroup.com/dml/downloads/policies/Policy-for-Determining-Material-Subsidiaries.pdf">http://www.deltamagnetsgroup.com/dml/downloads/policies/Policy-for-Determining-Material-Subsidiaries.pdf</a>                                     |
| (f) Code of Conduct                               | Regulation 17 of the SEBI Listing Regulations  | The Board has laid down Code of Conduct for the Board Members and for Senior Management and Employees of the Company. The same has been posted on the website of the Company. All Board Members and Senior Management Personnel (as per Regulation 26(3) of the Listing Regulations) have affirmed compliance with this Code. A declaration to this effect, signed by the Managing Director forms part of this Report. | <a href="http://www.deltamagnetsgroup.com/dml/code_conduct.php">http://www.deltamagnetsgroup.com/dml/code_conduct.php</a>   |
| (g) Terms of Appointment of Independent Directors | Regulation 46 of SEBI Listing Regulations and Section 149 read with Schedule IV of the Act | Terms and conditions of appointment/ re-appointment of Independent Directors are available on the Company's website.   | <a href="http://www.deltamagnetsgroup.com/dml/downloads/policies/Terms-of-Appointment-of-Ids.pdf">http://www.deltamagnetsgroup.com/dml/downloads/policies/Terms-of-Appointment-of-Ids.pdf</a>   |
| (h) Familiarization Program                       | Regulations 25(7) and 46 of SEBI Listing Regulations                                       | Details of familiarization program imparted to Independent Directors are available on the Company's website.   | <a href="http://www.deltamagnetsgroup.com/dml/downloads/policies/Deatils-of-Familirisation-Programmes-for-Independent-Directors.pdf">http://www.deltamagnetsgroup.com/dml/downloads/policies/Deatils-of-Familirisation-Programmes-for-Independent-Directors.pdf</a> |

| Particulars   | Regulations  | Details  | Website link of details/policy |
|---|--|--|--------------------------------|
| (i) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2018  | Schedule V (C) 10(l) to the SEBI Listing Regulations     | The details forming part of the Annual Report.   |                                |
| (j) Disclosure of commodity price risks and commodity hedging activities  | Schedule V (C) 10(g) to the SEBI Listing Regulations     | Not Applicable   |                                |
| (k) Skills / expertise / competencies identified by the Board of Directors for the effective functioning of the Company which are currently available with the Board  | Schedule V (C) 2 (h) (i) to the SEBI Listing Regulations | i) Knowledge - understand the Company's business, policies, culture, major risks, threats and potential opportunities<br>ii) Behavioral Skills - attributes and competencies to use their knowledge and skills to function well as team members<br>iii) Strategic thinking and decision making,<br>iv) Financial /Professional skills to assist the ongoing aspects of the business. |                                |
| (l) Certificate from Practicing Company Secretary confirming that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority | Schedule V (C) 10(i) to the SEBI Listing Regulations     | Certificate from Mr. Ashish Jain of M/s A. K. Jain & Co., Practicing Company Secretaries forms integral part of this report.   |                                |
| (m) Disclosure of non -acceptance of recommendation of any committee of the Board   | Schedule V (C) 10(j) to the SEBI Listing Regulations     | There was no such instance during financial year 2018-19 when the board had not accepted any recommendation of any committee of the board.   |                                |

- I. The Company is in compliance with the requirements of corporate governance report as specified in sub para (2) to (10) of schedule V (C) of Listing Regulations.
- J. The Company has complied with the mandatory requirements of Corporate Governance as specified in Regulation 17 to 27 of Listing Regulations details of which are as below:-

| <b>Particulars</b>  | <b>Regulation Number</b> | <b>Compliance status (Yes/ No/ NA)</b> |
|---|--------------------------|--|
| Independent director(s) have been appointed in terms of specified criteria of 'independence' and/or 'eligibility' | 16(1)(b) & 25(6)         | Yes                                    |
| Board composition   | 17(1)                    | Yes                                    |
| Meeting of Board of directors   | 17(2)                    | Yes                                    |
| Review of Compliance Reports  | 17(3)                    | Yes                                    |
| Plans for orderly succession for appointments   | 17(4)                    | Yes                                    |
| Code of Conduct   | 17(5)                    | Yes                                    |
| Fees/compensation   | 17(6)                    | Yes                                    |
| Minimum Information   | 17(7)                    | Yes                                    |
| Compliance Certificate  | 17(8)                    | Yes                                    |
| Risk Assessment & Management  | 17(9)                    | Yes                                    |
| Performance Evaluation of Independent Directors   | 17(10)                   | Yes                                    |
| Composition of Audit Committee  | 18(1)                    | Yes                                    |
| Meeting of Audit Committee  | 18(2)                    | Yes                                    |
| Composition of nomination & remuneration committee  | 19(1) & (2)              | Yes                                    |
| Composition of Stakeholder Relationship Committee   | 20(1) & (2)              | Yes                                    |
| Composition and role of risk management committee   | 21(1),(2),(3),(4)        | Yes                                    |
| Vigil Mechanism   | 22                       | Yes                                    |
| Policy for related party Transaction  | 23(1),(5),(6),(7) & (8)  | Yes                                    |
| Prior or Omnibus approval of Audit Committee for all related party Transactions                                   | 23(2), (3)               | Yes                                    |
| Approval for material related party Transactions  | 23(4)                    | NA                                     |
| Composition of Board of Directors of unlisted material Subsidiary   | 24(1)                    | Yes                                    |
| Other Corporate Governance requirements with respect to subsidiary of listed entity                               | 24(2),(3),(4),(5) & (6)  | Yes                                    |
| Maximum Directorship & Tenure   | 25(1) & (2)              | Yes                                    |
| Meeting of independent directors  | 25(3) & (4)              | Yes                                    |
| Familiarization of independent directors  | 25(7)                    | Yes                                    |
| Memberships in Committees   | 26(1)                    | Yes                                    |
| Affirmation with compliance to code of conduct from members of Board of Directors and Senior management personnel | 26(3)                    | Yes                                    |
| Disclosure of Shareholding by Non- Executive Directors  | 26(4)                    | Yes                                    |
| Policy with respect to Obligations of directors and senior management   | 26(2) & 26(5)            | Yes                                    |

Details of compliances under Clauses (b) to (i) of Sub- Regulation (2) of Regulation 46 of Listing Regulations.

| <b>Particulars</b>  | <b>Regulation Number</b> | <b>Compliance status with regard to the disclosure on the Company's website (Yes/No/NA)</b> |
|---|--------------------------|---|
| Terms and conditions of appointment of independent directors  | 46(2)(b)                 | Yes   |
| Composition of various committees of Board Of Directors   | 46(2)(c)                 | Yes   |
| Code of Conduct of Board of Directors and Senior Management Personnel   | 46(2)(d)                 | Yes   |
| Details of establishment of vigil mechanism/Whistle Blower Policy   | 46(2)(e)                 | Yes   |
| Criteria for making payment to non-executive directors, if the same has not been disclosed in the Annual Report | 46(2)(f)                 | Yes   |
| Policy on dealing with Related Party Transactions   | 46(2)(g)                 | Yes   |
| Policy for determining material subsidiaries  | 46(2)(h)                 | Yes   |
| Details of Familiarisation programmes imparted to Independent Directors   | 46(2)(i)                 | Yes   |

## DECLARATION

I, Dr Ram H. Shroff, Managing Director of Delta Magnets Limited hereby confirm that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation(s) that they have complied with the Code of Conduct for Board Members and Senior Management Personnel in respect of the financial year ended 31<sup>st</sup> March, 2019.

**For Delta Magnets Limited**

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

Place: Mumbai  
 Date: 9<sup>th</sup> August, 2019



## **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 31<sup>st</sup> March, 2019, as stipulated in Regulations 17 to 27, 46 (2) (b) to (i) and Para C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

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 prescribed under the Listing Regulations.

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: 09<sup>th</sup> August, 2019

# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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

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

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | Name of the Director          | DIN      | Date of appointment |
|---------|-------------------------------|----------|---------------------|
| 1       | Mr. Jaydev Mukund Mody        | 00234797 | 14/03/2008          |
| 2       | Mr. Samir Mahesh Chinai       | 00112601 | 04/08/2014          |
| 3       | Mrs. Ambika Singhania Kothari | 01162900 | 30/07/2010          |
| 4       | Mr. Darius Khushroo Khambatta | 00520338 | 01/10/2012          |
| 5       | Mr. Javed Faizullah Tapia     | 00056420 | 14/03/2008          |
| 6       | Mr. Rajesh Satinderpal Jaggi  | 00046853 | 29/06/2009          |
| 7       | Mr. Ram Hemant Shroff         | 00004865 | 01/08/2011          |
| 8       | Mr. Vrajesh Prabhakar Udani   | 00021311 | 30/07/2010          |

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

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

**Ashish Kumar Jain**  
**Proprietor**  
**FCS:6058 COP: 6124**

Place: Mumbai  
Date: 09<sup>th</sup> August, 2019

# INDEPENDENT AUDITORS' REPORT

To the Members of Delta Magnets Limited

Report on the Audit of the Standalone Financial Statements

## Opinion

1. We have audited the accompanying standalone financial statements of Delta Magnets Limited ('the Company'), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the accompanying standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs of the Company as at 31<sup>st</sup> March, 2019, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

## Basis for Opinion

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

## Emphasis of Matter

4. We draw attention to Note No. 36 of the standalone financial statements, with regards to MAT Credit Entitlement of ₹5,108.73 ('000) which is based on the judgment of the management.

Our report is not modified in respect of this matter.

## Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
6. We have determined the matters described below to be the key audit matters to be communicated in our report.

| The Key Audit Matter   | How the matter was addressed in our audit  |
|--|--|
| Revenue recognition (Refer note 2.7, 24 and 40 of the Standalone Financial Statements)   |  |
| Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion in so far as revenue recognition is concerned, since an inappropriate cut-off can result in material misstatement of results for the year.   | Our audit procedures with regard to revenue recognition included testing controls, automated and manual, around dispatches/deliveries, inventory reconciliations and circularization of receivable balances, substantive testing for cut-offs and analytical review procedures.  |
| Deferred tax assets on unabsorbed depreciation and losses  |  |
| As detailed in note 31 to the standalone financial statements, the Company has created deferred tax assets amounting to ₹2,802.58('000) as at 31st March, 2019 on brought forward losses and unabsorbed depreciation.  | Our audit procedures, included but were not limited to, the following:   |
| The Company's ability to recover the deferred tax assets is assessed by the management at the close of each financial year which depends upon the forecasts of the future results and  | <ul style="list-style-type: none"> <li>• Evaluated the design and tested the operating effectiveness of key controls implemented by the Company over recognition of deferred tax assets based on the assessment of Company's ability to generate sufficient taxable profits in foreseeable future allowing the use of deferred tax assets within the time prescribed by income tax laws.</li> </ul>  |
| Business profits that Company expects to earn within the period by which such brought forward losses may be adjusted against the taxable business profits as governed by the Income Tax Act, 1961. As per the assessment done by the management, the Company believes that these losses will get offset against the business profits as projected by the Company in future years. A projection about business profits in future involves significant management judgement and estimates. | <ul style="list-style-type: none"> <li>• Reconciled the future business projections of the Company as approved by the Board of Directors.</li> <li>• Verified the cash flow forecasts used in the recoverability working to the Board approved projections.</li> <li>• Reviewed the historical accuracy of the cash flow projections prepared by the management in prior periods.</li> </ul>   |
| We have identified the recoverability of deferred tax assets as a key audit matter for the current year audit considering the materiality and significant judgment including the inherent uncertainty involved in forecasting future taxable profits and the probability of utilising the tax losses.  | <ul style="list-style-type: none"> <li>• Evaluated management's assessment of time period available for adjustment of such deferred tax assets as per provisions of the Income Tax Act, 1961 and appropriateness of the accounting treatment with respect to the recognition of deferred tax assets as per requirements of Ind AS 12, Income Taxes.</li> <li>• Evaluated the appropriateness of the disclosures made in the financial statements in respect of deferred tax assets.</li> </ul> |

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

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

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

8. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.
9. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

#### **We also:**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

16. The Company has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under Section 197(16) of the Act is not applicable.
17. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
18. Further to our comments in Annexure A, as required by section 143(3) of the Act, 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 purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the standalone financial statements dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the aforesaid standalone financial statements comply with Ind AS specified under Section 133 of the Act;
  - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act;

- f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31st March, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 22nd May, 2019 as per Annexure B expressed unmodified opinion;
- g. with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company, as detailed in Note No. 32 has disclosed the impact of pending litigations on its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
  - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8th November, 2016 to 30th December, 2016, which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

**For M H S & Associates**

Chartered Accountants

ICAI Firm's Registration No.: 141079W

**Mayur H. Shah**

Partner

Membership No.: 147928

Place: Mumbai

Date: 22<sup>nd</sup> May, 2019

## ANNEXURE A

### To The Independent Auditor's Report of even date to the members of Delta Magnets Limited on the standalone financial statements for the year ended 31<sup>st</sup> March, 2019

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

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, a portion of the fixed assets has been physically verified by the management during the year and no material discrepancies have been noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- c) The title deeds of immovable properties (which are included under the head 'Property, Plant and Equipment') are held in the name of the Company.
- (ii) The inventory, except goods-in-transit, has been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. In respect of inventory lying with third parties, these have substantially been confirmed by them. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of Paragraph 3(v) of the order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to rules prescribed by the Central Government for the maintenance of the cost records under Sub-Section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- (vii) a) The Company is generally regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, gst, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues, as applicable to it. Further, no undisputed amounts payable in respect thereof were outstanding, at the year-end for a period of more than six months from the date they became payable.
- b) In our opinion, there are no dues with respect to income tax, 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:



Statement of Disputed Dues:

| Name of the Statute  | Nature of Dues | Amount (₹ in '000) | Period to which the 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              |

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to banks. The Company did not have any outstanding dues to any financial institutions or debenture holders during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, no term loans were raised during the year under audit.
- (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 the provisions of Paragraph 3(xi) of the Order are not applicable to the Company.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of Paragraph 3(xii) of the Order are 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 requisite details have been disclosed in the standalone financial statements etc., as required by the applicable Ind AS.
- (xiv) As informed, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (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 them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

**For M H S & Associates**

Chartered Accountants

ICAI Firm's Registration No.: 141079W

**Mayur H. Shah**

Partner

Membership No.: 147928

Place: Mumbai

Date: 22<sup>nd</sup> May, 2019

## **ANNEXURE B**

### **To The Independent Auditor's 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 standalone financial statements of Delta Magnets Limited ("the Company") as of and for the year ended 31st March, 2019, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

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

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of 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 Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, 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 IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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 Ind AS 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 IFCoFR.

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

A Company's IFCoFR 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 the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. A Company's IFCoFR 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 IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2019, 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 M H S & Associates**

Chartered Accountants

ICAI Firm's Registration No.: 141079W

**Mayur H. Shah**

Partner

Membership No.: 147928

Place: Mumbai

Date: 22<sup>nd</sup> May, 2019

# STANDALONE BALANCE SHEET

## AS AT 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars  | Note No. | As At<br>31 <sup>st</sup> March, 2019 | As At<br>31 <sup>st</sup> March, 2018 |
|--|----------|---------------------------------------|---------------------------------------|
| <b>ASSETS</b>  |          |                                       |                                       |
| <b>Non-current assets</b>  |          |                                       |                                       |
| Property, plant and equipment  | 5        | 206,830.84                            | 205,034.55                            |
| Capital work-in-progress   |          | -                                     | 1,230.61                              |
| Intangible assets  | 6        | 684.54                                | -                                     |
| <b>Financial assets</b>  |          |                                       |                                       |
| Investments  | 7        | 157,218.48                            | 156,055.46                            |
| Other financial assets   | 8        | 5,242.56                              | 4,503.17                              |
| Non-current tax assets (net)   | 9        | 2,304.44                              | 2,430.92                              |
| Other non-current assets   | 10       | -                                     | 3,218.61                              |
| <b>Total non-current assets</b>  |          | <b>372,280.86</b>                     | <b>372,473.33</b>                     |
| <b>Current assets</b>  |          |                                       |                                       |
| Inventories  | 11       | 27,110.98                             | 20,527.40                             |
| <b>Financial assets</b>  |          |                                       |                                       |
| Trade receivables  | 12       | 80,932.34                             | 53,964.72                             |
| Cash and cash equivalents  | 13       | 1,336.58                              | 329.49                                |
| Bank balances other than cash and cash equivalents                                     | 14       | 3,000.00                              | 1,787.74                              |
| Loans  | 15       | 54,122.24                             | 44,620.75                             |
| Other financial assets   | 8        | 9,296.54                              | 6,056.14                              |
| Other current assets   | 10       | 5,137.68                              | 33,406.53                             |
| <b>Total current assets</b>  |          | <b>180,936.36</b>                     | <b>160,692.78</b>                     |
| <b>Total assets</b>  |          | <b>553,217.22</b>                     | <b>533,166.10</b>                     |
| <b>EQUITY AND LIABILITIES</b>  |          |                                       |                                       |
| <b>Equity</b>  |          |                                       |                                       |
| Equity share capital   | 16       | 64,710.14                             | 64,710.14                             |
| Other equity   | 17       | 235,729.81                            | 230,587.28                            |
| <b>Total equity</b>  |          | <b>300,439.95</b>                     | <b>295,297.42</b>                     |
| <b>Liabilities</b>   |          |                                       |                                       |
| <b>Non-current liabilities</b>   |          |                                       |                                       |
| Financial liabilities  |          |                                       |                                       |
| Borrowings   | 18       | 71,335.91                             | 62,493.13                             |
| Deferred tax liabilities (net)   | 31       | 5,373.23                              | 9,541.43                              |
| Provisions   | 19       | 10,004.42                             | 9,648.36                              |
| Other non current liabilities  | 20       | 180.45                                | 3,737.39                              |
| <b>Total non-current liabilities</b>   |          | <b>86,894.01</b>                      | <b>85,420.32</b>                      |
| <b>Current liabilities</b>   |          |                                       |                                       |
| Financial liabilities  |          |                                       |                                       |
| Borrowings   | 18       | 89,188.43                             | 55,582.93                             |
| Trade payables   | 21       | -                                     | -                                     |
| Total outstanding dues of micro enterprises and small enterprises; and                 |          | 6,678.76                              | -                                     |
| Total outstanding dues of creditors other than micro enterprises and small enterprises |          | 47,524.04                             | 41,114.10                             |
| Other financial liabilities  | 22       | 9,656.80                              | 8,347.87                              |
| Provisions   | 19       | 3,771.17                              | 2,571.43                              |
| Other current liabilities  | 20       | 6,420.95                              | 43,367.53                             |
| Current income tax liabilities (net)   | 23       | 2,643.11                              | 1,464.50                              |
| <b>Total current liabilities</b>   |          | <b>165,883.26</b>                     | <b>152,448.36</b>                     |
| <b>Total liabilities</b>   |          | <b>252,777.27</b>                     | <b>237,868.68</b>                     |
| <b>Total equity and liabilities</b>  |          | <b>553,217.22</b>                     | <b>533,166.10</b>                     |
| Summary of significant accounting policies   | 2        |                                       |                                       |

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

As Per Our Report of Even Date  
For M H S & Associates

Chartered Accountants  
ICAI Firm Registration No.: 141079W

**Mayur H. Shah**  
Proprietor  
Membership No: 147928

Mumbai: May 22, 2019

For and on behalf of the Board of Directors  
**Delta Magnets Limited** (CIN: L32109MH1982PLC028280)

**Jaydev Mody**  
Chairman  
DIN:00234797

**Abhilash Sunny**  
Chief Financial Officer

Mumbai: May 22, 2019

**Dr. Ram H. Shroff**  
Managing Director  
DIN:00004865

**Anannya Godbole**  
Company Secretary (ACS No. 23112)

**Rajesh Jaggi**  
Director  
DIN:00046853

# STANDALONE STATEMENT OF PROFIT AND LOSS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars  | Note No. | Year Ended<br>31 <sup>st</sup> March, 2019 | Year Ended<br>31 <sup>st</sup> March, 2018 |
|--|----------|--|--|
| <b>INCOME</b>  |          |  |  |
| Revenue from operations  | 24       | 250,324.11                                 | 238,346.76                                 |
| Other income   | 25       | 14,202.62                                  | 10,838.66                                  |
| <b>Total income</b>  |          | <b>264,526.73</b>                          | <b>249,185.42</b>                          |
| <b>EXPENSES</b>  |          |  |  |
| Cost of material consumed  | 26       | 32,484.10                                  | 30,885.26                                  |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress  | 27       | (3,005.06)                                 | 2,392.08                                   |
| Excise duty  |          | -  | 5,823.88                                   |
| Employee benefits expense  | 28       | 77,453.67                                  | 71,547.87                                  |
| Finance costs  | 29       | 17,736.59                                  | 14,847.12                                  |
| Depreciation and amortization expense  | 5 & 6    | 7,891.23                                   | 8,082.20                                   |
| Other expenses   | 30       | 128,205.48                                 | 117,458.52                                 |
| <b>Total expenses</b>  |          | <b>260,766.01</b>                          | <b>251,036.92</b>                          |
| <b>Profit / (loss) before tax</b>  |          | <b>3,760.72</b>                            | <b>(1,851.50)</b>                          |
| Income tax expense   |          |  |  |
| a) Current Tax   | 31       |  |  |
| - For the year   |          | 3,269.41                                   | 1,839.31                                   |
| - For the prior period   |          | 170.62                                     | -  |
| b) Deferred tax  |          | (4,168.20)                                 | (4,275.67)                                 |
| <b>Total income tax expense</b>  |          | <b>(728.17)</b>                            | <b>(2,436.36)</b>                          |
| <b>Profit for the year</b>   |          | <b>4,488.89</b>                            | <b>584.86</b>                              |
| <b>Other comprehensive income</b>  |          |  |  |
| a) Other comprehensive income not to be reclassified to profit or loss in subsequent periods Re-measurement gains/ (losses) on defined benefit plans |          | 653.63                                     | 1,623.98                                   |
| b) Income tax effect on above  |          | -  | (422.24)                                   |
| <b>Other comprehensive income for the year</b>   |          | <b>653.63</b>                              | <b>1,201.75</b>                            |
| <b>Total comprehensive income for the year</b>   |          | <b>5,142.52</b>                            | <b>1,786.61</b>                            |
| <b>Earnings per share (face value INR 10/- each)</b>   |          |  |  |
| Basic earnings per share (INR)   |          | 0.69                                       | 0.09                                       |
| Diluted earnings per share (INR)   |          | 0.69                                       | 0.09                                       |
| Summary of significant accounting policies   | 2        |  |  |

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

As Per Our Report of Even Date  
**For M H S & Associates**  
Chartered Accountants  
ICAI Firm Registration No.: 141079W  
**Mayur H. Shah**  
Proprietor  
Membership No: 147928  
Mumbai: May 22, 2019

For and on behalf of the Board of Directors  
**Delta Magnets Limited** (CIN: L32109MH1982PLC028280)  
**Jaydev Mody**  
Chairman  
DIN:00234797  
**Abhilash Sunny**  
Chief Financial Officer  
Mumbai: May 22, 2019

**Dr. Ram H. Shroff**  
Managing Director  
DIN:00004865  
**Anannya Godbole**  
Company Secretary (ACS No. 23112)

**Rajesh Jaggi**  
Director  
DIN:00046853

## STANDALONE STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### A. EQUITY SHARE CAPITAL

(₹ in '000)

| Particulars  | As at March 31, 2019 |                  | As at March 31, 2018 |                  |
|--|----------------------|------------------|----------------------|------------------|
|  | No. of shares        | Amount           | No. of shares        | Amount           |
| Equity shares of INR 10/- each issued, subscribed and fully paid |                      |                  |                      |                  |
| Opening  | 6,471,014            | 64,710.14        | 6,471,014            | 64,710.14        |
| Add: Issue during the year                                       | -                    | -                | -                    | -                |
| <b>Closing</b>   | <b>6,471,014</b>     | <b>64,710.14</b> | <b>6,471,014</b>     | <b>64,710.14</b> |

### B. OTHER EQUITY

(₹ in '000)

| Particulars                                    | Securities premium | Deemed equity contribution | Retained earnings | Total             |
|--|--------------------|----------------------------|-------------------|-------------------|
| Balance as at April 01, 2017                   | 107,025.24         | 74,836.91                  | 46,938.53         | 228,800.67        |
| Profit for the year                            | -                  | -                          | 584.86            | 584.86            |
| Other comprehensive income / (loss)            | -                  | -                          | 1,201.75          | 1,201.75          |
| <b>Total comprehensive income for the year</b> | <b>-</b>           | <b>-</b>                   | <b>1,786.61</b>   | <b>1,786.61</b>   |
| <b>Balance as at March 31, 2018</b>            | <b>107,025.24</b>  | <b>74,836.91</b>           | <b>48,725.14</b>  | <b>230,587.29</b> |
| <b>Balance as at April 01, 2018</b>            | <b>107,025.24</b>  | <b>74,836.91</b>           | <b>48,725.14</b>  | <b>230,587.29</b> |
| Profit for the year                            | -                  | -                          | 4,488.89          | 4,488.89          |
| Other comprehensive income / (loss)            | -                  | -                          | 653.63            | 653.63            |
| <b>Total comprehensive income for the year</b> | <b>-</b>           | <b>-</b>                   | <b>5,142.52</b>   | <b>5,142.52</b>   |
| <b>Balance as at March 31, 2019</b>            | <b>107,025.24</b>  | <b>74,836.91</b>           | <b>53,867.66</b>  | <b>235,729.81</b> |

See accompanying notes to the standalone financial statements (Refer note 2)

As Per Our Report of Even Date  
**For M H S & Associates**  
 Chartered Accountants  
 ICAI Firm Registration No.: 141079W  
**Mayur H. Shah**  
 Proprietor  
 Membership No: 147928  
 Mumbai: May 22, 2019

For and on behalf of the Board of Directors  
**Delta Magnets Limited** (CIN: L32109MH1982PLC028280)  
**Jaydev Mody**  
 Chairman  
 DIN:00234797  
**Abhilash Sunny**  
 Chief Financial Officer  
 Mumbai: May 22, 2019

**Dr. Ram H. Shroff**  
 Managing Director  
 DIN:00004865  
**Anannya Godbole**  
 Company Secretary (ACS No. 23112)

**Rajesh Jaggi**  
 Director  
 DIN:00046853

# STANDALONE CASH FLOW STATEMENT

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars   | Year Ended<br>31 <sup>st</sup> March, 2019 | Year Ended<br>31 <sup>st</sup> March, 2018 |
|---|--|--|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                            |  |  |
| <b>Profit / Loss before tax</b>                                       | 4,414.35                                   | (649.75)                                   |
| Adjustments for:  |  |  |
| Depreciation and amortization expenses                                | 7,891.23                                   | 8,082.20                                   |
| Finance costs   | 17,736.59                                  | 14,847.12                                  |
| Interest income   | (4,712.12)                                 | (3,540.82)                                 |
| Sundry balances (written back) / written off                          | (148.15)                                   | 2,004.15                                   |
| Financial guarantee commission income                                 | (6,724.92)                                 | (2,701.50)                                 |
| Actuarial (gain) / loss on gratuity                                   | (653.63)                                   | (1,201.75)                                 |
| Provision for employee benefits                                       | 3,569.83                                   | 2,653.32                                   |
| Provision / (reversal) for doubtful debts                             | (784.19)                                   | 227.85                                     |
| Unrealised foreign exchange translation (gain) / loss                 | (835.16)                                   | 336.63                                     |
| <b>Operating profit / loss before working capital changes</b>         | <b>19,753.83</b>                           | <b>20,057.45</b>                           |
| <b>Changes in working capital</b>                                     |  |  |
| (Increase) / decrease in inventories                                  | (6,583.58)                                 | 825.11                                     |
| (Increase) / decrease in trade receivables                            | (26,183.43)                                | (1,719.56)                                 |
| (Increase) / decrease in other current assets                         | 28,268.86                                  | (27,816.63)                                |
| (Increase) / decrease in other non current financial assets           | (739.39)                                   | 1,561.80                                   |
| (Increase) / decrease in other current financial assets               | 175.97                                     | 70.65                                      |
| Increase / (decrease) in trade payables                               | 14,072.03                                  | 617.23                                     |
| Increase / (decrease) in other non current liabilities                | (359.55)                                   | (360.00)                                   |
| Increase / (decrease) in other current liabilities                    | (34,582.10)                                | 23,247.31                                  |
| Increase / (decrease) in other current financial liabilities          | 2,402.50                                   | 112.82                                     |
| Increase / (decrease) in provisions                                   | (1,360.40)                                 | (1,151.32)                                 |
| <b>Cash generated from / (used in) operations</b>                     | <b>(5,135.26)</b>                          | <b>15,444.86</b>                           |
| Income tax paid   | (2,134.95)                                 | 570.54                                     |
| <b>Net cash flows from / (used in) operating activities (A)</b>       | <b>(7,270.21)</b>                          | <b>16,015.40</b>                           |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                            |  |  |
| Payment for property, plant and equipment and intangible assets (net) | (7,838.80)                                 | (5,430.49)                                 |
| Bank balances other than cash and cash equivalent                     | (1,212.26)                                 | (1,517.49)                                 |
| Inter Corporate Deposit Given   | (9,501.50)                                 | (18,038.21)                                |
| Interest received   | 1,295.76                                   | 660.14                                     |
| <b>Net cash flow from (used in) investing activities (B)</b>          | <b>(17,256.80)</b>                         | <b>(24,326.05)</b>                         |

**STANDALONE CASH FLOW STATEMENT**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars  | Year Ended<br>31 <sup>st</sup> March, 2019 | Year Ended<br>31 <sup>st</sup> March, 2018 |
|--|--|--|
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                   |  |  |
| Proceeds from borrowings (net)                               | 33,605.50                                  | 22,217.43                                  |
| Interest paid  | (8,071.41)                                 | (13,810.83)                                |
| <b>Net cash flow from (used in) financing activities (C)</b> | <b>25,534.09</b>                           | <b>8,406.60</b>                            |
| <b>Net increase in cash and cash equivalents (A+B+C)</b>     | 1,007.08                                   | 95.95                                      |
| Cash and cash equivalents at the beginning of the year       | 329.49                                     | 233.54                                     |
| <b>Cash and cash equivalents at the end of the year</b>      | <b>1,336.58</b>                            | <b>329.49</b>                              |
| <b>Cash and cash equivalents comprise (Refer note 13)</b>    |  |  |
| Balances with banks  |  |  |
| On current accounts  | 907.76                                     | 287.29                                     |
| Fixed deposits with maturity of less than 3 months           | 360.82                                     | -  |
| Cash on hand   | 68.00                                      | 42.20                                      |
| <b>Total cash and bank balances at end of the year</b>       | <b>1,336.58</b>                            | <b>329.49</b>                              |

Summary of significant accounting policies (Refer Note 2)

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 on Statement of Cash Flow.
- Figures in bracket indicate cash outflow.
- Reconciliation of financing activities

| Particulars              | As at<br>March 31, 2018 | Cash flow | Non cash adjustment<br>Accrual of interest /<br>unrealised forex loss | As at<br>March 31, 2019 |
|--------------------------|-------------------------|-----------|---|-------------------------|
| Non - current borrowings | 62,493.13               | -         | 8,842.78  | 71,335.91               |
| Current borrowings       | 55,582.93               | 33,605.50 | -   | 89,188.43               |

As Per Our Report of Even Date  
**For M H S & Associates**  
 Chartered Accountants  
 ICAI Firm Registration No.: 141079W  
**Mayur H. Shah**  
 Proprietor  
 Membership No: 147928  
 Mumbai: May 22, 2019

For and on behalf of the Board of Directors  
**Delta Magnets Limited** (CIN: L32109MH1982PLC028280)  
**Jaydev Mody**  
 Chairman  
 DIN:00234797  
**Abhilash Sunny**  
 Chief Financial Officer  
 Mumbai: May 22, 2019

**Dr. Ram H. Shroff**  
 Managing Director  
 DIN:00004865  
**Anannya Godbole**  
 Company Secretary (ACS No. 23112)

**Rajesh Jaggi**  
 Director  
 DIN:00046853



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 1. GENERAL INFORMATION

Delta Magnets Limited (“the Company”) is a Company incorporated on September 23, 1982 under the provision of the Companies Act applicable in India. The Company is incorporated and domiciled and having principal place of business in India. The registered office is at B-87, MIDC, Ambad, Nashik, Maharashtra – 422010, India. The principal business of the company is manufacturing of hard ferrites. The shares of the company is listed on the National Stock Exchange of India Limited (NSE) and on the BSE Limited (BSE).

These financial statements were authorised for issue by the Board of Directors on May 22, 2019.

### 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of Preparation of Standalone Financial Statements

##### (a) Statement of Compliance with Ind AS

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

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

##### (b) Basis of measurement

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

##### (c) Current / non current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

A liability is current when:

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

#### **(d) Use of estimates**

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

#### **(e) Rounding off of amounts**

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

## **2.2 Property, plant and equipment**

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

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

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

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

#### **Depreciation methods, estimated useful lives**

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

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

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

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

- Mobile Phones are depreciated over the estimated useful life of 3 years, which is lower than the life prescribed in Schedule II.
- Tools are depreciated over the estimated useful life of 5 years, which is lower than the life prescribed in Schedule II.

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

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

### **Derecognition:**

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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 2.3 Intangible assets

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

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

#### Amortisation method and periods

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

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

| <b>Intangible assets</b> | <b>Estimated useful life</b> |
|--------------------------|------------------------------|
| Computer Software        | 5                            |

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

#### Derecognition

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

### 2.4 Impairment of non-financial assets

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

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

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

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

#### 2.5 Foreign currency transactions

##### (a) Functional and presentation currency

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

##### (b) Transactions and balances

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

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

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

#### 2.6 Fair value measurement

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

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

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

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

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

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

#### 2.7 Revenue Recognition

Effective April 1, 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

##### Revenue from sale of goods

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations.

The Performance Obligations in our contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Our customers have the contractual right to return goods only when authorised by the Company. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

##### Revenue from sale of services

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations. The Company collects goods and service tax/ service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

##### Interest income

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

##### Dividend income

Dividend income on investments is recognised when the right to receive dividend is established.

#### 2.8 Taxes

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

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

## (a) Current income tax

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

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

## (b) Deferred tax

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

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

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

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

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

## (c) Minimum Alternate Tax (MAT)

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

## 2.9 Assets classified as held for sale

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

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

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

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

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

#### 2.10 Leases

##### As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### 2.11 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, packaging materials and stores and spare parts are valued at lower of cost and net realizable value. Cost includes purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realisable value. Cost of work in progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on a weighted average basis.

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories.



## **NOTES TO THE STANDALONE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

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

### **2.12 Provisions and contingent liabilities**

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The Company records a provision for decommissioning costs. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### **2.13 Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.

### **2.14 Borrowing Costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### 2.15 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### (a) Financial assets

##### (i) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

##### (ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- a) at amortized cost; or
- b) at fair value through other comprehensive income; or
- c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

**Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

**Equity instruments:** All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

### (iii) Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

### (iv) Derecognition of financial assets

A financial asset is derecognized only when

- a) the rights to receive cash flows from the financial asset is transferred or
- b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

**(b) Financial liabilities**

**(i) Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

**(ii) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

**Loans and borrowings:**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

**(iii) Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

**(c) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### 2.16 Employee benefits

**(a) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are

## **NOTES TO THE STANDALONE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### **(b) Other long-term employee benefit obligations**

#### **(i) Defined contribution plan**

Contribution towards the fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

#### **(ii) Defined benefit plans**

**Gratuity:** The Company provides for gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

**Compensated Absences:** Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise.

### **2.17 Contributed equity**

Equity shares are classified as equity share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### **2.18 Investment in Subsidiary & Associate Companies**

The Company has elected to recognize its investments in subsidiary and associate companies at cost in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. The details of such investments are given in Note 7.

Impairment policy applicable on such investments is explained in note 2.15 (a) (iii) above.

### **2.19 Events after reporting date**

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 2.20 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

### 2.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker regularly monitors and reviews the operating result of the whole Company as one segment of manufacturing of Magnets. Thus, as defined in Ind AS 108 "Operating Segments", the Company's entire business falls under this one operational segment and hence the necessary information has already been disclosed in the Balance Sheet and the Statement of Profit and Loss.

### 2.22 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## 3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

### 3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### (a) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### (b) Defined benefit plans and other long term benefits (gratuity benefits and leave encashment)

The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. For details refer Note 33.

### 4 STANDARDS (INCLUDING AMENDMENTS) ISSUED BUT NOT YET EFFECTIVE

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying new standards and amendments to certain issued standards. These amendments are applicable to the Company from April 01, 2019. The Company will be adopting the below stated new standards and applicable amendments from their respective effective date.

#### 4.1 Ind AS 116, Leases

Ind AS 116 supersedes Ind AS 17, Leases. Under Ind AS 116, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right of use asset) at the commencement date of lease. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the right of use asset. Lessor accounting under Ind AS 116 remains substantially unchanged from accounting under Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019.

The Company has elected to adopt Ind AS 116 retrospectively to each prior reporting period presented. This will result in change in the Balance Sheet, Statement of Profit and Loss and Cash flow statement. The Company intends to use low value exemptions and short term exemption in accordance with Ind AS 116.

The Company is in the process of assessing the impact of this new standard.

#### 4.2 Other amendments

The MCA has notified below amendments which are effective April 01, 2019 :

- Appendix C to Ind AS 12, Income taxes
- Amendments to Ind AS 103, Business Combinations
- Amendments to Ind AS 109, Financial Instruments
- Amendments to Ind AS 111, Joint Arrangements
- Amendments to Ind AS 19, Employee Benefits
- Amendments to Ind AS 23, Borrowing Costs
- Amendments to Ind AS 28, Investments to Associates and Joint Ventures

Based on preliminary work, the Company does not expect these amendments to have any significant impact on its financial statements.

# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

## 5 PROPERTY, PLANT AND EQUIPMENT

(₹ in '000)

| Particulars                           | Leasehold Land    | Buildings        | Plant and Machinery | Furniture & Equipment's Fixtures | Vehicles        | Computers     | Total           |                   |
|---------------------------------------|-------------------|------------------|---------------------|----------------------------------|-----------------|---------------|-----------------|-------------------|
| <b>GROSS BLOCK</b>                    |                   |                  |                     |                                  |                 |               |                 |                   |
| As at April 01, 2017                  | 143,376.34        | 52,457.86        | 297,190.45          | 4,028.29                         | 9,580.82        | 616.88        | 3,742.64        | 510,993.28        |
| Additions during the year             | -                 | 1,621.74         | 3,728.91            | 58.80                            | 47.85           | -             | 107.34          | 5,564.64          |
| Disposals during the year             | -                 | -                | -                   | -                                | -               | -             | 21.00           | 21.00             |
| Adjustments during the year           | -                 | -                | -                   | -                                | -               | -             | -               | -                 |
| <b>As at March 31, 2018</b>           | <b>143,376.34</b> | <b>54,079.60</b> | <b>300,919.36</b>   | <b>4,087.09</b>                  | <b>9,628.67</b> | <b>616.88</b> | <b>3,870.98</b> | <b>516,578.92</b> |
| Additions during the year             | -                 | 843.83           | 9,407.21            | -                                | -               | -             | 66.49           | 10,317.53         |
| Disposals during the year             | -                 | -                | -                   | -                                | -               | -             | -               | -                 |
| Adjustments during the year           | -                 | -                | -                   | -                                | -               | -             | (2,186.73)      | (2,186.73)        |
| <b>As at March 31, 2019</b>           | <b>143,376.34</b> | <b>54,923.43</b> | <b>310,326.57</b>   | <b>4,087.09</b>                  | <b>9,628.67</b> | <b>616.88</b> | <b>1,750.74</b> | <b>524,709.72</b> |
| <b>ACCUMULATED DEPRECIATION</b>       |                   |                  |                     |                                  |                 |               |                 |                   |
| As at April 01, 2017                  | 2,474.48          | 23,179.73        | 266,670.47          | 3,810.32                         | 5,241.76        | 586.04        | 1,499.37        | 303,462.17        |
| Charges for the Year                  | 2,295.64          | 1,158.77         | 3,440.63            | 37.21                            | 542.16          | -             | 607.80          | 8,082.20          |
| Reverse charge on disposal            | -                 | -                | -                   | -                                | -               | -             | -               | -                 |
| Adjustments during the year           | -                 | -                | -                   | -                                | -               | -             | -               | -                 |
| <b>As at March 31, 2018</b>           | <b>4,770.11</b>   | <b>24,338.50</b> | <b>270,111.10</b>   | <b>3,847.53</b>                  | <b>5,783.92</b> | <b>586.04</b> | <b>2,107.17</b> | <b>311,544.37</b> |
| Charges for the Year                  | 2,295.64          | 1,202.46         | 3,223.52            | 40.03                            | 542.26          | -             | 268.65          | 7,572.56          |
| Reverse charge on disposal            | -                 | -                | -                   | -                                | -               | -             | -               | -                 |
| Adjustments during the year           | -                 | -                | -                   | -                                | -               | -             | (1,238.05)      | (1,238.05)        |
| <b>As at March 31, 2019</b>           | <b>7,065.75</b>   | <b>25,540.96</b> | <b>273,334.62</b>   | <b>3,887.56</b>                  | <b>6,326.18</b> | <b>586.04</b> | <b>1,137.77</b> | <b>317,878.88</b> |
| <b>Net block as at March 31, 2018</b> | <b>138,606.23</b> | <b>29,741.10</b> | <b>30,808.26</b>    | <b>239.56</b>                    | <b>3,844.75</b> | <b>30.84</b>  | <b>1,763.81</b> | <b>205,034.55</b> |
| <b>Net block as at March 31, 2019</b> | <b>136,310.59</b> | <b>29,382.47</b> | <b>36,991.95</b>    | <b>199.53</b>                    | <b>3,302.49</b> | <b>30.84</b>  | <b>612.97</b>   | <b>206,830.84</b> |



# NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

## 6 INTANGIBLE ASSETS

| Particulars                           | (₹ in '000)     |                 |
|---------------------------------------|-----------------|-----------------|
|                                       | Software        | Total           |
| <b>GROSS BLOCK</b>                    |                 |                 |
| As at April 01, 2017                  | -               | -               |
| Additions during the year             | -               | -               |
| Disposals during the year             | -               | -               |
| Adjustments during the year           | -               | -               |
| <b>As at March 31, 2018</b>           | <b>-</b>        | <b>-</b>        |
| Additions during the year             | 54.53           | 54.53           |
| Disposals during the year             | -               | -               |
| Adjustments during the year           | 2,186.73        | 2,186.73        |
| <b>As at March 31, 2019</b>           | <b>2,241.26</b> | <b>2,241.26</b> |
| <b>ACCUMULATED DEPRECIATION</b>       |                 |                 |
| As at April 01, 2017                  | -               | -               |
| Charges for the Year                  | -               | -               |
| Reverse charge on disposal            | -               | -               |
| Adjustments during the year           | -               | -               |
| <b>As at March 31, 2018</b>           | <b>-</b>        | <b>-</b>        |
| Charges for the Year                  | 318.67          | 318.67          |
| Reverse charge on disposal            | -               | -               |
| Adjustments during the year           | 1,238.05        | 1,238.05        |
| <b>As at March 31, 2019</b>           | <b>1,556.72</b> | <b>1,556.72</b> |
| <b>Net block as at March 31, 2018</b> | <b>-</b>        | <b>-</b>        |
| <b>Net block as at March 31, 2019</b> | <b>684.54</b>   | <b>684.54</b>   |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars  | As at             | As at             |
|--|-------------------|-------------------|
|  | March 31, 2019    | March 31, 2018    |
| <b>7 FINANCIAL ASSETS - NON-CURRENT ASSETS - INVESTMENTS</b>   |                   |                   |
| Investment in equity instrument measured as at cost  |                   |                   |
| Unquoted equity shares   |                   |                   |
| - MMG India Private Limited<br>(13,865,870 Equity Shares of Face Value INR 10/- Each)  | 94,234.72         | 93,071.70         |
| - MagDev Limited (Foreign Company)<br>(762,500 Equity Shares of Face Value of £ 1/- Each)<br>(2,500 Deferred Shares of Face Value of £ 1/- Each) | 62,983.76         | 62,983.76         |
| <b>TOTAL</b>   | <b>157,218.48</b> | <b>156,055.46</b> |
| <b>Aggregate book value of:</b>  |                   |                   |
| Quoted investments   | -                 | -                 |
| Unquoted investments   | 157,218.48        | 156,055.46        |
| <b>Aggregate market value of:</b>  |                   |                   |
| Quoted investments   | -                 | -                 |
| <b>Aggregate amount of impairment in value of Investments</b>  | <b>-</b>          | <b>-</b>          |

(₹ in '000)

|                                   | As at March 31, 2019 |                 | As at March 31, 2018 |                 |
|-----------------------------------|----------------------|-----------------|----------------------|-----------------|
|                                   | Non- current         | Current         | Non- current         | Current         |
| <b>8 OTHER FINANCIAL ASSETS</b>   |                      |                 |                      |                 |
| <b>Unsecured, considered good</b> |                      |                 |                      |                 |
| Security deposits                 | 5,242.56             | -               | 4,503.17             | -               |
| Interest accrued                  | -                    | 9,296.54        | -                    | 5,880.18        |
| Other receivables                 | -                    | -               | -                    | 175.97          |
| <b>TOTAL</b>                      | <b>5,242.56</b>      | <b>9,296.54</b> | <b>4,503.17</b>      | <b>6,056.14</b> |

|                                 | As at           | As at           |
|---------------------------------|-----------------|-----------------|
|                                 | March 31, 2019  | March 31, 2018  |
| <b>9 NON CURRENT TAX ASSETS</b> |                 |                 |
| Advance income tax (net)        | 2,304.44        | 2,430.92        |
| <b>TOTAL</b>                    | <b>2,304.44</b> | <b>2,430.92</b> |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

₹ in '000)

|   | As at March 31, 2019 |                 | As at March 31, 2018 |                  |
|---|----------------------|-----------------|----------------------|------------------|
|   | Non- current         | Current         | Non- current         | Current          |
| <b>10 OTHER ASSETS</b>                                      |                      |                 |                      |                  |
| <b>Unsecured, considered good</b>                           |                      |                 |                      |                  |
| Capital Advances  | -                    | -               | 3,218.61             | -                |
| Balance with government authorities (other than income tax) | -                    | 300.14          | -                    | 30,554.36        |
| Advance to Creditors  | -                    | 1,760.07        | -                    | 276.22           |
| Prepaid Expenses  | -                    | 2,588.41        | -                    | 2,539.00         |
| Advance to Employees  | -                    | 489.06          | -                    | 36.95            |
| <b>TOTAL</b>  | <b>-</b>             | <b>5,137.68</b> | <b>3,218.61</b>      | <b>33,406.53</b> |

₹ in '000)

| Particulars  | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| <b>11 INVENTORIES (valued at lower of cost and net realizable value)</b>   |                      |                      |
| Raw material in stock  | 662.81               | 1,430.77             |
| Work in progress in stock  | 12,216.39            | 9,326.53             |
| Finished goods in stock  | 3,835.60             | 3,720.40             |
| Store and spares parts including packing material  | 9,498.84             | 5,802.10             |
| Loose tools  | 897.34               | 247.61               |
| <b>TOTAL</b>   | <b>27,110.98</b>     | <b>20,527.40</b>     |
| <b>12 TRADE RECEIVABLES</b>  |                      |                      |
| <b>Unsecured</b>   |                      |                      |
| - Considered good*   | 80,932.34            | 53,964.72            |
| - Considered credit impaired   | 596.17               | 1,540.90             |
|  | <b>81,528.51</b>     | <b>55,505.62</b>     |
| Less : Allowance for expected credit loss  | (596.17)             | (1,540.90)           |
| <b>TOTAL</b>   | <b>80,932.34</b>     | <b>53,964.72</b>     |
| *Includes INR 16,137.46 ('000) [previous year INR 404.89 ('000)] receivable from related parties (refer note no. 37) |                      |                      |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars   | As at            |                  |
|---|------------------|------------------|
|   | March 31, 2019   | March 31, 2018   |
| <b>13 CASH AND CASH EQUIVALENTS</b>   |                  |                  |
| Balances with banks   |                  |                  |
| - In current accounts   | 907.76           | 287.29           |
| - Fixed deposits with maturity of less than 3 months from the balance sheet date                      | 360.82           | -                |
| Cash on hand  | 68.00            | 42.20            |
| <b>TOTAL</b>  | <b>1,336.58</b>  | <b>329.49</b>    |
| <b>14 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>  |                  |                  |
| In fixed deposit with maturity for more than 3 months but less than 12 months from balance sheet date | 3,000.00         | 1,787.74         |
| <b>TOTAL</b>  | <b>3,000.00</b>  | <b>1,787.74</b>  |
| <b>15 FINANCIAL ASSETS (CURRENT) - LOANS</b>  |                  |                  |
| <b>Unsecured, considered good</b>   |                  |                  |
| Inter corporate deposit   | 54,122.24        | 44,341.25        |
| Loans to others   | -                | 279.50           |
| <b>TOTAL</b>  | <b>54,122.24</b> | <b>44,620.75</b> |

(₹ in '000)

| Particulars                           | As at March 31, 2019 |                  | As at March 31, 2018 |                  |
|---------------------------------------|----------------------|------------------|----------------------|------------------|
|                                       | No. of shares        | Amount           | No. of shares        | Amount           |
| <b>16 EQUITY SHARE CAPITAL</b>        |                      |                  |                      |                  |
| <b>Authorised</b>                     |                      |                  |                      |                  |
| Equity shares of INR 10/- each        | 10,000,000           | 100,000.00       | 10,000,000           | 100,000.00       |
|                                       | 10,000,000           | 100,000.00       | 10,000,000           | 100,000.00       |
| <b>Issued, subscribed and paid up</b> |                      |                  |                      |                  |
| Equity shares of INR 10/- each        | 6,471,014            | 64,710.14        | 6,471,014            | 64,710.14        |
| <b>TOTAL</b>                          | <b>6,471,014</b>     | <b>64,710.14</b> | <b>6,471,014</b>     | <b>64,710.14</b> |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

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

(₹ in '000)

| Particulars                              | As at March 31, 2019 |           | As at March 31, 2018 |           |
|--|----------------------|-----------|----------------------|-----------|
|  | No. of shares        | Amount    | No. of shares        | Amount    |
| Outstanding at the beginning of the year | 6,471,014            | 64,710.14 | 6,471,014            | 64,710.14 |
| Add: Issued during the year              | -                    | -         | -                    | -         |
| Less: Buy-back during the year           | -                    | -         | -                    | -         |
| Outstanding at the end of the year       | 6,471,014            | 64,710.14 | 6,471,014            | 64,710.14 |

**(b) Rights, preferences and restrictions attached to shares**

The Company has only one class of equity shares having par value of INR 10/- per share. Each shareholder is entitled to one vote per share held. Dividend if any declared is payable in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2019, the amount of per share dividend recognized as distributions to equity shareholders was Nil (March 31, 2018: Nil).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company**

| Particulars  | As at March 31, 2019 |                           | As at March 31, 2018 |                           |
|--|----------------------|---------------------------|----------------------|---------------------------|
|  | No. of shares        | % of holding in the class | No. of shares        | % of holding in the class |
| Aryanish Finance and Investments Private Limited * | 996,570              | 15.40%                    | 1,001,570            | 15.48%                    |
| Bayside Property Developers Private Limited *      | 997,751              | 15.42%                    | 997,751              | 15.42%                    |
| Delta Real Estate Consultancy Private Limited *    | 1,005,977            | 15.55%                    | 1,010,977            | 15.62%                    |
| SSI Trading Private Limited                        | 1,615,153            | 24.96%                    | 1,615,153            | 24.96%                    |

\*Aryanish Finance and Investments Private Limited, Bayside Property Developers Private Limited, 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.

**(d)** No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.

**(e)** No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars                | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|----------------------------|-------------------------|-------------------------|
| <b>17 OTHER EQUITY</b>     |                         |                         |
| Securities premium         | 107,025.24              | 107,025.24              |
| Deemed equity contribution | 74,836.91               | 74,836.91               |
| Retained earnings          | 53,867.66               | 48,725.14               |
| <b>TOTAL</b>               | <b>235,729.81</b>       | <b>230,587.28</b>       |

### Nature and purpose of other reserves

|                            |  |
|----------------------------|--|
| Securities premium         | Securities premium reserve is used to record the premium on issue of shares. These reserve is utilised in accordance with the provisions of the Act.                   |
| Deemed equity contribution | Deemed equity contribution represents difference between consideration received and present value of liability component on initial recognition (net of deferred tax). |
| Retained earnings          | Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. |

(₹ in '000)

| Particulars   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>(a) Securities Premium</b>   |                         |                         |
| Opening balance   | 107,025.24              | 107,025.24              |
| Add : Securities premium credited during the year on share issue                    | -                       | -                       |
| Less : Securities premium utilised during the year                                  | -                       | -                       |
| <b>Closing balance</b>  | <b>107,025.24</b>       | <b>107,025.24</b>       |
| <b>(b) Deemed equity contribution</b>   |                         |                         |
| Opening balance   | 74,836.91               | 74,836.91               |
| Add : Addition during the year  | -                       | -                       |
| Less : Utilisation during the year  | -                       | -                       |
| <b>Closing balance</b>  | <b>74,836.91</b>        | <b>74,836.91</b>        |
| <b>(c) Retained earnings</b>  |                         |                         |
| Opening balance   | 48,725.14               | 46,938.53               |
| Add: Net profit for the current year  | 4,488.89                | 584.86                  |
| Item of OCI for the year, net of tax  |                         |                         |
| Less: Re-measurement (gain)/loss on post employment benefit obligation (net of tax) | 653.63                  | 1,201.75                |
| <b>Closing balance</b>  | <b>53,867.66</b>        | <b>48,725.14</b>        |
| <b>Total other equity</b>   | <b>235,729.81</b>       | <b>230,587.29</b>       |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars  | As at March 31, 2019 |                  | As at March 31, 2018 |                  |
|--|----------------------|------------------|----------------------|------------------|
|  | Non- current         | Current          | Non- current         | Current          |
| <b>18 BORROWINGS</b>   |                      |                  |                      |                  |
| <b>Secured</b>   |                      |                  |                      |                  |
| Borrowings from banks  | -                    | 67,788.43        | -                    | 51,482.93        |
| (Repayable on demand & carries floating interest @10 % p.a. payable at monthly. Further it is secured against first hypothecation charge on the entire current assets and movable fixed assets of the Company, both present and future and also secured by way of equitable mortgage of land & building owned by the Company.) |                      |                  |                      |                  |
| <b>Unsecured</b>   |                      |                  |                      |                  |
| Borrowings from related party  | 71,335.91            | 21,400.00        | 62,493.13            | 4,100.00         |
| (Non-current borrowing - Interest free loan)<br>(Current borrowing - repayable on demand and interest@ 9 % p.a.)   |                      |                  |                      |                  |
| <b>TOTAL</b>   | <b>71,335.91</b>     | <b>89,188.43</b> | <b>62,493.13</b>     | <b>55,582.93</b> |
| <b>19 PROVISIONS</b>   |                      |                  |                      |                  |
| Provision for employee benefits (refer note 33)  |                      |                  |                      |                  |
| - Gratuity (funded)  | 10,004.42            | -                | 9,648.36             | -                |
| - Leave encashment (unfunded)  | -                    | 3,771.17         | -                    | 2,571.43         |
| <b>TOTAL</b>   | <b>10,004.42</b>     | <b>3,771.17</b>  | <b>9,648.36</b>      | <b>2,571.43</b>  |
| <b>20 OTHER LIABILITIES</b>  |                      |                  |                      |                  |
| Statutory due payable  | -                    | 4,392.61         | -                    | 38,523.68        |
| Advance received from customers  | -                    | 1,331.35         | -                    | 1,512.37         |
| Deferred revenue on customer advances  | 180.45               | 360.00           | 540.00               | 360.00           |
| Financial guarantee obligation   | -                    | 336.99           | 3,197.39             | 2,701.50         |
| Other payables   | -                    | -                | -                    | 269.98           |
| <b>TOTAL</b>   | <b>180.45</b>        | <b>6,420.95</b>  | <b>3,737.39</b>      | <b>43,367.53</b> |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>21 TRADE PAYABLES</b>  |                         |                         |
| Total outstanding dues of micro enterprises and small enterprises   | 6,678.76                | -                       |
| Total outstanding dues of creditors other than micro enterprises and small enterprises  | 47,524.04               | 41,114.10               |
| <b>TOTAL</b>  | <b>54,202.80</b>        | <b>41,114.10</b>        |
| Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act. |                         |                         |
| <b>Particulars</b>  |                         |                         |
| The principal amount remaining unpaid at the end of the year  | 6,192.75                | -                       |
| The Interest amount remaining unpaid at the end of the year   | 486.02                  | -                       |
| 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  | 486.02                  | -                       |
| 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 enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006   | -                       | -                       |
| <b>22 OTHER FINANCIAL LIABILITIES - CURRENT</b>   |                         |                         |
| Capital creditor  | -                       | 1,915.97                |
| Accrued interest on loans   | 1,942.17                | 1,119.77                |
| Employee related payable  | 7,714.63                | 5,312.13                |
| <b>TOTAL</b>  | <b>9,656.80</b>         | <b>8,347.87</b>         |



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>23 CURRENT INCOME TAX LIABILITIES (NET)</b>  |                         |                         |
| Current tax payable [net of advance taxes amounting to INR 626.30 ('000)]   | 2,643.11                | 1,464.50                |
| <b>TOTAL</b>  | <b>2,643.11</b>         | <b>1,464.50</b>         |
| <b>24 REVENUE FROM OPERATIONS</b>   |                         |                         |
| <b>Sale of products:</b>  |                         |                         |
| - Finished goods  | 244,539.05              | 229,518.11              |
| Other operating revenue   | 5,785.06                | 8,828.65                |
| <b>TOTAL</b>  | <b>250,324.11</b>       | <b>238,346.76</b>       |
| <b>Details of other operating revenue</b>   |                         |                         |
| Sale of Tools   | 360.00                  | 6,810.42                |
| Scrap Sales   | 5,425.06                | 2,018.23                |
| <b>TOTAL</b>  | <b>5,785.06</b>         | <b>8,828.65</b>         |
| Goods and Service Tax (GST) has been effected from July 1, 2017. Consequently excise duty, value added tax, service tax etc. have been replaced with GST. Until June 30, 2017 "Sale of products" included the amount of excise duty recovered on sale. With effect from July 1, 2017 sale of products excludes the amount of GST recovered. Accordingly, revenue from sale of products for the year ended March 31, 2018 is not comparable with that of the previous year. The following additional information is being provided to facilitate such understanding: |                         |                         |
| <b>Particulars</b>  |                         |                         |
| Revenue from operations (Sale of Products)  | 244,539.05              | 229,518.11              |
| Less : Excise duty  | -                       | (5,823.88)              |
|   | <b>244,539.05</b>       | <b>223,694.23</b>       |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars   | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|---|------------------------------|------------------------------|
| <b>25 OTHER INCOME</b>  |                              |                              |
| Financial guarantee commission income   | 6,724.92                     | 2,701.50                     |
| Interest income   | 4,712.12                     | 3,540.82                     |
| Lease rent income   | 1,620.00                     | 1,154.45                     |
| Reversal of doubtful debts  | 784.19                       | -                            |
| Profit on sale of land  | 200.00                       | -                            |
| Sundry balances written back  | 148.15                       | 295.85                       |
| Foreign exchange fluctuation (net)  | 5.66                         | -                            |
| Excise duty variation on opening / closing stock of finished goods                          | -                            | 1,120.60                     |
| Scrap sale  | -                            | 2,019.57                     |
| Other non-operating income  | 7.58                         | 5.86                         |
| <b>TOTAL</b>  | <b>14,202.62</b>             | <b>10,838.66</b>             |
| <b>26 COST OF MATERIAL CONSUMED</b>   |                              |                              |
| <b>Cost of Raw material consumed</b>  |                              |                              |
| Inventory at the beginning of the year  | 1,430.77                     | 338.45                       |
| Add: Purchases  | 31,716.14                    | 31,977.57                    |
| Less: Inventory at the end of the year  | (662.81)                     | (1,430.77)                   |
| <b>Total cost of materials consumed</b>   | <b>32,484.10</b>             | <b>30,885.26</b>             |
| <b>27 CHANGES IN INVENTORIES OF FINISHED GOODS,<br/>STOCK-IN-TRADE AND WORK-IN-PROGRESS</b> |                              |                              |
| <b>Inventories at the beginning of the year</b>   |                              |                              |
| - Finished goods  | 3,720.40                     | 10,025.19                    |
| - Work-in-progress  | 9,326.53                     | 5,413.81                     |
|   | <b>13,046.92</b>             | <b>15,439.00</b>             |
| <b>Inventories at the end of the year</b>   |                              |                              |
| - Finished goods  | (3,835.60)                   | (3,720.40)                   |
| - Work-in-progress  | (12,216.38)                  | (9,326.53)                   |
|   | <b>(16,051.98)</b>           | <b>(13,046.92)</b>           |
| <b>Net decrease / (increase)</b>  | <b>(3,005.06)</b>            | <b>2,392.08</b>              |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars  | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|--|------------------------------|------------------------------|
| <b>28 EMPLOYEE BENEFITS EXPENSE</b>                                      |                              |                              |
| Salaries, wages, bonus and other allowances                              | 68,729.01                    | 64,198.82                    |
| Contribution to provident & other funds (refer note 33)                  | 2,615.51                     | 2,738.43                     |
| Contribution to gratuity fund & leave encashment expense (refer note 33) | 3,569.83                     | 2,653.32                     |
| Staff welfare expenses   | 2,539.32                     | 1,957.30                     |
| <b>TOTAL</b>   | <b>77,453.67</b>             | <b>71,547.87</b>             |
| <b>29 FINANCE COSTS</b>  |                              |                              |
| Interest Expenses  | 16,844.64                    | 14,275.40                    |
| Other Borrowing Costs  | 891.95                       | 571.71                       |
| <b>TOTAL</b>   | <b>17,736.59</b>             | <b>14,847.12</b>             |
| <b>30 OTHER EXPENSES</b>   |                              |                              |
| Consumption of Stores & Spares, Consumables and Packing Materials etc.   | 36,836.46                    | 37,376.27                    |
| Repairs & maintenance  |                              |                              |
| - Plant & Machinery  | 1,493.81                     | 1,541.76                     |
| - Building   | 1,615.56                     | 107.69                       |
| - Others   | 3,160.61                     | 1,159.65                     |
| Power and Fuel   | 60,970.63                    | 52,577.90                    |
| Insurance  | 650.36                       | 657.02                       |
| Audit expenses (refer below note)  | 225.00                       | 300.00                       |
| Rates and taxes  | 1,800.08                     | 1,366.55                     |
| Carriage and freight   | 9,793.61                     | 8,131.21                     |
| Travel and conveyance  | 2,583.02                     | 2,160.20                     |
| Legal & professional charges   | 2,333.60                     | 4,218.02                     |
| Foreign exchange fluctuation (net)                                       | -                            | 336.63                       |
| Rent   | 954.99                       | 876.76                       |
| Sundry balances written off  | -                            | 2,300.00                     |
| Merger Expenses  | 910.34                       | -                            |
| Listing fees   | 562.50                       | 540.00                       |
| Selling & distribution cost  | 761.77                       | 494.07                       |
| Miscellaneous expenses   | 3,553.14                     | 3,086.94                     |
| Provision for doubtful debts   | -                            | 227.85                       |
| <b>TOTAL</b>   | <b>128,205.48</b>            | <b>117,458.52</b>            |
| <b>Payments to Auditors</b>  |                              |                              |
| Statutory Audit  | 225.00                       | 225.00                       |
| Tax Audit  | -                            | 75.00                        |
|  | <b>225.00</b>                | <b>300.00</b>                |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars   | March 31, 2019    | March 31, 2018    |
|---|-------------------|-------------------|
| <b>31 INCOME TAXES</b>  |                   |                   |
| <b>(a) Deferred tax relates to the following:</b>   |                   |                   |
| <b>Deferred tax assets</b>  |                   |                   |
| On provision for employee benefits  | 179.10            | 179.10            |
| On unabsorbed depreciation and losses   | 2,802.58          | 4,821.00          |
|   | <b>2,981.68</b>   | <b>5,000.10</b>   |
| <b>Deferred tax liabilities</b>   |                   |                   |
| On property, plant and equipment  | 7,436.69          | 6,574.64          |
| Interest free loans to subsidiary   | 6,026.95          | 9,806.21          |
|   | <b>13,463.64</b>  | <b>16,380.84</b>  |
| Deferred tax (liabilities) / assets, net  | (10,481.96)       | (11,380.74)       |
| Minimum Alternative Tax (MAT) entitlements  | 5,108.73          | 1,839.31          |
| Deferred tax (liabilities) / assets, net  | <b>(5,373.23)</b> | <b>(9,541.43)</b> |
| <b>(b) Deferred tax assets/(liabilities) to be recognized in Statement of Profit and Loss</b> |                   |                   |
| Deferred tax liabilities net  | 5,373.23          | 9,541.43          |
| Less: Opening deferred tax liabilities  | 9,541.43          | 13,394.87         |
| Deferred tax expense for the year   | <b>(4,168.20)</b> | <b>(3,853.44)</b> |
| Tax liability recognized in Statement of Profit and Loss                                      | (4,168.20)        | (4,275.67)        |
| Tax liability recognized in OCI   |                   |                   |
| - On re-measurements gain/(losses) of post-employment benefit obligations                     | -                 | 422.24            |
| <b>Total deferred tax expenses recognised in the statement of profit and loss</b>             | <b>(4,168.20)</b> | <b>(3,853.44)</b> |
| <b>(c) Income tax expense</b>   |                   |                   |
| <b>Amount recognised in the statement of profit or loss</b>                                   |                   |                   |
| a) Current tax  |                   |                   |
| - For the year  | 3,269.41          | 1,839.31          |
| - For the prior period  | 170.62            | -                 |
| b) Deferred tax   | (4,168.20)        | (4,275.67)        |
| <b>Total income tax expense</b>   | <b>(728.17)</b>   | <b>(2,436.36)</b> |
| <b>Amount recognised in other comprehensive income</b>  |                   |                   |
| Arising on income and expenses recognised in other comprehensive income:                      |                   |                   |
| - Remeasurement of defined benefit obligation   | -                 | 422.24            |
| <b>TOTAL</b>  | <b>-</b>          | <b>422.24</b>     |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars  | March 31, 2019    | March 31, 2018    |
|--|-------------------|-------------------|
| <b>(d) Reconciliation of tax charge</b>  |                   |                   |
| Profit before tax  | 3,760.72          | (1,851.50)        |
| Enacted income tax rate in India applicable to the Company                                     | 27.82%            | 19.24%            |
| Income tax expense at tax rates applicable   | 1,046.23          | (356.23)          |
| <b>Tax effects of:</b>   |                   |                   |
| Effect of not recognition of deferred tax asset on accumulated tax losses                      | (1,046.23)        | 356.23            |
| Incremental deferred tax liability on account of tangible and intangible assets                | 862.05            | (422.24)          |
| Reversal of deferred tax liability on account of interest free loan                            | (3,779.26)        | (2,014.12)        |
| Reversal of assets created on unabsorbed depreciation and losses                               | 2,018.42          | -                 |
| For the prior period income tax  | 170.62            | -                 |
|  | <b>(728.17)</b>   | <b>(2,436.36)</b> |
| <b>Effective tax rate (%)</b>  | <b>(19.00%)</b>   | <b>132.00%</b>    |
| <b>(e) Movement of MAT credit entitlement</b>  |                   |                   |
| Opening Balance  | 1,839.31          | -                 |
| Add : Recognised during the year   | 3,269.41          | 1,839.31          |
| Less : Utilised during the year  | -                 | -                 |
| Closing Balance  | <b>5,108.73</b>   | <b>1,839.31</b>   |
| <b>32 CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS</b>                                       |                   |                   |
| <b>(a) Contingent liabilities</b>  |                   |                   |
| Sales tax liabilities - on account of non receipt of "C" Forms                                 | 108.38            | 3,947.89          |
| TDS as per traces  | 583.70            | 556.13            |
| Income tax - assessment years 1990-91, 1994-95 and 1995-96 pending before Mumbai high court    | 2,329.86          | 2,329.86          |
| Corporate guarantees given for credit facilities taken by group companies                      | 100,000.00        | 166,600.00        |
| Outstanding letters of credit  | 6,751.80          | 2,631.51          |
|  | <b>109,773.74</b> | <b>176,065.38</b> |
| <b>(b) Capital commitments</b>   |                   |                   |
| Estimated amount of contracts remaining to be executed on capital account and not provided for |                   |                   |
| - Towards Property, Plant and Equipment  | -                 | 4,208.43          |
|  | -                 | <b>4,208.43</b>   |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### 33 EMPLOYEE BENEFITS

##### Brief description of the plans:

The Company has various schemes for employee benefits such as Provident Fund, ESIC, Gratuity and Leave Encashment. The Company's defined contribution plans are Provident Fund (in case of certain employees) and Employees State Insurance Fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). The Company has no further obligation beyond making the contributions to such plans.

##### A. Define Benefit Plans:

The Company's defined benefit plans include Gratuity. The gratuity plan is governed by the Payment of Gratuity Act, 1972 under which an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age.

##### I. Actuarial assumptions

| Particulars  | (₹ in '000)                              |  |
|--|--|--|
|  | March 31, 2019                           | March 31, 2018                           |
| Discount rate (per annum)                          | 7.59%                                    | 7.80%                                    |
| Salary escalation rate                             | 10.00%                                   | 10.00%                                   |
| Rate of employee turnover                          | 5.00%                                    | 5.00%                                    |
| Mortality rate during Employment                   | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |
| Expected Rate of Return on Plan Assets (per annum) | 7.59%                                    | 7.80%                                    |

##### II. Expense recognized in the Statement of Profit and Loss

| Particulars          | (₹ in '000)     |                 |
|----------------------|-----------------|-----------------|
|                      | March 31, 2019  | March 31, 2018  |
| Current service cost | 1,034.75        | 992.55          |
| Past service cost    | -               | 283.39          |
| Interest cost        | 752.58          | 702.42          |
| <b>TOTAL*</b>        | <b>1,787.33</b> | <b>1,978.35</b> |

\*The total expenses for the year are included in the 'Employee benefits expense' line item in the Statement of Profit & Loss.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### III. Expense recognized in the Statement of Other Comprehensive income

(₹ in '000)

| Particulars   | March 31, 2019  | March 31, 2018    |
|---|-----------------|-------------------|
| Actuarial (gains)/ losses on obligation - due to changes in financial assumptions | 204.07          | (592.71)          |
| Actuarial (gains)/losses on obligation - due to experience adjustment             | (857.97)        | (998.16)          |
| Return on plan assets, excluding interest income                                  | 0.27            | (33.11)           |
| <b>TOTAL *</b>  | <b>(653.63)</b> | <b>(1,623.98)</b> |

\*The remeasurement of the net defined benefit liability is included in other comprehensive income.

### IV. Changes in the present value of defined benefit obligation

(₹ in '000)

| Particulars  | March 31, 2019   | March 31, 2018   |
|--|------------------|------------------|
| Present value of obligation at the beginning of the year                       | 17,969.25        | 17,458.44        |
| Interest cost  | 1,401.61         | 1,260.50         |
| Current service cost   | 1,034.75         | 992.55           |
| Past service cost  | -                | 283.39           |
| Benefit paid directly by the employer  | (777.64)         | (434.75)         |
| Benefit paid directly from the fund  | -                | -                |
| Actuarial (gains)/losses on obligation-due to changes in financial assumptions | 204.06           | (592.71)         |
| Actuarial (gains)/losses on obligation - due to experience adjustment          | (857.97)         | (998.16)         |
| <b>Present value of obligation at the end of the year</b>                      | <b>18,974.07</b> | <b>17,969.25</b> |

### V. Change in the fair value of plan assets

(₹ in '000)

| Particulars   | March 31, 2019  | March 31, 2018  |
|---|-----------------|-----------------|
| Fair value of plan assets at the beginning of the year  | 8,320.89        | 7,729.69        |
| Interest income   | 649.03          | 558.09          |
| Return on plan assets, excluding interest income        | (0.27)          | 33.11           |
| <b>Fair value of plan assets at the end of the year</b> | <b>8,969.65</b> | <b>8,320.89</b> |

### VI. Assets and liabilities recognized in the Balance Sheet

(₹ in '000)

| Particulars   | March 31, 2019     | March 31, 2018    |
|---|--------------------|-------------------|
| Present value of funded obligation                          | (18,974.07)        | (17,969.25)       |
| Less: Fair Value of plan assets                             | 8,969.65           | 8,320.89          |
| <b>Net asset / (liability) recognized in Balance Sheet*</b> | <b>(10,004.42)</b> | <b>(9,648.36)</b> |

\*Included in provision for employee benefits (refer note 19)

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### VII. Maturity analysis of the benefit payments: from the fund

(₹ in '000)

| Particulars   | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| Projected Benefits Payable in Future Years From the Date of Reporting |                |                |
| 1 <sup>st</sup> Following Year  | 1,777.28       | 1,582.38       |
| 2 <sup>nd</sup> Following Year  | 2,831.42       | 1,236.86       |
| 3 <sup>rd</sup> Following Year  | 1,746.90       | 2,868.24       |
| 4 <sup>th</sup> Following Year  | 1,558.71       | 1,647.46       |
| 5 <sup>th</sup> Following Year  | 2,157.10       | 1,475.95       |
| Sum of Years 6 To 10  | 11,800.28      | 11,674.69      |
| Sum of Years 11 and above   | 9,099.66       | 10,119.67      |

The Plan typically to expose the Company to actuarial risk such as Interest Risk, Longevity Risk and Salary Risk;

- Interest Risk:- A decrease in the bond interest rate will increase the plan liability.
- Longevity Risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- Salary Risk: The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan's participants will increase the plan's liability.

#### VIII. A quantitative sensitivity analysis for significant assumption is as shown below

(₹ in '000)

| Particulars                                 | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| <b>Impact on defined benefit obligation</b> |                |                |
| <b>Discount rate</b>                        |                |                |
| 1% increase                                 | (934.53)       | (943.30)       |
| 1% decrease                                 | 1,034.60       | 1,044.94       |
| <b>Rate of increase in salary</b>           |                |                |
| 1% increase                                 | 958.23         | 979.45         |
| 1% decrease                                 | (888.94)       | (919.13)       |
| <b>Withdrawal rate</b>                      |                |                |
| 1% increase                                 | (116.41)       | (120.20)       |
| 1% decrease                                 | 125.52         | 130.15         |

The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### B. Leave obligations

The leave obligations cover the Company's liability for earned leave.

The amount of the provision of INR 3,771.17 [March 31, 2018 INR 2,571.43] is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

(₹ in '000)

| Particulars  | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| Current service cost   | 1,782.50       | 674.97         |
| Total expenses/(income) recognised in the Statement of Profit and Loss | 1,782.50       | 674.97         |

### C. Defined contribution plans

The Company also has certain defined contribution plans. The contributions are made to registered provident fund, Employee State Insurance Corporation and Labour Welfare Fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plans are as follows:

#### Charge to the Statement of Profit and Loss based on contributions

(₹ in '000)

| Particulars   | March 31, 2019  | March 31, 2018  |
|---|-----------------|-----------------|
| Employer's contribution to Regional Provident Fund Office | 2,343.19        | 2,490.73        |
| Employer's contribution to Employees' State Insurance     | 265.34          | 241.20          |
| Employer's contribution to Labour Welfare Fund            | 6.98            | 6.49            |
|   | <b>2,615.51</b> | <b>2,738.42</b> |

(₹ in '000)

| Particulars  | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|--|------------------------------|------------------------------|
| <b>34 EARNINGS/ LOSS PER SHARE</b>   |                              |                              |
| The following reflects the income and share data used in the basic and diluted EPS computations: |                              |                              |
| Profit attributable to equity holders  | 4,488.89                     | 584.86                       |
| Add: Impact of dilutive potential equity shares  | -                            | -                            |
| Profit attributable to equity holders adjusted for the effect of dilution                        | <b>4,488.89</b>              | <b>584.86</b>                |
| Weighted average number of equity shares for basic and diluted EPS                               | 6,471,014                    | 6,471,014                    |
| Basic loss per share (INR)   | 0.69                         | 0.09                         |
| Diluted loss per share (INR)   | 0.69                         | 0.09                         |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### 35(A) SEGMENT REPORTING

In accordance with Ind AS 108 'Operating Segment', segment information has been given in the consolidated financial statements and therefore, no separate disclosure on segment information is given in these financial statements.

#### 35(B) MERGER / AMALGAMATION

The Company, as per the order of the National Company Law Tribunal, Mumbai Bench ('NCLT') dated March 15, 2019, had convened a meeting of the members on April 22, 2019 wherein the members have approved the scheme of amalgamation of Arrow Textiles Limited ('First Transferor Company') and MMG India Private Limited ('Second Transferor Company') with Delta Magnets Limited (Transferee Company) and their respective shareholders with requisite majority. Further The Company has filed a petition with National Company Law Tribunal (NCLT) on April 25, 2019, for obtaining sanction to the Scheme pursuant to the provisions of Section 230 to Section 232 of the Companies Act, 2013. The hearing on the same is awaited.

#### 36 MAT CREDIT ENTITLEMENT

MAT Credit Entitlement of INR 5,108.73 (₹ in '000) [Previous year INR 1,839.31 (₹ in '000)] is based on business projections of Company provided by Management, and the same have been relied upon by the Auditors.

#### 37 RELATED PARTY DISCLOSURES

##### (a) List of related parties

##### (i) Subsidiary Companies

MMG India Private Limited (MMG)

MagDev Limited (Magdev)

##### (ii) Step down subsidiaries

Pilamec Limited (Pilamec)

##### (iii) Key management personnel's (KMP's)

Mr. Jaydev Mody (JM) - Chairman

Dr. Ram H. Shroff (RHS) - Executive Vice Chairman & Managing Director

Ms. Ambika Kothari (AK) - Non-executive Director

Mr. Javed Tapia (JT) - Independent Director

Dr. Vrajesh Udani (VU) - Independent Director

Mr. Rajesh Jaggi (RJ) - Independent Director

Mr. Darius Khambatta (DK) - Non-executive Director

Mr. Samir Chinai (SC) - Independent Director

Mr. Abhilash Sunny (AS) - Chief Financial Officer

Mrs. Anannya Godbole (AG) - Company Secretary

##### (iv) Relatives of KMP's

Mrs. Zia Mody (ZM) - Wife of the Chairman

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(v) **Enterprises over which persons mentioned in (iii) and (iv) above exercise significant influence/control directly or indirectly**

AZB & Partners (AZB)

Freedom Registry Limited (FRL)

Aarti Management Consultancy Private Limited (AAMPL)

Aditi Management Consultancy Private Limited (ADMPL)

Anjoss Trading Company Private Limited (ATCPL)

AAA Holding Trust (AAAHT)

(b) **Details of transaction carried out with related parties in the ordinary course of business for the year ended**

(₹ in '000)

| Particulars                  | Subsidiaries    |                 | KMP             |                 | Enterprises Over which KMPs / Their Relatives Exercise Significant Influence or Control |               | Total           |                 |
|------------------------------|-----------------|-----------------|-----------------|-----------------|---|---------------|-----------------|-----------------|
|                              | 2018-19         | 2017-18         | 2018-19         | 2017-18         | 2018-19   | 2017-18       | 2018-19         | 2017-18         |
| <b>Remuneration Paid</b>     |                 |                 |                 |                 |   |               |                 |                 |
| AS                           | -               | -               | 4,506.35        | 5,052.46        | -   | -             | 4,506.35        | 5,052.46        |
| AG                           | -               | -               | 434.53          | 426.23          | -   | -             | 434.53          | 426.23          |
| <b>TOTAL</b>                 | -               | -               | <b>4,940.88</b> | <b>5,478.69</b> | -   | -             | <b>4,940.88</b> | <b>5,478.69</b> |
| <b>Director Sitting Fees</b> |                 |                 |                 |                 |   |               |                 |                 |
| JM                           | -               | -               | 4.00            | 8.00            | -   | -             | 4.00            | 8.00            |
| AK                           | -               | -               | 8.00            | 8.00            | -   | -             | 8.00            | 8.00            |
| DK                           | -               | -               | 10.00           | 10.00           | -   | -             | 10.00           | 10.00           |
| JT                           | -               | -               | 20.00           | 18.00           | -   | -             | 20.00           | 18.00           |
| RJ                           | -               | -               | 20.00           | 14.00           | -   | -             | 20.00           | 14.00           |
| SC                           | -               | -               | 10.00           | 6.00            | -   | -             | 10.00           | 6.00            |
| VU                           | -               | -               | 12.00           | 14.00           | -   | -             | 12.00           | 14.00           |
| <b>TOTAL</b>                 | -               | -               | <b>84.00</b>    | <b>78.00</b>    | -   | -             | <b>84.00</b>    | <b>78.00</b>    |
| <b>Sale of Goods</b>         |                 |                 |                 |                 |   |               |                 |                 |
| MMG                          | 7,900.64        | 1,613.92        | -               | -               | -   | -             | 7,900.64        | 1,613.92        |
| <b>TOTAL</b>                 | <b>7,900.64</b> | <b>1,613.92</b> | -               | -               | -   | -             | <b>7,900.64</b> | <b>1,613.92</b> |
| <b>Rent Paid</b>             |                 |                 |                 |                 |   |               |                 |                 |
| AAAHT                        | -               | -               | -               | -               | 576.00  | 576.00        | 576.00          | 576.00          |
| <b>TOTAL</b>                 | -               | -               | -               | -               | <b>576.00</b>   | <b>576.00</b> | <b>576.00</b>   | <b>576.00</b>   |
| <b>Rent Received</b>         |                 |                 |                 |                 |   |               |                 |                 |
| MMG                          | 1,620.00        | 1,154.45        | -               | -               | -   | -             | 1,620.00        | 1,154.45        |
| <b>TOTAL</b>                 | <b>1,620.00</b> | <b>1,154.45</b> | -               | -               | -   | -             | <b>1,620.00</b> | <b>1,154.45</b> |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars                               | Subsidiaries      |                  | KMP      |          | Enterprises Over which<br>KMPs / Their Relatives<br>Exercise Significant<br>Influence or Control |                 | Total             |                  |
|---|-------------------|------------------|----------|----------|--|-----------------|-------------------|------------------|
|   | 2018-19           | 2017-18          | 2018-19  | 2017-18  | 2018-19  | 2017-18         | 2018-19           | 2017-18          |
| <b>ICD Given</b>                          |                   |                  |          |          |  |                 |                   |                  |
| MMG                                       | 53,404.00         | 43,149.00        | -        | -        | -  | -               | 53,404.00         | 43,149.00        |
| <b>TOTAL</b>                              | <b>53,404.00</b>  | <b>43,149.00</b> | <b>-</b> | <b>-</b> | <b>-</b>   | <b>-</b>        | <b>53,404.00</b>  | <b>43,149.00</b> |
| <b>ICD received back</b>                  |                   |                  |          |          |  |                 |                   |                  |
| MMG                                       | 43,623.00         | 25,133.00        | -        | -        | -  | -               | 43,623.00         | 25,133.00        |
| <b>TOTAL</b>                              | <b>43,623.00</b>  | <b>25,133.00</b> | <b>-</b> | <b>-</b> | <b>-</b>   | <b>-</b>        | <b>43,623.00</b>  | <b>25,133.00</b> |
| <b>Interest Received on<br/>ICD Given</b> |                   |                  |          |          |  |                 |                   |                  |
| MMG                                       | 4,070.62          | 2,797.62         | -        | -        | -  | -               | 4,070.62          | 2,797.62         |
| <b>TOTAL</b>                              | <b>4,070.62</b>   | <b>2,797.62</b>  | <b>-</b> | <b>-</b> | <b>-</b>   | <b>-</b>        | <b>4,070.62</b>   | <b>2,797.62</b>  |
| <b>Interest Expenses</b>                  |                   |                  |          |          |  |                 |                   |                  |
| AAMPL                                     | -                 | -                | -        | -        | 54.00  | 54.00           | 54.00             | 54.00            |
| ADMPL                                     | -                 | -                | -        | -        | 919.87   | 45.74           | 919.87            | 45.74            |
| <b>TOTAL</b>                              | <b>-</b>          | <b>-</b>         | <b>-</b> | <b>-</b> | <b>973.87</b>  | <b>99.74</b>    | <b>973.87</b>     | <b>99.74</b>     |
| <b>Professional Fees<br/>Paid</b>         |                   |                  |          |          |  |                 |                   |                  |
| AZB                                       | -                 | -                | -        | -        | 10.27  | 200.00          | 10.27             | 200.00           |
| FRL                                       | -                 | -                | -        | -        | 53.01  | 42.82           | 53.01             | 42.82            |
| <b>TOTAL</b>                              | <b>-</b>          | <b>-</b>         | <b>-</b> | <b>-</b> | <b>63.28</b>   | <b>242.82</b>   | <b>63.28</b>      | <b>242.82</b>    |
| <b>Loan Taken</b>                         |                   |                  |          |          |  |                 |                   |                  |
| ADMPL                                     | -                 | -                | -        | -        | 17,300.00  | 3,500.00        | 17,300.00         | 3,500.00         |
| <b>TOTAL</b>                              | <b>-</b>          | <b>-</b>         | <b>-</b> | <b>-</b> | <b>17,300.00</b>   | <b>3,500.00</b> | <b>17,300.00</b>  | <b>3,500.00</b>  |
| <b>Corporate guarantee<br/>given</b>      |                   |                  |          |          |  |                 |                   |                  |
| MMG                                       | 100,000.00        | -                | -        | -        | -  | -               | 100,000.00        | -                |
| <b>TOTAL</b>                              | <b>100,000.00</b> | <b>-</b>         | <b>-</b> | <b>-</b> | <b>-</b>   | <b>-</b>        | <b>100,000.00</b> | <b>-</b>         |
| <b>Corporate guarantee<br/>reversal</b>   |                   |                  |          |          |  |                 |                   |                  |
| MMG                                       | 166,600.00        | 22,430.00        | -        | -        | -  | -               | 166,600.00        | 22,430.00        |
| <b>TOTAL</b>                              | <b>166,600.00</b> | <b>22,430.00</b> | <b>-</b> | <b>-</b> | <b>-</b>   | <b>-</b>        | <b>166,600.00</b> | <b>22,430.00</b> |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(c) Outstanding balance as at March 31, 2019

(₹ in '000)

| Particulars                                | Subsidiaries      |                   | KMP           |               | Enterprises Over which KMPs / Their Relatives Exercise Significant Influence or Control |                  | Total             |                   |
|--|-------------------|-------------------|---------------|---------------|---|------------------|-------------------|-------------------|
|  | 2018-19           | 2017-18           | 2018-19       | 2017-18       | 2018-19   | 2017-18          | 2018-19           | 2017-18           |
| <b>Trade Receivables</b>                   |                   |                   |               |               |   |                  |                   |                   |
| MMG  | 16,137.46         | 404.89            | -             | -             | -   | -                | 16,137.46         | 404.89            |
| <b>TOTAL</b>                               | <b>16,137.46</b>  | <b>404.89</b>     | <b>-</b>      | <b>-</b>      | <b>-</b>  | <b>-</b>         | <b>16,137.46</b>  | <b>404.89</b>     |
| <b>Loan Payable</b>                        |                   |                   |               |               |   |                  |                   |                   |
| AAMPL                                      | -                 | -                 | -             | -             | 7,600.00  | 7,600.00         | 7,600.00          | 7,600.00          |
| ADMPL                                      | -                 | -                 | -             | -             | 63,800.00   | 46,500.00        | 63,800.00         | 46,500.00         |
| ATCPL                                      | -                 | -                 | -             | -             | 43,000.00   | 43,000.00        | 43,000.00         | 43,000.00         |
| <b>TOTAL</b>                               | <b>-</b>          | <b>-</b>          | <b>-</b>      | <b>-</b>      | <b>114,400.00</b>   | <b>97,100.00</b> | <b>114,400.00</b> | <b>97,100.00</b>  |
| <b>Trade Payables</b>                      |                   |                   |               |               |   |                  |                   |                   |
| AZB  | -                 | -                 | -             | -             | -   | 180.00           | -                 | 180.00            |
| FRL  | -                 | -                 | -             | -             | 24.33   | 9.21             | 24.33             | 9.21              |
| AAAHT                                      | -                 | -                 | -             | -             | 3,587.79  | 2,965.71         | 3,587.79          | 2,965.71          |
| <b>TOTAL</b>                               | <b>-</b>          | <b>-</b>          | <b>-</b>      | <b>-</b>      | <b>3,612.12</b>   | <b>3,154.91</b>  | <b>3,612.12</b>   | <b>3,154.91</b>   |
| <b>ICD Given</b>                           |                   |                   |               |               |   |                  |                   |                   |
| MMG  | 54,122.25         | 44,341.25         | -             | -             | -   | -                | 54,122.25         | 44,341.25         |
| <b>TOTAL</b>                               | <b>54,122.25</b>  | <b>44,341.25</b>  | <b>-</b>      | <b>-</b>      | <b>-</b>  | <b>-</b>         | <b>54,122.25</b>  | <b>44,341.25</b>  |
| <b>Interest Receivable</b>                 |                   |                   |               |               |   |                  |                   |                   |
| MMG  | 8,843.67          | 5,180.12          | -             | -             | -   | -                | 8,843.67          | 5,180.12          |
| <b>TOTAL</b>                               | <b>8,843.67</b>   | <b>5,180.12</b>   | <b>-</b>      | <b>-</b>      | <b>-</b>  | <b>-</b>         | <b>8,843.67</b>   | <b>5,180.12</b>   |
| <b>Interest Payable</b>                    |                   |                   |               |               |   |                  |                   |                   |
| AAMPL                                      | -                 | -                 | -             | -             | 180.69  | 132.08           | 180.69            | 132.08            |
| ADMPL                                      | -                 | -                 | -             | -             | 869.05  | 41.17            | 869.05            | 41.17             |
| <b>TOTAL</b>                               | <b>-</b>          | <b>-</b>          | <b>-</b>      | <b>-</b>      | <b>1,049.74</b>   | <b>173.25</b>    | <b>1,049.74</b>   | <b>173.25</b>     |
| <b>Corporate Guarantee/ Security Given</b> |                   |                   |               |               |   |                  |                   |                   |
| MMG  | 100,000.00        | 166,600.00        | -             | -             | -   | -                | 100,000.00        | 166,600.00        |
| <b>TOTAL</b>                               | <b>100,000.00</b> | <b>166,600.00</b> | <b>-</b>      | <b>-</b>      | <b>-</b>  | <b>-</b>         | <b>100,000.00</b> | <b>166,600.00</b> |
| <b>Remuneration Payable</b>                |                   |                   |               |               |   |                  |                   |                   |
| AS   | -                 | -                 | 586.26        | 311.15        | -   | -                | 586.26            | 311.15            |
| AG   | -                 | -                 | 110.62        | 30.35         | -   | -                | 110.62            | 30.35             |
| <b>TOTAL</b>                               | <b>-</b>          | <b>-</b>          | <b>696.88</b> | <b>341.50</b> | <b>-</b>  | <b>-</b>         | <b>696.88</b>     | <b>341.50</b>     |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### 38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to various financial risks. These risks are categorized into credit risk, capital risk, liquidity risk, and market risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

##### (a) Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- i) Actual or expected significant adverse changes in business;
- ii) Actual or expected significant changes in the operating results of the counterparty,
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

##### Trade receivables:

- i) The ageing of trade receivables and expected credit loss analysis on these trade receivables is given in below table:

|                    | (₹ in '000)      |                  |
|--------------------|------------------|------------------|
| Particulars        | March 31, 2019   | March 31, 2018   |
| 0-180 days         | 80,279.43        | 52,433.88        |
| More than 180 days | 652.91           | 1,530.84         |
| <b>Total</b>       | <b>80,932.34</b> | <b>53,964.72</b> |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

ii) The expected credit loss analysis on these receivables is given in below table:

(₹ in '000)

| Particulars                             | March 31, 2019 | March 31, 2018  |
|---|----------------|-----------------|
| Opening provision for the year          | 1,540.90       | 1,787.95        |
| Add: Provision for expected credit loss | -              | 227.85          |
| Less: Bad debts                         | -              | (474.91)        |
| Less: Reversal of expected credit loss  | (944.72)       | -               |
| <b>Closing provision for the year</b>   | <b>596.17</b>  | <b>1,540.90</b> |

### (b) Capital risk

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in notes 18, and offset by cash and bank balances as detailed in notes 13 and 14) and total equity of the Company.

The Company determines the amount of capital required on the basis of annual as well as long term operating plans and other strategic investment plans. The funding requirements are met through long-term and short-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The capital components of the Company are as given below:

(₹ in '000)

| Particulars               | March 31, 2019    | March 31, 2018    |
|---------------------------|-------------------|-------------------|
| Total Equity              | 64,710.14         | 64,710.14         |
| Current borrowings        | 89,188.43         | 55,582.93         |
| Non-current borrowings    | 71,335.91         | 62,493.13         |
| <b>Total debt</b>         | <b>160,524.34</b> | <b>118,076.06</b> |
| Cash and cash equivalents | 1,336.58          | 329.49            |
| Other bank balances       | 3,000.00          | 1,787.74          |
| <b>Net debt</b>           | <b>156,187.76</b> | <b>115,958.83</b> |
| <b>Debt equity ratio</b>  | <b>2.41</b>       | <b>1.79</b>       |

### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

The table below summarizes the maturity profile of the Company's financial liabilities:

| Particulars   | Carrying Value    | Upto 1 year       | 1 to 5 years     | 5 years & above |
|---|-------------------|-------------------|------------------|-----------------|
| <b>Maturities of Financial Liabilities as at March 31, 2019</b> |                   |                   |                  |                 |
| Borrowings  | 160,524.34        | 89,188.43         | 71,335.91        | -               |
| Trade payables  | 54,202.81         | 54,202.81         | -                | -               |
| Other financial liabilities                                     | 9,656.80          | 9,656.80          | -                | -               |
|   | <b>224,383.95</b> | <b>153,048.04</b> | <b>71,335.91</b> | <b>-</b>        |
| <b>Maturities of Financial Liabilities as at March 31, 2018</b> |                   |                   |                  |                 |
| Borrowings  | 118,076.06        | 55,582.93         | 62,493.13        | -               |
| Trade payables  | 41,114.10         | 41,114.10         | -                | -               |
| Other financial liabilities                                     | 8,347.87          | 8,347.87          | -                | -               |
|   | <b>167,538.03</b> | <b>105,044.90</b> | <b>62,493.13</b> | <b>-</b>        |

### (d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

#### (i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

#### Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates. The basis risk between various benchmarks used to reset the floating rate assets and liabilities has been considered to be insignificant.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's profit for the year would decrease / increase by amount as stated below.

(₹ in '000)

| Particulars    | Financial Liabilities | Change in Interest rate | Impact on Profit or Loss before tax for the year |                |
|----------------|-----------------------|-------------------------|--|----------------|
|                |                       |                         | Increase by 1%                                   | decrease by 1% |
| March 31, 2019 | 89,188.43             | 1%                      | (891.88)   | 891.88         |
| March 31, 2018 | 55,582.93             | 1%                      | (555.83)   | 555.83         |

### (ii) Other Price Risks

The Company is not significantly exposed to equity price risks / other price risks.

### 39 UNHEDGED FOREIGN CURRENCY (FC) EXPOSURE

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

(₹ in '000)

| Particulars              | March 31, 2019   |                 | March 31, 2018   |                 |
|--------------------------|------------------|-----------------|------------------|-----------------|
|                          | USD              | ₹               | USD              | ₹               |
| <b>Trade Payable</b>     |                  |                 |                  |                 |
| - Hedged                 | -                | -               | -                | -               |
| - Unhedged               | 77,612.75        | 5,377.11        | 16,635.75        | 1,081.63        |
| <b>Total Liabilities</b> | <b>77,612.75</b> | <b>5,377.11</b> | <b>16,635.75</b> | <b>1,081.63</b> |

Of the above, the Company is exposed to USD. Hence the following table analyses the Company's sensitivity to a 5% increase and a 5% decrease in the exchange rates of this currency against INR.

(₹ in '000)

| Particulars    | Foreign exposure | Change in Interest rate | Impact on Profit or Loss before tax for the year |                |
|----------------|------------------|-------------------------|--|----------------|
|                |                  |                         | Increase by 5%                                   | decrease by 5% |
| March 31, 2019 | 5,377.11         | 5%                      | (268.86)   | 268.86         |
| March 31, 2018 | 1,081.63         | 5%                      | (54.08)  | 54.08          |

The Company is exposed to currency risk arising from its trade exposures and capital receipt / payments denominated, in other than the functional currency. The Company has a detailed policy which includes setting of the recognition parameters, benchmark targets, the boundaries within which the treasury has to perform and also lays down the checks and controls to ensure the continuing success of the treasury function.

The Company has defined strategies for addressing the risks for each category of exposures (e.g. for imports, for loans, etc.). The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macro-economic conditions.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### 40 DISCLOSURE UNDER IND AS - 115 REVENUE FROM CONTRACTS WITH CUSTOMERS

##### Disaggregate revenue information

Set out below is the disaggregation of the Company revenue from contracts with customers and reconciliation to the statement of profit and loss:

| Particulars   | (₹ in '000)                  |                              |
|---|------------------------------|------------------------------|
|   | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
| <b>(a) Type of product</b>  |                              |                              |
| Sale of Magnets   | 228,821.24                   | 220,782.61                   |
| Sale of Powder  | 15,717.80                    | 8,735.50                     |
| Others  | 5,785.07                     | 8,828.65                     |
| <b>Total revenue contract with customer</b>   | <b>250,324.11</b>            | <b>238,346.76</b>            |
| <b>(b) Geographical market</b>  |                              |                              |
| India   | 250,324.11                   | 238,346.76                   |
| Outside India   | -                            | -                            |
| <b>Total revenue contract with customer</b>   | <b>250,324.11</b>            | <b>238,346.76</b>            |
| <b>(c) Timing of revenue recognition</b>  |                              |                              |
| Performance obligation satisfied at a point in time   | 250,324.11                   | 238,346.76                   |
| Performance obligation satisfied over time  | -                            | -                            |
| <b>Total revenue contract with customer</b>   | <b>250,324.11</b>            | <b>238,346.76</b>            |
| <b>(d) Contract balances</b>  |                              |                              |
| Trade receivables   | 80,932.34                    | 53,964.72                    |
| Contract assets   | -                            | -                            |
| Contract liabilities  | 1,331.35                     | 1,512.37                     |
| (e) Trade receivable are presented net of impairment in the balance sheet. In 2019, provision for expected credit loss recognised on trade receivable was INR 596.17 ('000) and [previous year INR 1,540.90 ('000)] |                              |                              |
| <b>(f) Significant changes in contract liability during the year are as follows:</b>  |                              |                              |
| <b>Movement in contract liabilities</b>   |                              |                              |
| Contract liabilities at the beginning of the year   | 1,512.37                     | 4,190.06                     |
| Increase due to cash received and decrease as a result of changes in the measure of progress, change in estimate  | 1,331.35                     | 1,512.37                     |
| Changes due to reclassification from deferred income  | (1,512.37)                   | (4,190.06)                   |
| <b>Contract liabilities at the end of the year</b>  | <b>1,331.35</b>              | <b>1,512.37</b>              |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 41 DISCLOSURES PURSUANT TO SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECTION 186 OF THE COMPANIES ACT, 2013.

(₹ in '000)

| Particulars  | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| <b>a) Loan to Subsidiary</b>   |                |                |
| MMG India Private Limited  |                |                |
| - Balance as at year end   | 54,122.25      | 44,341.25      |
| - Maximum amount outstanding at any time during the year   | 56,322.25      | 45,141.25      |
| [MMG India Private Limited has utilised the loan for meeting working capital requirements. Average rate of interest for FY 2018-19 : 9% p.a (average rate of interest for FY 2017-18: 9%)] |                |                |
| <b>b) Investment by the loanees in the shares of the Company</b>   |                |                |
| The loanees have not made any investments in the shares of the Company   |                |                |

### 42 FAIR VALUE DISCLOSURES

#### a) Categories of financial instruments:

(₹ in '000)

| Particulars                                       | March 31, 2019 |        |                   | March 31, 2018 |        |                   |
|---|----------------|--------|-------------------|----------------|--------|-------------------|
|   | FVTPL          | FVTOCI | Amortised Cost    | FVTPL          | FVTOCI | Amortised Cost    |
| <b>Financial assets</b>                           |                |        |                   |                |        |                   |
| Investments                                       | -              | -      | 157,218.48        | -              | -      | 156,055.46        |
| Other financial assets - non current              | -              | -      | 5,242.56          | -              | -      | 4,503.17          |
| Trade receivables                                 | -              | -      | 80,932.34         | -              | -      | 53,964.72         |
| Cash and cash equivalents                         | -              | -      | 1,336.58          | -              | -      | 329.49            |
| Bank balances other than cash and cash equivalent | -              | -      | 3,000.00          | -              | -      | 1,787.74          |
| Loans   | -              | -      | 54,122.24         | -              | -      | 44,620.75         |
| Other financial assets - current                  | -              | -      | 9,296.54          | -              | -      | 6,056.14          |
|   | -              | -      | <b>311,148.74</b> | -              | -      | <b>267,317.48</b> |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

| Particulars                 | March 31, 2019 |          |                   | March 31, 2018 |          |                   |
|-----------------------------|----------------|----------|-------------------|----------------|----------|-------------------|
|                             | FVTPL          | FVTOCI   | Amortised Cost    | FVTPL          | FVTOCI   | Amortised Cost    |
| Financial Liabilities       |                |          |                   |                |          |                   |
| Borrowings - non current    | -              | -        | 71,335.91         | -              | -        | 62,493.13         |
| Borrowings - current        | -              | -        | 89,188.43         | -              | -        | 55,582.93         |
| Trade payables              | -              | -        | 54,202.81         | -              | -        | 41,114.10         |
| Other financial liabilities | -              | -        | 9,656.80          | -              | -        | 8,347.87          |
| <b>TOTAL</b>                | <b>-</b>       | <b>-</b> | <b>224,383.95</b> | <b>-</b>       | <b>-</b> | <b>167,538.03</b> |

### b) Fair Value Hierarchy and Method of Valuation

Except as detailed in the following table, the Company considers that the carrying amounts of financial instruments recognised in the financial statements approximate their fair values.

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Input other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of other financials assets and financial liabilities are approximate to their carrying values.

As Per Our Report of Even Date  
**For M H S & Associates**

Chartered Accountants  
ICAI Firm Registration No.: 141079W

**Mayur H. Shah**

Proprietor  
Membership No: 147928

Mumbai: May 22, 2019

For and on behalf of the Board of Directors

**Delta Magnets Limited** (CIN: L32109MH1982PLC028280)

**Jaydev Mody**

Chairman  
DIN:00234797

**Abhilash Sunny**

Chief Financial Officer

Mumbai: May 22, 2019

**Dr. Ram H. Shroff**

Managing Director  
DIN:00004865

**Anannya Godbole**

Company Secretary (ACS No. 23112)

**Rajesh Jaggi**

Director  
DIN:00046853

# INDEPENDENT AUDITORS' REPORT

**To the Members of Delta Magnets Limited**

**Report on the Audit of the Consolidated Financial Statements**

## **Opinion**

1. We have audited the accompanying consolidated financial statements of Delta Magnets Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, the accompanying consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the consolidated state of affairs (consolidated financial position) of the Group as at 31<sup>st</sup> March, 2019, and its consolidated loss (including other comprehensive income), its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

## **Basis for Opinion**

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI Code') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI Code. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion.

## **Emphasis of Matter**

4. We draw attention to Note No. 36 of the consolidated financial statements, with regards to MAT Credit Entitlement of ₹ 7,976.72 ('000) which is based on the judgment of the management.

Our report is not modified in respect of this matter.

## **Key Audit Matters**

5. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
6. We have determined the matters described below to be the key audit matters to be communicated in our report.

| The Key Audit Matter  | How the matter was addressed in our audit   |
|---|---|
| <p>Revenue recognition (Refer note 2.10, 23 and 40 of the Consolidated Financial Statements)</p> <p>Revenue is one of the key profit drivers and is therefore susceptible to misstatement. Cut-off is the key assertion in so far as revenue recognition is concerned, since an inappropriate cut-off can result in material misstatement of results for the year.</p>  | <p>Our audit procedures with regard to revenue recognition included testing controls, automated and manual, around dispatches/deliveries, inventory reconciliations and circularization of receivable balances, substantive testing for cut-offs and analytical review procedures.</p>  |
| <p>Deferred tax assets on unabsorbed depreciation and losses</p> <p>As detailed in note 31 to the consolidated financial statements, the Group has created deferred tax assets amounting to ₹ 20,781.53('000) as at 31<sup>st</sup> March, 2019 on brought forward losses and unabsorbed depreciation.</p> <p>The Group's ability to recover the deferred tax assets is assessed by the management at the close of each financial year which depends upon the forecasts of the future results and business profits that Group expects to earn within the period by which such brought forward losses may be adjusted against the taxable business profits as governed by the Income Tax Act, 1961. As per the assessment done by the management, the Group believes that these losses will get offset against the business profits as projected by the Group in future years. A projection about business profits in future involves significant management judgement and estimates.</p> <p>We have identified the recoverability of deferred tax assets as a key audit matter for the current year audit considering the materiality and significant judgment including the inherent uncertainty involved in forecasting future taxable profits and the probability of utilising the tax losses.</p> | <p>Our audit procedures, included but were not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Evaluated the design and tested the operating effectiveness of key controls implemented by the Group over recognition of deferred tax assets based on the assessment of Group's ability to generate sufficient taxable profits in foreseeable future allowing the use of deferred tax assets within the time prescribed by income tax laws.</li> <li>• Reconciled the future business projections of the Group as approved by the Board of Directors.</li> <li>• Verified the cash flow forecasts used in the recoverability working to the Board approved projections.</li> <li>• Reviewed the historical accuracy of the cash flow projections prepared by the management in prior periods.</li> <li>• Evaluated management's assessment of time period available for adjustment of such deferred tax assets as per provisions of the Income Tax Act, 1961 and appropriateness of the accounting treatment with respect to the recognition of deferred tax assets as per requirements of Ind AS 12, Income Taxes.</li> <li>• Evaluated the appropriateness of the disclosures made in the financial statements in respect of deferred tax assets.</li> </ul> |

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

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

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

8. The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act. The Holding Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated financial statements. Further, in terms of the provisions of the Act, the respective Board of Directors /management 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error. These financial statements have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
10. Those Board of Directors are also responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

11. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

#### **We also:**

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the Group (covered under the Act) have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on

the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
  14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
  15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Other Matters**

16. We did not audit the financial statements of two subsidiaries and one step down subsidiary, whose financial statements reflects total assets of ₹ 6,95,938.14 ('000) and net assets of ₹ 48,107.06 ('000) as at 31<sup>st</sup> March, 2019 and total revenues of ₹ 5,61,148.68 ('000) and net cash outflows amounting to ₹ 4,124.65 ('000) for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.

Further, of these subsidiaries, one subsidiary and one step-down subsidiary are located outside India whose financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Holding Company's management has converted the financial statements of such subsidiaries, located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India and such conversion adjustments made by the Holding Company's management is reviewed by other independent auditor whose report has been furnished to us by the management. Our opinion, and matters identified and disclosed under key audit matters section above, in so far as it relates to the balances and affairs of such subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Holding Company and reviewed by other auditor.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

#### **Report on Other Legal and Regulatory Requirements**

17. The Group has not paid or provided for any managerial remuneration during the year. Accordingly, reporting under Section 197(16) of the Act is not applicable.
18. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, we report, to the extent applicable, that:



19. Further to our comments in Annexure A, as required by section 143(3) of the Act, we report that:
- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b. in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors
  - c. the consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d. in our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under section 133 of the Act;
  - e. on the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiary companies covered under the Act, none of the other directors of the Group companies covered under the Act, are disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I';
  - g. With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries:
    - (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group as detailed in Note 32 to the consolidated financial statements;
    - (ii) the Holding Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31<sup>st</sup> March, 2019;
    - (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 companies covered under the Act, during the year ended 31<sup>st</sup> March, 2019;
    - (iv) the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016, which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

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

**Mayur H. Shah**  
Proprietor  
Membership No.: 147928

Place: Mumbai  
Date: 22<sup>nd</sup> May, 2019

## ANNEXURE I

### **To The Independent Auditor's 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 Delta Corp Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group') as at and for the year ended 31<sup>st</sup> March, 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Holding Company and its 1 subsidiary company, which are companies covered under the Act, as at that date.

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

The respective Board of Directors of the Holding Company, its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the IFCoFR of the Holding Company and its 1 subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its 1 subsidiary company as aforesaid.

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

A company's IFCoFR 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 IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the

company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR 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 Holding Company and its 1 subsidiary company, which are companies covered under the Act, have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31<sup>st</sup> March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note over Financial Reporting issued by the ICAI.

### **Other Matters**

We did not audit the IFCoFR in so far as it relates to 1 subsidiary company, which are companies covered under the Act, whose financial statements reflect total assets of ₹ 4,35,032.15 ('000) and net assets ₹ (1,23,580.02) ('000) at 31<sup>st</sup> March, 2019, total revenues of ₹ 2,41,914.55 ('000) and net cash inflows amounting to ₹ 1,378.62 ('000) for the year ended on that date, as considered in the consolidated financial statements. The IFCoFR in so far as it relates to such subsidiary companies have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the IFCoFR for the Holding Company, and its subsidiary companies, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary companies is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

**For M H S & Associates**

Chartered Accountants

ICAI Firm's Registration No.: 141079W

**Mayur H. Shah**

Proprietor

Membership No.: 147928

Place: Mumbai

Date: 22<sup>nd</sup> May, 2019

# CONSOLIDATED BALANCE SHEET

## AS AT 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars  | Note No. | As At<br>31 <sup>st</sup> March, 2019 | As At<br>31 <sup>st</sup> March, 2018 |
|--|----------|---------------------------------------|---------------------------------------|
| <b>Assets</b>  |          |                                       |                                       |
| <b>Non-current assets</b>  |          |                                       |                                       |
| Property, plant and equipment  | 5        | 416,961.87                            | 421,190.88                            |
| Capital work-in-progress   |          | 53,140.12                             | 1,377.61                              |
| Goodwill on consolidation  | 6        | 33,804.06                             | 33,804.06                             |
| Intangible assets  | 6        | 2,143.72                              | 1,248.45                              |
| Financial assets   |          |                                       |                                       |
| Other financial assets   | 7        | 5,961.21                              | 5,213.42                              |
| Non-current tax assets (net)   | 8        | 4,880.73                              | 4,690.62                              |
| Other non-current assets   | 9        | 206.25                                | 3,218.61                              |
| <b>Total non-current assets</b>  |          | <b>517,097.96</b>                     | <b>470,743.65</b>                     |
| <b>Current assets</b>  |          |                                       |                                       |
| Inventories  | 10       | 133,933.99                            | 123,123.06                            |
| <b>Financial assets</b>  |          |                                       |                                       |
| Trade receivables  | 11       | 225,963.15                            | 196,002.07                            |
| Cash and cash equivalents  | 12       | 31,257.03                             | 34,374.60                             |
| Bank balances other than cash and cash equivalents                                     | 13       | 5,526.71                              | 4,022.72                              |
| Other financial assets   | 7        | 1,055.73                              | 1,678.76                              |
| Other current assets   | 9        | 56,601.84                             | 69,804.43                             |
| Assets classified as held for sale   | 14       | 23,640.54                             | 23,640.54                             |
| <b>Total current assets</b>  |          | <b>477,978.99</b>                     | <b>452,646.18</b>                     |
| <b>Total assets</b>  |          | <b>995,076.95</b>                     | <b>923,389.83</b>                     |
| <b>Equity and liabilities</b>  |          |                                       |                                       |
| <b>Equity</b>  |          |                                       |                                       |
| Equity share capital   | 15       | 64,710.14                             | 64,710.14                             |
| Other equity   | 16       | 139,049.67                            | 183,802.98                            |
| <b>Total equity</b>  |          | <b>203,759.81</b>                     | <b>248,513.12</b>                     |
| <b>Liabilities</b>   |          |                                       |                                       |
| <b>Non-current liabilities</b>   |          |                                       |                                       |
| Financial liabilities  |          |                                       |                                       |
| Borrowings   | 17       | 146,469.04                            | 163,253.95                            |
| Deferred tax liabilities (net)   | 31       | 2,406.00                              | 8,083.29                              |
| Provisions   | 18       | 14,363.76                             | 13,483.83                             |
| Other non current liabilities  | 19       | 180.00                                | 540.00                                |
| <b>Total non-current liabilities</b>   |          | <b>163,418.80</b>                     | <b>185,361.07</b>                     |
| <b>Current liabilities</b>   |          |                                       |                                       |
| Financial liabilities  |          |                                       |                                       |
| Borrowings   | 17       | 395,234.67                            | 246,031.93                            |
| Trade payables   | 20       |                                       |                                       |
| total outstanding dues of micro enterprises and small enterprises; and                 |          | 6,775.17                              | -                                     |
| total outstanding dues of creditors other than micro enterprises and small enterprises |          | 130,086.33                            | 104,427.86                            |
| Other financial liabilities  | 21       | 56,097.85                             | 70,776.22                             |
| Provisions   | 18       | 6,106.68                              | 4,713.56                              |
| Other current liabilities  | 19       | 30,954.53                             | 62,101.58                             |
| Current income tax liabilities (net)   | 22       | 2,643.11                              | 1,464.50                              |
| <b>Total current liabilities</b>   |          | <b>627,898.34</b>                     | <b>489,515.64</b>                     |
| <b>Total liabilities</b>   |          | <b>791,317.14</b>                     | <b>674,876.71</b>                     |
| <b>Total equity and liabilities</b>  |          | <b>995,076.95</b>                     | <b>923,389.83</b>                     |
| <b>Summary of significant accounting policies</b>                                      | 2        |                                       |                                       |

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

As Per Our Report of Even Date  
For M H S & Associates

Chartered Accountants  
ICAI Firm Registration No.: 141079W

**Mayur H. Shah**  
Proprietor  
Membership No: 147928

Mumbai: May 22, 2019

For and on behalf of the Board of Directors  
**Delta Magnets Limited** (CIN: L32109MH1982PLC028280)

**Jaydev Mody**  
Chairman  
DIN:00234797

**Abhilash Sunny**  
Chief Financial Officer

Mumbai: May 22, 2019

**Dr. Ram H. Shroff**  
Managing Director  
DIN:00004865

**Anannya Godbole**  
Company Secretary (ACS No. 23112)

**Rajesh Jaggi**  
Director  
DIN:00046853

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars  | Note No. | Year Ended 31 <sup>st</sup> March, 2019 | Year Ended 31 <sup>st</sup> March, 2018 |
|--|----------|---|---|
| <b>INCOME</b>  |          |   |   |
| Revenue from operations  | 23       | 792,024.64                              | 726,014.30                              |
| Other income   | 24       | 2,497.88                                | 8,679.81                                |
| <b>Total income</b>  |          | <b>794,522.52</b>                       | <b>734,694.11</b>                       |
| <b>EXPENSES</b>  |          |   |   |
| Cost of material consumed  | 25       | 134,334.47                              | 118,458.34                              |
| Purchase of stock-in-trade   | 26       | 180,827.71                              | 135,917.53                              |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress                | 27       | (12,640.16)                             | 11,576.89                               |
| Excise duty  |          | -                                       | 9,479.57                                |
| Employee benefits expense  | 28       | 201,152.52                              | 183,958.61                              |
| Finance costs  | 29       | 45,269.34                               | 48,346.79                               |
| Depreciation and amortization expense  | 5 & 6    | 21,688.27                               | 22,173.52                               |
| Other expenses   | 30       | 266,468.33                              | 232,416.70                              |
| <b>Total expenses</b>  |          | <b>837,100.48</b>                       | <b>762,327.95</b>                       |
| <b>Profit / (loss) before tax</b>  |          | <b>(42,577.96)</b>                      | <b>(27,633.83)</b>                      |
| Income tax expense   | 31       |   |   |
| a) Current Tax   |          |   |   |
| - For the year   |          | 6,078.66                                | 4,335.08                                |
| - For the prior period   |          | 170.63                                  | -                                       |
| b) Deferred tax (including MACt credit)  |          | (5,437.70)                              | 611.14                                  |
| <b>Total income tax expense</b>  |          | <b>811.59</b>                           | <b>4,946.22</b>                         |
| <b>Profit / (loss) for the year</b>  |          | <b>(43,389.55)</b>                      | <b>(32,580.05)</b>                      |
| <b>Other comprehensive income</b>  |          |   |   |
| a) Other comprehensive income not to be reclassified to profit or loss in subsequent periods |          |   |   |
| Re-measurement gains/ (losses) on defined benefit plans                                      |          | 680.84                                  | 1,849.14                                |
| b) Other comprehensive income to be reclassified to profit or loss in subsequent periods     |          |   |   |
| Foreign currency translation reserve   |          | (2,044.60)                              | (1,115.46)                              |
| c) Income tax effect on above  |          | -                                       | (480.78)                                |
| <b>Other comprehensive income for the year</b>   |          | <b>(1,363.76)</b>                       | <b>252.91</b>                           |
| <b>Total comprehensive income for the year</b>   |          | <b>(44,753.31)</b>                      | <b>(32,327.14)</b>                      |
| <b>Earnings per share (face value INR 10/- each)</b>   |          |   |   |
| Basic earnings per share (INR)   |          | (6.71)                                  | (5.03)                                  |
| Diluted earnings per share (INR)   |          | (6.71)                                  | (5.03)                                  |
| <b>Summary of significant accounting policies</b>  | 2        |   |   |

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

As Per Our Report of Even Date  
**For M H S & Associates**  
Chartered Accountants  
ICAI Firm Registration No.: 141079W  
**Mayur H. Shah**  
Proprietor  
Membership No: 147928  
Mumbai: May 22, 2019

For and on behalf of the Board of Directors  
**Delta Magnets Limited** (CIN: L32109MH1982PLC028280)  
**Jaydev Mody**  
Chairman  
DIN:00234797  
**Abhilash Sunny**  
Chief Financial Officer  
Mumbai: May 22, 2019

**Dr. Ram H. Shroff**  
Managing Director  
DIN:00004865  
**Anannya Godbole**  
Company Secretary (ACS No. 23112)

**Rajesh Jaggi**  
Director  
DIN:00046853

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

## A. EQUITY SHARE CAPITAL

(₹ in '000)

| Particulars  | As at March 31, 2019 |                  | As at March 31, 2018 |                  |
|--|----------------------|------------------|----------------------|------------------|
|  | No. of shares        | Amount           | No. of shares        | Amount           |
| Equity shares of INR 10/- each issued, subscribed and fully paid |                      |                  |                      |                  |
| Opening  | 6,471,014            | 64,710.14        | 6,471,014            | 64,710.14        |
| Add: issue during the year                                       | -                    | -                | -                    | -                |
| Closing  | <b>6,471,014</b>     | <b>64,710.14</b> | <b>6,471,014</b>     | <b>64,710.14</b> |

## B. OTHER EQUITY

(₹ in '000)

| Particulars                                    | Reserves and Surplus |                            |                    | Other comprehensive income | Total              |
|--|----------------------|----------------------------|--------------------|----------------------------|--------------------|
|  | Securities premium   | Deemed equity contribution | Retained earnings  |                            |                    |
| Balance as at April 01, 2017                   | 107,025.24           | 74,836.91                  | 35,746.16          | (1,478.19)                 | 216,130.12         |
| Profit / (loss) for the year                   | -                    | -                          | (32,580.05)        | -                          | (32,580.05)        |
| Other comprehensive income / (loss)            | -                    | -                          | 1,368.37           | (1,115.46)                 | 252.91             |
| <b>Total comprehensive income for the year</b> | <b>-</b>             | <b>-</b>                   | <b>(31,211.68)</b> | <b>(1,115.46)</b>          | <b>(32,327.14)</b> |
| <b>Balance as at March 31, 2018</b>            | <b>107,025.24</b>    | <b>74,836.91</b>           | <b>4,534.48</b>    | <b>(2,593.64)</b>          | <b>183,802.98</b>  |
| Balance as at April 01, 2018                   | 107,025.24           | 74,836.91                  | 4,534.48           | (2,593.64)                 | 183,802.98         |
| Profit / (loss) for the year                   | -                    | -                          | (43,389.55)        | -                          | (43,389.55)        |
| Other comprehensive income / (loss)            | -                    | -                          | 680.84             | (2,044.60)                 | (1,363.76)         |
| <b>Total comprehensive income for the year</b> | <b>-</b>             | <b>-</b>                   | <b>(42,708.71)</b> | <b>(2,044.60)</b>          | <b>(44,753.31)</b> |
| <b>Balance as at March 31, 2019</b>            | <b>107,025.24</b>    | <b>74,836.91</b>           | <b>(38,174.23)</b> | <b>(4,638.24)</b>          | <b>139,049.67</b>  |

See accompanying notes to the consolidated financial statements (Refer note 2)

As Per Our Report of Even Date  
**For M H S & Associates**  
 Chartered Accountants  
 ICAI Firm Registration No.: 141079W  
**Mayur H. Shah**  
 Proprietor  
 Membership No: 147928  
 Mumbai: May 22, 2019

For and on behalf of the Board of Directors  
**Delta Magnets Limited** (CIN: L32109MH1982PLC028280)  
**Jaydev Mody**  
 Chairman  
 DIN:00234797  
**Abhilash Sunny**  
 Chief Financial Officer  
 Mumbai: May 22, 2019

**Dr. Ram H. Shroff**  
 Managing Director  
 DIN:00004865  
**Anannya Godbole**  
 Company Secretary (ACS No. 23112)

**Rajesh Jaggi**  
 Director  
 DIN:00046853

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars   | Year Ended<br>31 <sup>st</sup> March, 2019 | Year Ended<br>31 <sup>st</sup> March, 2018 |
|---|--|--|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                            |  |  |
| Profit / (loss) before tax  | (42,577.96)                                | (27,633.83)                                |
| <b>Adjustments for:</b>   |  |  |
| Depreciation and amortization expenses                                | 21,688.27                                  | 22,173.52                                  |
| Finance cost  | 45,269.34                                  | 48,346.79                                  |
| Interest income   | (919.76)                                   | (1,247.08)                                 |
| Provision for doubtful debts  | 1,941.03                                   | 1,346.97                                   |
| Sundry balances written back / (written off)                          | (84.09)                                    | 1,998.59                                   |
| Excise duty on finished goods   | -  | 1,622.49                                   |
| Provision for employee benefits                                       | 4,714.61                                   | 3,947.19                                   |
| Unrealised foreign exchange translation (gain)/loss                   | 1,550.37                                   | (2,848.35)                                 |
| Profit on sale of assets  | (200.00)                                   | -  |
| Foreign currency translation reserve                                  | (2,044.60)                                 | (1,115.46)                                 |
| Actuarial (Gain) / Loss on Gratuity                                   | 680.84                                     | 1,849.14                                   |
| <b>Operating profit / (loss) before working capital changes</b>       | <b>30,018.05</b>                           | <b>48,439.97</b>                           |
| <b>Changes in working capital</b>                                     |  |  |
| Increase / (decrease) in inventories                                  | (10,810.93)                                | 454.97                                     |
| Increase / (decrease) in trade receivables                            | (31,902.11)                                | (39,088.06)                                |
| Increase / (decrease) in other current assets                         | 13,202.59                                  | (42,678.60)                                |
| Increase / (decrease) in other non - current assets                   | (206.25)                                   | -  |
| Increase / (decrease) in other non - current financial assets         | (747.79)                                   | 3,606.53                                   |
| Increase / (decrease) in other current financial assets               | 414.53                                     | (22.57)                                    |
| Decrease/ (increase) in other non - current liabilities               | (360.00)                                   | (360.00)                                   |
| Decrease/ (increase) in other current liabilities                     | (31,147.04)                                | 18,889.03                                  |
| Decrease/ (increase) in financial liabilities                         | 3,132.57                                   | 1,636.87                                   |
| Decrease/ (increase) in trade payable                                 | 30,967.37                                  | 717.12                                     |
| Decrease/ (Increase ) in provisions                                   | (2,441.56)                                 | (2,672.09)                                 |
| <b>Cash generated used in operations</b>                              | <b>119.43</b>                              | <b>(11,076.83)</b>                         |
| Income tax paid   | (5,500.38)                                 | (2,404.52)                                 |
| <b>Net cash flows used in operating activities (A)</b>                | <b>(5,380.95)</b>                          | <b>(13,481.34)</b>                         |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                            |  |  |
| Payment for property, plant and equipment and intangible assets (net) | (68,814.40)                                | (30,639.52)                                |
| Proceeds from sale of property, plant and equipment                   | 200.00                                     | 3,323.62                                   |
| Bank balances other than cash and cash equivalent                     | (1,504.00)                                 | 8,986.03                                   |
| Interest received   | 1,128.26                                   | 1,380.44                                   |
| <b>Net cash flow from investing activities (B)</b>                    | <b>(68,990.14)</b>                         | <b>(16,949.43)</b>                         |

# CONSOLIDATED CASH FLOW STATEMENT

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars   | Year Ended<br>31 <sup>st</sup> March, 2019 | Year Ended<br>31 <sup>st</sup> March, 2018 |
|---|--|--|
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                    |  |  |
| Proceeds from non - current borrowings (net)                  | (46,547.54)                                | 35,048.10                                  |
| Proceeds from current borrowings (net)                        | 149,202.74                                 | 46,597.33                                  |
| Interest paid   | (31,401.68)                                | (38,618.83)                                |
| <b>Net cash flow from financing activities (C)</b>            | <b>71,253.52</b>                           | <b>43,026.60</b>                           |
| <b>Net increase in cash and cash equivalents (A+B+C)</b>      | <b>(3,117.57)</b>                          | <b>12,595.82</b>                           |
| <b>Cash and cash equivalents at the beginning of the year</b> | <b>34,374.60</b>                           | <b>21,778.78</b>                           |
| <b>Cash and cash equivalents at the end of the year</b>       | <b>31,257.03</b>                           | <b>34,374.60</b>                           |
| <b>Cash and cash equivalents comprise (Refer note 12)</b>     |  |  |
| Balances with banks   |  |  |
| - On current accounts   | 30,749.25                                  | 34,262.38                                  |
| Fixed deposits with maturity of less than 3 months            | 360.82                                     | -  |
| Cash on hand  | 146.96                                     | 112.22                                     |
| <b>Total cash and cash equivalents at end of the year</b>     | <b>31,257.03</b>                           | <b>34,374.60</b>                           |

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

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Ind AS - 7 on Statement of Cash Flow.
- Figures in bracket indicate cash outflow.
- Reconciliation of financing activities

| Particulars                                    | As at<br>March 31, 2018 | Cash flow   | Non cash adjustment<br>Accrual of interest /<br>unrealised forex loss | As at<br>March 31, 2019 |
|--|-------------------------|-------------|---|-------------------------|
| Non - current borrowings                       | 163,253.95              | (25,627.69) | 8,842.78  | 146,469.04              |
| Current maturities of non - current borrowings | 36,903.00               | (29,762.63) | -   | 7,140.37                |
| Current borrowings                             | 246,031.93              | 149,202.74  | -   | 395,234.67              |

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

As Per Our Report of Even Date  
**For M H S & Associates**  
Chartered Accountants  
ICAI Firm Registration No.: 141079W  
**Mayur H. Shah**  
Proprietor  
Membership No: 147928  
Mumbai: May 22, 2019

For and on behalf of the Board of Directors  
**Delta Magnets Limited** (CIN: L32109MH1982PLC028280)  
**Jaydev Mody**  
Chairman  
DIN:00234797  
**Abhilash Sunny**  
Chief Financial Officer  
Mumbai: May 22, 2019

**Dr. Ram H. Shroff**  
Managing Director  
DIN:00004865  
**Anannya Godbole**  
Company Secretary (ACS No. 23112)

**Rajesh Jaggi**  
Director  
DIN:00046853



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 1. GENERAL INFORMATION

Delta Magnets Limited (“the Company”) is a Company incorporated on September 23, 1982 under the provision of the Companies Act applicable in India. The Company is incorporated and domiciled and having principal place of business in India. The registered office is at B-87, MIDC, Ambad, Nashik, Maharashtra – 422010, India. The principal business of the company is manufacturing of hard ferrites. The shares of the company is listed on the National Stock Exchange of India Limited (NSE) and on the BSE Limited (BSE).

These financial statements were authorised for issue by the Board of Directors on May 22, 2019.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation of financial statements

##### (a) Statement of Compliance with Ind AS

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

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

##### (b) Basis of measurement

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

##### (c) Current / non current classification

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

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(d) Use of estimates

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

(e) Rounding off of amounts

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

#### 2.2 Principle of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the company has:

- power over the investee
- is exposed, or has rights, to variables, returns from its involvements with the investee, and
- has the ability to use its power over the investee to affect its returns

The consolidated financial statements have been prepared on the following basis:

- (a) Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.
- (b) Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.
- (c) The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the Parent company, i.e., year ended on March 31st.
- (d) The financial statements of the Parent and its subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, equity, income, expenses and cash flows. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

- (e) The excess of cost to the Company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary are made, is recognised as “Goodwill” being an asset in the consolidated financial statements. Goodwill arising out of consolidation is not amortised. However, the same is tested for impairment at each Balance Sheet date. Alternatively, where the share of equity in the subsidiary companies as on the date of the investment is in excess of cost of investment of the Company, it is recognised as “Capital Reserve” and shown under the head “Reserves and Surplus”, in the consolidated financial statements.
- (f) Non controlling interests in the net assets of subsidiaries consists of:
- The amount of equity attributable to the minorities at the date on which investment in subsidiary is made and;
  - The minorities share of movements in equity since the date the parent-subsiary relationship came into existence.
- (g) Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

### 2.3 Business combination

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

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

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

### 2.4 Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Goodwill is initially measured at

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed, measured in accordance with Ind AS 103 – Business Combinations.

Goodwill is considered to have indefinite useful life and hence is not subject to amortization but tested for impairment at least annually. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination, is from the acquisition date, allocated to each of the Group's cash generating units (CGUs) that are expected to benefit from the combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. Each CGU or a combination of CGUs to which goodwill is so allocated represents the lowest level at which goodwill is monitored for internal management purpose and it is not larger than an operating segment of the Group.

A CGU to which goodwill is allocated is tested for impairment annually, and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the goodwill, with the recoverable amount of the CGU. If the recoverable amount of the CGU exceeds the carrying amount of the CGU, the CGU and the goodwill allocated to that CGU is regarded as not impaired. If the carrying amount of the CGU exceeds the recoverable amount of the CGU, the Group recognizes an impairment loss by first reducing the carrying amount of any goodwill allocated to the CGU and then to other assets of the CGU pro-rata based on the carrying amount of each asset in the CGU. Any impairment loss on goodwill is recognized in the Statement of Profit and Loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

On disposal of a CGU to which goodwill is allocated, the goodwill associated with the disposed CGU is included in the carrying amount of the CGU when determining the gain or loss on disposal.

#### **2.5 Property, plant and equipment**

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

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

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### Depreciation methods, estimated useful lives

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

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

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

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

- Mobile Phones are depreciated over the estimated useful life of 3 years, which is lower than the life prescribed in Schedule II.
- Tools are depreciated over the estimated useful life of 5 years, which is lower than the life prescribed in Schedule II.

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

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

### Derecognition

The carrying amount of an item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the Derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

and the carrying amount of the item and is recognized in the Statement of Profit and Loss when the item is derecognized.

#### 2.6 Intangible assets

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

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

#### Amortisation method and periods

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

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

| Intangible assets | Estimated useful life |
|-------------------|-----------------------|
| Computer Software | 5                     |

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

#### Derecognition

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

#### 2.7 Impairment of non-financial assets

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

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

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019**

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

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

#### **2.8 Foreign currency transactions**

##### **(a) Functional and presentation currency**

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

##### **(b) Transactions and balances**

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

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

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

#### **2.9 Fair value measurement**

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

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

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

#### 2.10 Revenue Recognition

Effective April 1, 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

##### Revenue from sale of goods

Revenue from sale of goods is recognised when control of the products being sold is transferred to our customer and when there are no longer any unfulfilled obligations.

The Performance Obligations in our contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Our customers have the contractual right to return goods only when authorised by the Company. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

##### Revenue from sale of services

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations. The Company collects goods and service tax/ service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

##### Interest income

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

##### Dividend income

Dividend income on investments is recognised when the right to receive dividend is established

#### 2.11 Taxes

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

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

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

(c) Minimum Alternate Tax (MAT)

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

### 2.12 Assets classified as held for sale

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

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

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

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

#### 2.13 Leases

As a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as a lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### 2.14 Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials, packaging materials and stores and spare parts are valued at lower of cost and net realizable value. Cost includes purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used.

Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realisable value. Cost of work in progress and manufactured finished goods is determined on the weighted average basis and comprises direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on a weighted average basis.

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 2.15 Provisions and contingent liabilities

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The Company records a provision for decommissioning costs. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### 2.16 Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks, cash on hand and short-term deposits net of bank overdraft with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and short-term deposits net of bank overdraft.”

### 2.17 Borrowing Costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized, if any. All other borrowing costs are expensed in the period in which they occur.

### 2.18 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### (a) Financial assets

##### (i) Initial recognition and measurement

At initial recognition, financial asset is measured at its fair value plus, in the case of a financial asset

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- a) at amortized cost; or
- b) at fair value through other comprehensive income; or
- c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

**Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

**Equity instruments:** All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument- by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss."

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(iii) Impairment of financial assets

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

(iv) Derecognition of financial assets

A financial asset is derecognized only when

- a) the rights to receive cash flows from the financial asset is transferred or
- b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognized only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

**(b) Financial liabilities**

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

**Loans and borrowings:**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

(iii) Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.

**(c) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**2.19 Employee benefits**

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(b) Other long-term employee benefit obligations

(i) Defined contribution plan

Contribution towards the fund is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis which are charged to the Statement of Profit and Loss.

(ii) Defined benefit plans

**Gratuity:** The Company provides for gratuity, a defined benefit plan (the 'Gratuity Plan') covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the other comprehensive income in the year in which they arise.

**Compensated Absences:** Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/gains are recognized in the statement of profit and loss in the year in which they arise."

### 2.20 Contributed equity

Equity shares are classified as equity share capital.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.21 Events after reporting date

Where events occurring after the Balance Sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the financial statements. Otherwise, events after the Balance Sheet date of material size or nature are only disclosed.

### 2.22 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share is the net profit or loss for the year after deducting preference dividends and any attributable tax thereto for the year. The weighted average number of equity shares outstanding during the year and for all the years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.

#### 2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM) of the Parent Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

#### 2.24 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

### 3 SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future years.

#### 3.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

##### (a) Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

##### (b) Defined benefit plans and other long term benefits (gratuity benefits and leave encashment)

The cost of the defined benefit plans such as gratuity and leave encashment are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each year end.

The principal assumptions are the discount and salary growth rate. The discount rate is based upon the market yields available on government bonds at the accounting date with a term that matches that of liabilities. Salary increase rate takes into account of inflation, seniority, promotion and other relevant factors on long term basis. For details refer Note 33.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 4 STANDARDS (INCLUDING AMENDMENTS) ISSUED BUT NOT YET EFFECTIVE

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and the Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying new standards and amendments to certain issued standards. These amendments are applicable to the Company from April 01, 2019. The Company will be adopting the below stated new standards and applicable amendments from their respective effective date.

#### 4.1 Ind AS 116, Leases

Ind AS 116 supersedes Ind AS 17, Leases. Under Ind AS 116, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right of use asset) at the commencement date of lease. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the right of use asset. Lessor accounting under Ind AS 116 remains substantially unchanged from accounting under Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019.

The Company has elected to adopt Ind AS 116 retrospectively to each prior reporting period presented. This will result in change in the Balance Sheet, Statement of Profit and Loss and Cash flow statement. The Company intends to use low value exemptions and short term exemption in accordance with Ind AS 116.

The Company is in the process of assessing the impact of this new standard.

#### 4.2 Other amendments

The MCA has notified below amendments which are effective April 01, 2019 :

- Appendix C to Ind AS 12, Income taxes
- Amendments to Ind AS 103, Business Combinations
- Amendments to Ind AS 109, Financial Instruments
- Amendments to Ind AS 111, Joint Arrangements
- Amendments to Ind AS 19, Employee Benefits
- Amendments to Ind AS 23, Borrowing Costs
- Amendments to Ind AS 28, Investments to Associates and Joint Ventures

Based on preliminary work, the Company does not expect these amendments to have any significant impact on its financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 5 PROPERTY, PLANT AND EQUIPMENT

(₹ in '000)

| Particulars                              | Freehold Land    | Leasehold Land    | Buildings        | Plant and Machinery and Fixtures | Furniture Equipments | Vehicles         | Computers       | Total            |                     |
|--|------------------|-------------------|------------------|----------------------------------|----------------------|------------------|-----------------|------------------|---------------------|
| <b>Gross Block</b>                       |                  |                   |                  |                                  |                      |                  |                 |                  |                     |
| As at April 01, 2017                     | 26,087.40        | 143,376.34        | 87,043.48        | 743,690.20                       | 14,046.06            | 10,358.31        | 3,312.71        | 20,115.64        | 1,048,030.14        |
| Additions during the year                | -                | -                 | 4,007.66         | 22,729.64                        | 280.28               | 47.85            | -               | 626.12           | 27,691.56           |
| Disposals / adjustment during the year   | -                | -                 | -                | (3,776.00)                       | (41.39)              | -                | -               | 21.00            | (3,796.39)          |
| <b>As at March 31, 2018</b>              | <b>26,087.40</b> | <b>143,376.34</b> | <b>91,051.15</b> | <b>762,643.84</b>                | <b>14,284.95</b>     | <b>10,406.16</b> | <b>3,312.71</b> | <b>20,762.76</b> | <b>1,071,925.31</b> |
| Additions during the year                | -                | -                 | 843.83           | 15,683.52                        | 296.88               | -                | -               | 384.60           | 17,208.83           |
| Disposals / adjustment during the year   | -                | -                 | -                | (248.66)                         | -                    | -                | -               | (2,186.73)       | (2,435.39)          |
| <b>As at March 31, 2019</b>              | <b>26,087.40</b> | <b>143,376.34</b> | <b>91,894.98</b> | <b>778,078.71</b>                | <b>14,581.82</b>     | <b>10,406.16</b> | <b>3,312.71</b> | <b>18,960.63</b> | <b>1,086,698.75</b> |
| <b>Accumulated Depreciation</b>          |                  |                   |                  |                                  |                      |                  |                 |                  |                     |
| As at April 01, 2017                     | -                | 2,474.48          | 26,917.30        | 565,621.13                       | 12,319.88            | 5,337.69         | 1,678.31        | 14,906.87        | 629,255.65          |
| Charges for the year                     | -                | 2,295.64          | 1,699.76         | 14,370.98                        | 315.31               | 616.02           | 265.30          | 2,388.56         | 21,951.57           |
| Reverse charge on disposal / adjustments | -                | -                 | -                | (472.78)                         | -                    | -                | -               | -                | (472.78)            |
| <b>As at March 31, 2018</b>              | <b>-</b>         | <b>4,770.11</b>   | <b>28,617.05</b> | <b>579,519.33</b>                | <b>12,635.19</b>     | <b>5,953.71</b>  | <b>1,943.61</b> | <b>17,295.43</b> | <b>650,734.44</b>   |
| Charges for the year                     | -                | 2,295.64          | 2,155.94         | 13,636.49                        | 286.30               | 932.56           | 278.47          | 903.75           | 20,489.15           |
| Reverse charge on disposal / adjustments | -                | -                 | -                | (248.66)                         | -                    | -                | -               | (1,238.05)       | (1,486.70)          |
| <b>As at March 31, 2019</b>              | <b>-</b>         | <b>7,065.75</b>   | <b>30,772.99</b> | <b>592,907.17</b>                | <b>12,921.49</b>     | <b>6,886.27</b>  | <b>2,222.08</b> | <b>16,961.12</b> | <b>669,736.88</b>   |
| <b>Net block as at March 31, 2018</b>    | <b>26,087.40</b> | <b>138,606.23</b> | <b>62,434.10</b> | <b>183,124.51</b>                | <b>1,649.76</b>      | <b>4,452.46</b>  | <b>1,369.10</b> | <b>3,467.34</b>  | <b>421,190.88</b>   |
| <b>Net block as at March 31, 2019</b>    | <b>26,087.40</b> | <b>136,310.59</b> | <b>61,121.98</b> | <b>185,171.54</b>                | <b>1,660.33</b>      | <b>3,519.90</b>  | <b>1,090.63</b> | <b>1,999.50</b>  | <b>416,961.87</b>   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 6 INTANGIBLE ASSETS

| Particulars                              | (₹ in '000)     |                 |   |
|--|-----------------|-----------------|---|
|  | Software        | Total           | Goodwill (on Consolidation)<br>Refer note below |
| <b>Gross Block</b>                       |                 |                 |   |
| As at April 01, 2017                     | 1,787.98        | 1,787.98        | 33,804.06                                       |
| Additions during the year                | 1,109.38        | 1,109.38        | -   |
| Disposals / adjustment during the year   | -               | -               | -   |
| <b>As at March 31, 2018</b>              | <b>2,897.37</b> | <b>2,897.37</b> | <b>33,804.06</b>                                |
| Additions during the year                | 1,145.71        | 1,145.71        | -   |
| Disposals / adjustment during the year   | 2,186.73        | 2,186.73        | -   |
| <b>As at March 31, 2019</b>              | <b>6,229.81</b> | <b>6,229.81</b> | <b>33,804.06</b>                                |
| <b>Accumulated Depreciation</b>          |                 |                 |   |
| As at April 01, 2017                     | 1,426.96        | 1,426.96        | -   |
| Charges for the year                     | 221.96          | 221.96          | -   |
| Reverse charge on disposal / adjustments | -               | -               | -   |
| <b>As at March 31, 2018</b>              | <b>1,648.92</b> | <b>1,648.92</b> | -   |
| Charges for the year                     | 1,199.12        | 1,199.12        | -   |
| Reverse charge on disposal / adjustments | 1,238.05        | 1,238.05        | -   |
| <b>As at March 31, 2019</b>              | <b>4,086.09</b> | <b>4,086.09</b> | -   |
| <b>Net block as at March 31, 2018</b>    | <b>1,248.45</b> | <b>1,248.45</b> | <b>33,804.06</b>                                |
| <b>Net block as at March 31, 2019</b>    | <b>2,143.72</b> | <b>2,143.72</b> | <b>33,804.06</b>                                |

#### Note : Impairment testing of Goodwill

For the purpose of impairment testing goodwill is allocated a CGU representing the lowest level within the group at which goodwill is mentioned for internal management purposes, and which is not higher than the group operating segment. Goodwill is tested for impairment at least annually or whenever there is an indication that goodwill may be impaired. For goodwill impairment testing, the carrying amount of CGU's (including allocated goodwill) is compared with its recoverable amount by the Group. The recoverable amount of a CGU is a higher of its fair value less cost to sell or its value in use both of which are calculated by group using a discounted cash flow analysis. These calculation use pretax cash flow projections over a period of five years, based on financial estimates and growth rate approved by management. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to other assets of the CGU pro-rata on the basis of the carrying amount of such assets in CGU.

Based on the above, no impairment was identified as of March 31, 2019 as the recoverable value of the CGUs exceeded the carrying value. For calculation of the of the recoverable amount, the Group has used growth rate and discounting rate based on the weight average cost of capital. These estimates are likely to offer from future actual results of operations and cash flows. An analysis of the calculation's sensitivity to a change in the key parameters (revenue growth, operating margin, discount rate and long-term growth rate) based on reasonably probable assumptions, did not identify any probable scenarios where the CGU's recoverable amount would fall below its carrying amount.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>11 TRADE RECEIVABLES</b>   |                         |                         |
| <b>Unsecured</b>  |                         |                         |
| - Considered good   | 225,963.15              | 196,002.07              |
| - Considered doubtful   | 3,041.99                | 2,740.56                |
|   | <b>229,005.14</b>       | <b>198,742.63</b>       |
| Less : Allowance for bad and doubtful debts   | (3,041.99)              | (2,740.56)              |
|   | <b>225,963.15</b>       | <b>196,002.07</b>       |
| <b>12 CASH AND CASH EQUIVALENTS</b>   |                         |                         |
| Balances with banks   |                         |                         |
| - In current accounts   | 30,749.25               | 34,262.38               |
| - Fixed deposits with maturity of less than 3 months from the balance sheet date                      | 360.82                  | -                       |
| Cash on hand  | 146.96                  | 112.22                  |
| <b>TOTAL</b>  | <b>31,257.03</b>        | <b>34,374.60</b>        |
| <b>13 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS</b>  |                         |                         |
| In fixed deposit with maturity for more than 3 months but less than 12 months from balance sheet date | 5,526.71                | 4,022.72                |
| <b>TOTAL</b>  | <b>5,526.71</b>         | <b>4,022.72</b>         |
| <b>14 ASSETS CLASSIFIED AS HELD FOR SALE</b>  |                         |                         |
| Immovable property situated at Chennai  | 23,640.54               | 23,640.54               |
| <b>TOTAL</b>  | <b>23,640.54</b>        | <b>23,640.54</b>        |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars                           | As at March 31, 2019 |                   | As at March 31, 2018 |                   |
|---------------------------------------|----------------------|-------------------|----------------------|-------------------|
|                                       | No. of Shares        | Rs. In '000       | No. of Shares        | Rs. In '000       |
| <b>15 EQUITY SHARE CAPITAL</b>        |                      |                   |                      |                   |
| <b>Authorised</b>                     |                      |                   |                      |                   |
| Equity shares of INR 10/- each        | 10,000,000           | 100,000.00        | 10,000,000           | 100,000.00        |
|                                       | <b>10,000,000</b>    | <b>100,000.00</b> | <b>10,000,000</b>    | <b>100,000.00</b> |
| <b>Issued, subscribed and paid up</b> |                      |                   |                      |                   |
| Equity shares of INR 10/- each        | 6,471,014            | 64,710.14         | 6,471,014            | 64,710.14         |
| <b>TOTAL</b>                          | <b>6,471,014</b>     | <b>64,710.14</b>  | <b>6,471,014</b>     | <b>64,710.14</b>  |

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

(₹ in '000)

| Particulars                               | As at March 31, 2019 |                  | As at March 31, 2018 |                  |
|---|----------------------|------------------|----------------------|------------------|
|   | No. of Shares        | Rs. In '000      | No. of Shares        | Rs. In '000      |
| Outstanding at the beginning of the year  | 6,471,014            | 64,710.14        | 6,471,014            | 64,710.14        |
| Add: Issued during the year               | -                    | -                | -                    | -                |
| Less: Buy-back during the year            | -                    | -                | -                    | -                |
| <b>Outstanding at the end of the year</b> | <b>6,471,014</b>     | <b>64,710.14</b> | <b>6,471,014</b>     | <b>64,710.14</b> |

(b) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having par value of INR 10/- per share. Each shareholder is entitled to one vote per share held. Dividend if any declared is payable in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

During the year ended March 31, 2019, the amount of per share dividend recognized as distributions to equity shareholders was Nil (March 31, 2018: Nil).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

c) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

| Particulars  | As at March 31, 2019 |                           | As at March 31, 2018 |                           |
|--|----------------------|---------------------------|----------------------|---------------------------|
|  | No. of Shares        | % of holding in the class | No. of Shares        | % of holding in the class |
| Aryanish Finance and Investments Private Limited * | 996,570              | 15.40%                    | 1,001,570            | 15.48%                    |
| Bayside Property Developers Private Limited *      | 997,751              | 15.42%                    | 997,751              | 15.42%                    |
| Delta Real Estate Consultancy Private Limited *    | 1,005,977            | 15.55%                    | 1,010,977            | 15.62%                    |
| SSI Trading Private Limited                        | 1,615,153            | 24.96%                    | 1,615,153            | 24.96%                    |

\*Aryanish Finance and Investments Private Limited, Bayside Property Developers Private Limited, 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.

- (d) No class of shares have been issued as bonus shares or for consideration other than cash by the Company during the period of five years immediately preceding the current year end.
- (e) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

(₹ in '000)

| Particulars                | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------|----------------------|----------------------|
| <b>16 OTHER EQUITY</b>     |                      |                      |
| Securities premium         | 107,025.24           | 107,025.24           |
| Deemed equity contribution | 74,836.91            | 74,836.91            |
| Retained earnings          | (42,812.48)          | 1,940.83             |
| <b>TOTAL</b>               | <b>139,049.67</b>    | <b>183,802.98</b>    |

### Nature and purpose of other reserves

|                            |  |
|----------------------------|--|
| Securities premium         | Securities premium reserve is used to record the premium on issue of shares. These reserve is utilised in accordance with the provisions of the Act.                   |
| Deemed equity contribution | Deemed equity contribution represents difference between consideration received and present value of liability component on initial recognition (net of deferred tax). |
| Retained earnings          | Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars  | As at              |                   |
|--|--------------------|-------------------|
|  | March 31, 2019     | March 31, 2018    |
| <b>(a) Securities premium</b>                                    |                    |                   |
| Opening balance  | 107,025.24         | 107,025.24        |
| Add : Securities premium credited during the year on share issue | -                  | -                 |
| Less : Securities premium utilised during the year               | -                  | -                 |
| <b>Closing balance</b>   | <b>107,025.24</b>  | <b>107,025.24</b> |
| <b>(b) Deemed equity contribution</b>                            |                    |                   |
| Opening balance  | 74,836.91          | 74,836.91         |
| Add : Addition during the year                                   | -                  | -                 |
| Less : Utilisation during the year                               | -                  | -                 |
| <b>Closing balance</b>   | <b>74,836.91</b>   | <b>74,836.91</b>  |
| <b>(c) Retained earnings</b>                                     |                    |                   |
| Opening balance  | 1,940.83           | 34,267.98         |
| Net profit / (loss) for the current year                         | (43,389.55)        | (32,580.05)       |
| Item of OCI for the year, net of tax                             | (1,363.76)         | 252.91            |
| <b>Closing balance</b>   | <b>(42,812.48)</b> | <b>1,940.83</b>   |
| <b>Total other equity</b>  | <b>139,049.67</b>  | <b>183,802.98</b> |

(₹ in '000)

| Particulars   | As at March 31, 2019 |            | As at March 31, 2018 |           |
|---|----------------------|------------|----------------------|-----------|
|   | Non- current         | Current    | Non- current         | Current   |
| <b>17 BORROWINGS</b>  |                      |            |                      |           |
| <b>Secured</b>  |                      |            |                      |           |
| Borrowings from banks   | 74,931.19            | 113,459.67 | 100,558.88           | 91,431.93 |
| <b>Non - current borrowings</b>   |                      |            |                      |           |
| [Bank 1 - Outstanding balance as at balance sheet date carry interest @ 10.50 % p.a. (floating) is repayable in 72 months (including moratorium period of 12 months) as per ballooning repayment schedule. Installment starting from January, 2020. (refer below for detail of securities)] |                      |            |                      |           |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

| Particulars   | As at March 31, 2019 |                   | As at March 31, 2018 |                   |
|---|----------------------|-------------------|----------------------|-------------------|
|   | Non- current         | Current           | Non- current         | Current           |
| [Bank 2 - 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]  |                      |                   |                      |                   |
| <b>Current borrowings</b>   |                      |                   |                      |                   |
| [Bank 1 - Repayable on demand & carries floating interest @10 % p.a. payable at monthly. Further it is secured against first hypothecation charge on the entire current assets and movable fixed assets of the Company, both present and future and also secured by way of equitable mortgage of land & building owned by the Company.]                                     |                      |                   |                      |                   |
| [(Bank 2 - repayable on demand and carry interest @ 10.00% p.a. floating (refer below for detail of securities)]  |                      |                   |                      |                   |
| [Securities - Above borrowings are secured by way of hypothecation on entire movable fixed assets & current assets of the Company, present and future. Further, extension of equitable mortgage of immovable property owned by Holding Company situated at Nashik. Also corporate guarantee is given by the Holding Company and personal guarantee by one of the promoter]. |                      |                   |                      |                   |
| Borrowings from financial institution   | 201.94               | -                 | 201.94               | -                 |
| [Outstanding balance as at balance sheet date carry floating interest @ 10.25% p.a., repayable in 60 months. Installment started from January, 2015. Further, it is secured against hypothecation of Motor Vehicle]   |                      |                   |                      |                   |
| <b>Unsecured</b>  |                      |                   |                      |                   |
| Borrowings from related party   | 71,335.91            | 281,775.00        | 62,493.13            | 154,600.00        |
| (Non - current borrowing - Interest free loan)  |                      |                   |                      |                   |
| (Current borrowing - repayable on demand and interest@ 9 % p.a.)  |                      |                   |                      |                   |
| <b>TOTAL</b>  | <b>146,469.04</b>    | <b>395,234.67</b> | <b>163,253.95</b>    | <b>246,031.93</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars                                     | March 31, 2019   |                  | March 31, 2018   |                  |
|---|------------------|------------------|------------------|------------------|
|   | Non- current     | Current          | Non- current     | Current          |
| <b>18 PROVISIONS</b>                            |                  |                  |                  |                  |
| Provision for employee benefits (refer note 33) |                  |                  |                  |                  |
| - Gratuity (funded)                             | 14,363.76        | -                | 13,483.83        | -                |
| - Leave encashment (unfunded)                   | -                | 6,106.68         | -                | 4,713.56         |
| <b>TOTAL</b>                                    | <b>14,363.76</b> | <b>6,106.68</b>  | <b>13,483.83</b> | <b>4,713.56</b>  |
| <b>19 OTHER LIABILITIES</b>                     |                  |                  |                  |                  |
| Statutory due payable                           | -                | 27,145.56        | -                | 55,918.97        |
| Advance received from customers                 | -                | 3,448.97         | -                | 5,822.60         |
| Deferred revenue on customer advances           | 180.00           | 360.00           | 540.00           | 360.00           |
| <b>TOTAL</b>                                    | <b>180.00</b>    | <b>30,954.53</b> | <b>540.00</b>    | <b>62,101.58</b> |

(₹ in '000)

| Particulars  | As at             | As at             |
|--|-------------------|-------------------|
|  | March 31, 2019    | March 31, 2018    |
| <b>20 TRADE PAYABLES</b>   |                   |                   |
| Total outstanding dues of micro enterprises and small enterprises                      | 6,775.17          | -                 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 130,086.33        | 104,427.86        |
|  | <b>136,861.50</b> | <b>104,427.86</b> |

Based on the information available with the Company, there are no outstanding dues and payments made to any supplier of goods and services beyond the specified period under Micro, Small and Medium Enterprises Development Act, 2006 [MSMED Act]. There is no interest payable or paid to any suppliers under the said Act.

|   |          |   |
|---|----------|---|
| The principal amount remaining unpaid at the end of the year  | 6,192.75 | - |
| The Interest amount remaining unpaid at the end of the year   | 582.42   | - |
| 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  | 582.42   | - |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006 | -        | - |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| <b>21 OTHER FINANCIAL LIABILITIES - CURRENT</b>  |                         |                         |
| Capital creditor   | -                       | 1,915.97                |
| Current maturities of non - current borrowings   | 7,140.37                | 36,903.00               |
| Accrued interest on loans  | 32,737.11               | 18,869.45               |
| Employee related payable   | 12,171.74               | 9,918.39                |
| Other payables   | 4,048.63                | 3,169.41                |
| <b>TOTAL</b>   | <b>56,097.85</b>        | <b>70,776.22</b>        |
| <b>22 CURRENT INCOME TAX LIABILITIES (NET)</b>   |                         |                         |
| Current tax payable (Net of advance taxes)   | 2,643.11                | 1,464.50                |
| <b>TOTAL</b>   | <b>2,643.11</b>         | <b>1,464.50</b>         |
| <b>23 REVENUE FROM OPERATIONS</b>  |                         |                         |
| Sale of products   | 789,404.77              | 717,658.20              |
| Sale of services   | -                       | 1,303.51                |
| Other operating revenue  | 2,619.87                | 7,052.59                |
|  | 792,024.64              | 726,014.30              |
| <p>Goods and Service Tax (GST) has been effected from July 1, 2017. Consequently excise duty, value added tax, service tax etc. have been replaced with GST. Until June 30, 2017 "Sale of products" included the amount of excise duty recovered on sale. With effect from July 1, 2017 sale of products excludes the amount of GST recovered. Accordingly, revenue from sale of products for the year ended March 31, 2018 is not comparable with that of the previous year. The following additional information is being provided to facilitate such understanding:</p> |                         |                         |
| Revenue from Operations (Sale of Products)   | 789,404.77              | 717,658.20              |
| Less : excise duty   | -                       | (9,479.57)              |
| <b>TOTAL</b>   | <b>789,404.77</b>       | <b>708,178.64</b>       |
| <b>24 OTHER INCOME</b>   |                         |                         |
| Interest income  | 919.76                  | 1,247.08                |
| Sundry balances written back   | 84.09                   | 301.41                  |
| Excise duty variation on opening / closing stock of finished goods   | -                       | 1,120.60                |
| Foreign exchange fluctuation (net)   | -                       | 3,361.72                |
| Profit on sale of land   | 200.00                  | -                       |
| Other non - operating income   | 1,294.03                | 2,649.00                |
| <b>Total other income</b>  | <b>2,497.88</b>         | <b>8,679.81</b>         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>25 COST OF MATERIAL CONSUMED</b>   |                         |                         |
| Inventory at the beginning of the year  | 25,083.57               | 19,226.82               |
| Add: Purchases  | 124,949.38              | 124,315.10              |
| Less: Inventory at the end of the year  | (15,698.48)             | (25,083.57)             |
| <b>Total cost of raw material consumed</b>  | <b>134,334.47</b>       | <b>118,458.34</b>       |
| <b>26 PURCHASE OF STOCK-IN-TRADE</b>  |                         |                         |
| Purchase of stock-in-trade  | 180,827.71              | 135,917.53              |
| <b>TOTAL</b>  | <b>180,827.71</b>       | <b>135,917.53</b>       |
| <b>27 CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS</b> |                         |                         |
| Inventories at the beginning of the year  |                         |                         |
| - Finished goods  | 25,672.13               | 34,713.02               |
| - Stock in trade  | 41,121.07               | 49,431.73               |
| - Work-in-progress  | 15,805.68               | 10,031.02               |
|   | <b>82,598.88</b>        | <b>94,175.77</b>        |
| Inventories at the end of the year  |                         |                         |
| - Finished goods  | (28,834.52)             | (25,672.13)             |
| - Stock in trade  | (48,207.31)             | (41,121.07)             |
| - Work-in-progress  | (18,197.21)             | (15,805.68)             |
|   | <b>(95,239.04)</b>      | <b>(82,598.88)</b>      |
| <b>Net decrease / (increase)</b>  | <b>(12,640.16)</b>      | <b>11,576.89</b>        |
| <b>28 EMPLOYEE BENEFITS EXPENSE</b>   |                         |                         |
| Salaries, wages, bonus and other allowances   | 179,130.66              | 165,519.39              |
| Contribution to provident & other funds (refer note 33)                                 | 13,082.29               | 11,866.82               |
| Contribution to gratuity fund & leave encashment expense (refer note 33)                | 4,714.61                | 3,947.19                |
| Staff welfare expenses  | 4,224.97                | 2,625.21                |
| <b>TOTAL</b>  | <b>201,152.53</b>       | <b>183,958.61</b>       |
| <b>29 FINANCE COSTS</b>   |                         |                         |
| Interest Expenses   | 42,437.48               | 45,989.31               |
| Other borrowing costs   | 2,831.86                | 2,357.48                |
| <b>TOTAL</b>  | <b>45,269.34</b>        | <b>48,346.79</b>        |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| <b>30 OTHER EXPENSES</b>   |                         |                         |
| Consumption of stores & spares, Consumables and packing materials etc. | 73,060.05               | 69,656.89               |
| Repairs & maintenance  |                         |                         |
| - Plant & Machinery  | 5,943.24                | 5,921.04                |
| - Building   | 4,202.02                | 652.84                  |
| - Others   | 4,745.01                | 2,420.08                |
| Job work expenses  | 16,683.06               | 1,891.32                |
| Power and Fuel   | 90,326.34               | 76,705.91               |
| Excise duty variation on opening / closing stock of finished goods     | -                       | (2,743.09)              |
| Insurance  | 3,458.45                | 4,247.95                |
| Audit expenses   | 2,133.49                | 2,608.79                |
| Rates and taxes  | 9,875.32                | 7,470.50                |
| Carriage and freight   | 14,995.05               | 13,137.98               |
| Travel and conveyance  | 9,636.90                | 11,056.69               |
| Legal & professional charges   | 4,891.32                | 7,556.73                |
| Merger Expenses  | 910.34                  | -                       |
| Foreign exchange fluctuation (net)                                     | 1,550.37                | 513.37                  |
| Rent   | 2,931.61                | 2,795.26                |
| Sundry balances written off  | -                       | 2,300.00                |
| Selling & distribution cost  | 4,801.76                | 6,663.58                |
| Listing fees   | 562.50                  | -                       |
| Miscellaneous expenses   | 13,820.47               | 18,213.90               |
| Provision for doubtful debts   | 1,941.03                | 1,346.97                |
| <b>TOTAL</b>   | <b>266,468.33</b>       | <b>232,416.70</b>       |
| <b>Payments to Auditors</b>  |                         |                         |
| - For Audit fees   | 2,133.49                | 2,533.22                |
| - For Taxation matters   | -                       | 75.00                   |
| - For Company Law matters  | -                       | 0.58                    |
| <b>TOTAL</b>   | <b>2,133.49</b>         | <b>2,608.79</b>         |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars  | March 31, 2019    | March 31, 2018   |
|--|-------------------|------------------|
| <b>31 INCOME TAXES</b>   |                   |                  |
| <b>(a) Deferred tax relates to the following:</b>  |                   |                  |
| Deferred tax assets  |                   |                  |
| On provision for employee benefits   | 475.75            | 475.75           |
| On unabsorbed depreciation and losses  | 20,781.53         | 21,335.16        |
|  | <b>21,257.28</b>  | <b>21,810.92</b> |
| <b>Deferred tax liabilities</b>  |                   |                  |
| On property, plant and equipment   | 25,825.58         | 24,586.23        |
| Interest free loans to subsidiary  | 6,026.95          | 9,806.21         |
| Others   | (212.53)          | 209.08           |
|  | <b>31,640.00</b>  | <b>34,601.52</b> |
| Deferred tax (liabilities) / assets, net   | (10,382.72)       | (12,790.60)      |
| Minimum Alternative Tax (MAT) entitlements   | 7,976.72          | 4,707.31         |
| Deferred tax (liabilities) / assets, net   | (2,406.00)        | (8,083.29)       |
| <b>(b) Deferred tax assets/ (liabilities) to be recognized in Statement of Profit and Loss</b> |                   |                  |
| Deferred tax (liabilities) / assets, net   | 2,406.00          | 8,083.29         |
| Less: Opening deferred tax liabilities   | 8,083.29          | 6,969.69         |
| Deferred tax expense for the year  | <b>(5,677.29)</b> | <b>1,113.60</b>  |
| Deferred Tax liability recognized in Statement of Profit and Loss                              | (5,437.70)        | 611.14           |
| Tax liability recognized in OCI  |                   |                  |
| - On re-measurements gain/(losses) of post-employment benefit obligations                      | -                 | (480.78)         |
| - On account of change in foreign currency rate of foreign subsidiary (FCTR)                   | (239.60)          | (21.68)          |
| <b>Total deferred tax expenses recognised in the statement of profit and loss</b>              | <b>(5,677.29)</b> | <b>1,113.60</b>  |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars   | March 31, 2019     | March 31, 2018     |
|---|--------------------|--------------------|
| <b>(c) Income tax expense</b>   |                    |                    |
| Amount recognised in the statement of profit or loss                            |                    |                    |
| a) Current tax  |                    |                    |
| - For the year  | 6,078.66           | 4,335.08           |
| - For the prior period  | 170.63             | -                  |
| b) Deferred tax   | (5,437.70)         | 611.14             |
| <b>Total income tax expense</b>   | <b>811.59</b>      | <b>4,946.22</b>    |
| <b>Amount recognised in other comprehensive income</b>                          |                    |                    |
| Arising on income and expenses recognised in other comprehensive income:        |                    |                    |
| - Remeasurement of defined benefit obligation                                   | -                  | (480.78)           |
|   | -                  | <b>(480.78)</b>    |
| <b>(d) Reconciliation of tax charge</b>   |                    |                    |
| <b>Profit / (loss) before tax</b>   | <b>(42,577.96)</b> | <b>(32,580.05)</b> |
| Enacted income tax rate in India applicable to the Company                      | 27.82%             | 19.06%             |
| Income tax expense at tax rates applicable                                      | (11,845.19)        | (6,209.76)         |
| Tax effects of:   |                    |                    |
| Effect of not recognition of deferred tax asset on accumulated tax losses       | 16,658.48          | 13,405.41          |
| On account of rate difference in Subsidiary Companies                           | (1,645.49)         | (2,290.47)         |
| Incremental deferred tax liability on account of tangible and intangible assets | (842.37)           | 4,582.64           |
| Reversal of deferred tax liability on account of interest free loan             | (3,779.26)         | (2,014.12)         |
| Reversal of assets created on unabsorbed depreciation and losses                | 2,018.42           | (2,409.42)         |
| For the prior period income tax   | (426.97)           | -                  |
| Others  | 673.96             | (118.06)           |
|   | <b>811.59</b>      | <b>4,946.22</b>    |
| Effective tax rate (%)  | -1.91%             | -15.18%            |
| <b>(e) Movement of MAT credit entitlement</b>                                   |                    |                    |
| Opening Balance   | 4,707.31           | 2,868.00           |
| Add : Recognised during the year  | 3,269.41           | 1,839.31           |
| Less : Utilised during the year   | -                  | -                  |
| <b>Closing Balance</b>  | <b>7,976.72</b>    | <b>4,707.31</b>    |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 32. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

(₹ in '000)

| Particulars  | As at<br>March 31, 2019 | As at<br>March 31, 2019 |
|--|-------------------------|-------------------------|
| <b>a) Contingent liabilities</b>   |                         |                         |
| Sales tax liabilities - on account of non receipt of "C" Forms                                 | 816.38                  | 5,004.03                |
| TDS as per traces  | 2,224.24                | 1,931.65                |
| Income tax - assessment years 1990-91, 1994-95 and 1995-96 pending before Mumbai high court    | 2,329.86                | 2,329.86                |
| Disputed sales tax demands   | 11,443.23               | 11,443.23               |
| Outstanding letters of credit  | 9,284.04                | 10,860.89               |
|  | <b>126,097.75</b>       | <b>31,569.65</b>        |
| <b>b) Capital commitments</b>  |                         |                         |
| Estimated amount of contracts remaining to be executed on capital account and not provided for |                         |                         |
| - Towards Property, Plant and Equipment  | 1,692.52                | 4,208.43                |
|  | <b>1,692.52</b>         | <b>4,208.43</b>         |

### 33 EMPLOYEE BENEFITS

#### Brief description of the plans:

The Company has various schemes for employee benefits such as Provident Fund, ESIC, Gratuity and Leave Encashment. The Company's defined contribution plans are Provident Fund (in case of certain employees) and Employees State Insurance Fund (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952). The Company has no further obligation beyond making the contributions to such plans.

#### A. Define benefit plans:

The Company's defined benefit plans include Gratuity. The gratuity plan is governed by the Payment of Gratuity Act, 1972 under which an employee who has completed five years of service is entitled to specific benefits. The level of benefits provided depends on the member's length of service and salary at retirement age.

#### I. Actuarial assumptions

(₹ in '000)

| Particulars  | Funded<br>March 31, 2019                       | Funded<br>March 31, 2018                       |
|--|--|--|
| Discount rate (per annum)                          | 7% - 8%  | 7% - 8%  |
| Salary escalation rate                             | 6% - 10%                                       | 6% - 10%                                       |
| Rate of employee turnover                          | 5.00%  | 5.00%  |
| Mortality rate during Employment                   | Indian Assured<br>Lives Mortality<br>(2006-08) | Indian Assured<br>Lives Mortality<br>(2006-08) |
| Expected rate of return on plan assets (per annum) | 7% - 8%  | 7% - 8%  |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### II. Expense recognized in the Statement of Profit and Loss

(₹ in '000)

| Particulars          | Funded          | Funded          |
|----------------------|-----------------|-----------------|
|                      | March 31, 2019  | March 31, 2018  |
| Current service cost | 1,382.91        | 1,403.71        |
| Past service cost    | -               | 283.39          |
| Interest cost        | 1,054.81        | 949.44          |
| <b>TOTAL*</b>        | <b>2,437.72</b> | <b>2,636.53</b> |

\*The total expenses for the year are included in the 'Employee benefits expense' line item in the Statement of Profit & Loss.

### III. Expense recognized in the Statement of Other Comprehensive income

(₹ in '000)

| Particulars  | Funded          | Funded            |
|--|-----------------|-------------------|
|  | March 31, 2019  | March 31, 2018    |
| Actuarial (gains)/losses on obligation - due to changes in financial assumptions | 235.94          | (756.34)          |
| Actuarial (gains)/losses on obligation - due to experience adjustment            | (918.60)        | (1,052.64)        |
| Return on plan assets, excluding interest income                                 | 1.82            | (40.16)           |
| <b>TOTAL*</b>  | <b>(680.84)</b> | <b>(1,849.14)</b> |

\*The remeasurement of the net defined benefit liability is included in other comprehensive income.

### IV. Changes in the present value of defined benefit obligation

(₹ in '000)

| Particulars  | March 31, 2019  | March 31, 2018   |
|--|---|------------------|
|  | <b>Present value of obligation at the beginning of the year</b> | <b>23,750.29</b> |
| Interest cost  | 1,857.15  | 1,638.73         |
| Current service cost   | 1,382.91  | 1,403.71         |
| Past service cost  | -   | 283.39           |
| Benefit paid directly by the employer  | (876.96)  | (434.75)         |
| Benefit paid directly from the fund  | -   | -                |
| Actuarial (gains)/losses on obligation - due to changes in financial assumptions | 235.94  | (756.34)         |
| Actuarial (gains)/losses on obligation - due to experience adjustment            | (918.60)  | (1,052.63)       |
| <b>Present value of obligation at the end of the year</b>                        | <b>25,430.73</b>  | <b>23,750.29</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### V. Change in the fair value of plan assets

(₹ in '000)

| Particulars   | March 31, 2019   | March 31, 2018   |
|---|--|------------------|
|   | Fair value of plan assets at the beginning of the year | 10,266.45        |
| Interest income   | 802.34   | 689.30           |
| Return on plan assets, excluding interest income        | (1.82)   | 40.16            |
| <b>Fair value of plan assets at the end of the year</b> | <b>11,066.97</b>                                       | <b>10,266.45</b> |

### VI. Assets and liabilities recognized in the Balance Sheet

(₹ in '000)

| Particulars   | From Fund          | From Fund          |
|---|--------------------|--------------------|
|   | March 31, 2019     | March 31, 2018     |
| Present value of funded obligation                          | (25,430.73)        | (23,750.29)        |
| Less: Fair Value of plan assets                             | 11,066.97          | 10,266.45          |
| <b>Net asset / (liability) recognized in Balance Sheet*</b> | <b>(14,363.76)</b> | <b>(13,483.84)</b> |

\*Included in provision for employee benefits (refer note 18)

### VII. Maturity analysis of the benefit payments: from the fund

(₹ in '000)

| Particulars   | From Fund      | From Fund      |
|---|----------------|----------------|
|   | March 31, 2019 | March 31, 2018 |
| Projected Benefits Payable in Future Years From the Date of Reporting |                |                |
| 1 <sup>st</sup> Following Year  | 3,650.99       | 2,933.28       |
| 2 <sup>nd</sup> Following Year  | 3,985.48       | 1,949.04       |
| 3 <sup>rd</sup> Following Year  | 1,989.93       | 3,914.14       |
| 4 <sup>th</sup> Following Year  | 1,983.53       | 1,868.26       |
| 5 <sup>th</sup> Following Year  | 2,451.26       | 1,841.48       |
| Sum of Years 6 To 10  | 15,009.03      | 14,776.36      |
| Sum of Years 11 and above   | 11,857.45      | 12,472.90      |

The Plan typically to expose the Company to actuarial risk such as Interest Risk, Longevity Risk and Salary Risk;

- Interest Risk:** A decrease in the bond interest rate will increase the plan liability.
- Longevity Risk:** The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- Salary Risk:** The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan's participants will increase the plan's liability.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### VIII. A quantitative sensitivity analysis for significant assumption is as shown below

(₹ in '000)

| Impact on defined benefit obligation | March 31, 2019 | March 31, 2018 |
|--------------------------------------|----------------|----------------|
| <b>Discount rate</b>                 |                |                |
| 1% increase                          | (1,188.25)     | (1,185.92)     |
| 1% decrease                          | 1,316.96       | 1,314.38       |
| <b>Rate of increase in salary</b>    |                |                |
| 1% increase                          | 1,242.71       | 1,251.23       |
| 1% decrease                          | (1,148.99)     | (1,168.07)     |
| <b>Withdrawal rate</b>               |                |                |
| 1% increase                          | (99.14)        | (102.14)       |
| 1% decrease                          | 105.35         | 109.36         |

The above sensitivity analyses are based on change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

### B. Leave obligations

The leave obligations cover the Company's liability for earned leave.

The amount of the provision of INR 6,106.68 [March 31, 2018 INR 4,713.56] is presented as current, since the Company does not have an unconditional right to defer settlement for any of these obligations.

(₹ in '000)

| Particulars  | March 31, 2019  | March 31, 2018  |
|--|-----------------|-----------------|
| Current service cost   | 2,276.89        | 1,310.66        |
| Total expenses/(income) recognised in the Statement of Profit and Loss | <b>2,276.89</b> | <b>1,310.66</b> |

### C. Defined contribution plans

The Company also has certain defined contribution plans. The contributions are made to registered provident fund, Employee State Insurance Corporation and Labour Welfare Fund administered by the government. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards defined contribution plans are as follows:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### Charge to the Statement of Profit and Loss based on contributions

| Particulars   | (₹ in '000)      |                  |
|---|------------------|------------------|
|   | March 31, 2019   | March 31, 2018   |
| Employer's contribution to regional provident fund office | 9,785.12         | 8,766.66         |
| Employer's contribution to employees' state insurance     | 599.00           | 563.69           |
| Employer's contribution to labour welfare fund            | 10.35            | 9.77             |
| Employer's contribution to employee pension               | 2,687.82         | 2,526.70         |
|   | <b>13,082.29</b> | <b>11,866.82</b> |

### 34 EARNINGS / LOSS PER SHARE

| Particulars  | (₹ in '000)        |                    |
|--|--------------------|--------------------|
|  | March 31, 2019     | March 31, 2018     |
| The following reflects the income and share data used in the basic and diluted EPS computations: |                    |                    |
| Profit / (loss) attributable to equity holders   | (43,389.55)        | (32,580.05)        |
| Add: Impact of dilutive potential equity shares  | -                  | -                  |
| <b>Profit / (loss) attributable to equity holders adjusted for the effect of dilution</b>        | <b>(43,389.55)</b> | <b>(32,580.05)</b> |
| Weighted average number of equity shares for basic and diluted EPS                               | 6,471,014          | 6,471,014          |
| Basic earnings per share (INR)   | (6.71)             | (5.03)             |
| Diluted earnings per share (INR)   | (6.71)             | (5.03)             |

### 35 SEGMENT REPORTING

#### Business Segments:

Based on the "management approach" as defined in Ind AS 108 – Operating Segments, the Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments. Accordingly, information has been presented along with Business Segments. The Accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments.

| Particulars                    | (₹ in '000)       |                   |
|--------------------------------|-------------------|-------------------|
|                                | March 31, 2019    | March 31, 2018    |
| <b>(a) Segment revenue</b>     |                   |                   |
| DML*                           | 250,324.11        | 238,346.76        |
| MMG**                          | 241,914.54        | 204,579.00        |
| MagDev***                      | 319,234.13        | 299,024.82        |
| <b>Total</b>                   | <b>811,472.78</b> | <b>741,950.59</b> |
| Less : Inter segment revenue   | (19,448.14)       | (15,936.28)       |
| <b>Revenue from operations</b> | <b>792,024.64</b> | <b>726,014.30</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

| Particulars  | (₹ in '000)        |                    |
|--|--------------------|--------------------|
|  | March 31, 2019     | March 31, 2018     |
| <b>(b) Segment results</b>                                 |                    |                    |
| DML*   | (251.40)           | (2,798.63)         |
| MMG**  | (33,410.68)        | (25,665.38)        |
| MagDev***  | 34,210.14          | 41,067.17          |
| <b>Total</b>   | <b>548.06</b>      | <b>12,603.15</b>   |
| Unallocable expenses (net)                                 | 354.56             | 570.01             |
| Other income (net)   | 2,497.88           | 8,679.81           |
| Finance costs  | 45,269.34          | 48,346.79          |
| <b>Profit before tax</b>                                   | <b>(42,577.96)</b> | <b>(27,633.83)</b> |
| <b>(c) Capital employed</b>                                |                    |                    |
| Segment assets   |                    |                    |
| DML*   | 332,042.55         | 327,081.39         |
| MMG**  | 427,641.66         | 354,914.99         |
| MagDev***  | 230,512.03         | 241,394.06         |
| Unallocable assets   | 4,880.73           | -                  |
| <b>Total assets</b>  | <b>995,076.97</b>  | <b>923,390.43</b>  |
| Segment liabilities  |                    |                    |
| DML*   | 244,423.50         | 222,428.35         |
| MMG**  | 454,135.96         | 364,522.19         |
| MagDev***  | 87,708.58          | 79,842.87          |
| Unallocable liabilities (net)                              | 5,049.11           | 8,083.89           |
| <b>Total liabilities</b>                                   | <b>791,317.15</b>  | <b>674,877.31</b>  |
| <b>(d) Segment - capital expenditure</b>                   |                    |                    |
| DML*   | 10,372.06          | 5,564.64           |
| MMG**  | 58,659.49          | 16,219.55          |
| MagDev***  | 1,085.49           | 7,016.76           |
| Unallocable capital expenditure                            | -                  | -                  |
| <b>Total capital expenditure</b>                           | <b>70,117.04</b>   | <b>28,800.94</b>   |
| <b>(e) Segment - depreciation and amortisation expense</b> |                    |                    |
| DML*   | 7,891.23           | 8,082.20           |
| MMG**  | 11,365.13          | 11,471.84          |
| MagDev***  | 2,431.91           | 2,619.49           |
| Unallocable depreciation and amortisation expense          | -                  | -                  |
| <b>Total depreciation and amortisation expense</b>         | <b>21,688.27</b>   | <b>22,173.52</b>   |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars  | March 31, 2019  | March 31, 2018  |
|--|-----------------|-----------------|
| <b>(f) Non cash expenditure other than depreciation and amortisation</b>   | -               | -               |
| DML*   | -               | 227.85          |
| MMG**  | 1,804.04        | 945.96          |
| MagDev***  | 1,687.35        | 173.16          |
| Unallocable non cash expenditure other than depreciation and amortisation  | -               | -               |
| <b>Total non cash expenditure other than depreciation and amortisation</b> | <b>3,491.39</b> | <b>1,346.97</b> |

**Notes:****1. Operating segment :**

Segment identified by the Company comprises of Delta Magnets Limited (manufacturer of hard ferrite), MMG India Private Limited (manufactures soft ferrites) and MagDev Limited, Group (sales, distribution, assemblies of magnets & processing of metal powders and specialised lubricants).

**2. Segment revenue and expenses :**

Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment.

Revenue and expenses which relate to enterprises as a whole and are not allocable to a segment on a reasonable basis have been disclosed as "Unallocable".

**3. Segment assets and liabilities :**

Segment assets and segment liabilities represent assets and liabilities in respective segments. Investments, tax related assets and other assets and liabilities that cannot be allocated to a segment on reasonable basis have been disclosed as "Unallocable".

**4. Inter segment transfers :**

Segment revenue, segment expenses and segment results include transfer between business segments, such transfers are eliminated in consolidation.

**5. Accounting policies:**

The accounting policies consistently used in the preparation of the consolidated financial statements are also applied to item of revenue and expenditure in individual segments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 36 MAT CREDIT ENTITLEMENT

MAT Credit Entitlement of INR 7,976.72 (₹ in '000) [Previous year INR 4,707.31 (₹ in '000)] is based on business projections of Company provided by Management, and the same have been relied upon by the Auditors.

### 37 RELATED PARTY DISCLOSURES

#### a) List of related parties

(i) Key management personnel's (KMP's):

Mr. Jaydev Mody (JM) - Chairman

Dr. Ram H. Shroff (RHS) - Executive Vice Chairman & Managing Director

Ms. Ambika Kothari (AK) - Non-executive Director

Mr. Javed Tapia (JT) - Independent Director

Dr. Vrajesh Udani (VU) - Independent Director

Mr. Rajesh Jaggi (RJ) - Independent Director

Mr. Darius Khambatta (DK) - Non-executive Director

Mr. Samir Chinai (SC) - Independent Director

Mr. Abhilash Sunny (AS) - Chief Financial Officer

Mrs. Anannya Godbole (AG) - Company Secretary

(ii) Relatives of KMP's:

Mrs. Zia Mody (ZM) - Wife of the Chairman

(iii) Enterprises over which persons mentioned in (i) and (ii) above exercise significant influence/control directly or indirectly:

AZB & Partners (AZB)

Freedom Registry Limited (FRL)

Aarti Management Consultancy Private Limited (AAMPL)

Aditi Management Consultancy Private Limited (ADMPL)

Anjoss Trading Company Private Limited (ATCPL)

AAA Holding Trust (AAAHT)

Arrow Textiles Limited (AAAHT)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

b) Details of transaction carried out with related parties in the ordinary course of business for the year ended:

(₹ in '000)

| Particulars  | KMP               |                 | Enterprises Over which KMPs / Their Relatives Exercise Significant Influence or Control |                  | Total             |                  |
|--|-------------------|-----------------|---|------------------|-------------------|------------------|
|  | March 31, 2019    | March 31, 2018  | March 31, 2019  | March 31, 2018   | March 31, 2019    | March 31, 2018   |
| <b>Remuneration paid</b>                           |                   |                 |   |                  |                   |                  |
| AS   | 4,506.35          | 5,052.46        | -   | -                | 4,506.35          | 5,052.46         |
| AG   | 434.53            | 426.23          | -   | -                | 434.53            | 426.23           |
| <b>TOTAL</b>                                       | <b>4,940.88</b>   | <b>5,478.69</b> | <b>-</b>  | <b>-</b>         | <b>4,940.88</b>   | <b>5,478.69</b>  |
| <b>Director sitting fees</b>                       |                   |                 |   |                  |                   |                  |
| JM   | 4.00              | 8.00            | -   | -                | 4.00              | 8.00             |
| AK   | 8.00              | 8.00            | -   | -                | 8.00              | 8.00             |
| DK   | 10.00             | 10.00           | -   | -                | 10.00             | 10.00            |
| JT   | 20.00             | 18.00           | -   | -                | 20.00             | 18.00            |
| RJ   | 20.00             | 14.00           | -   | -                | 20.00             | 14.00            |
| SC   | 10.00             | 6.00            | -   | -                | 10.00             | 6.00             |
| VU   | 12.00             | 14.00           | -   | -                | 12.00             | 14.00            |
| <b>TOTAL</b>                                       | <b>84.00</b>      | <b>78.00</b>    | <b>-</b>  | <b>-</b>         | <b>84.00</b>      | <b>78.00</b>     |
| <b>Purchase of property, plant &amp; equipment</b> |                   |                 |   |                  |                   |                  |
| ATL  | -                 | -               | 35.00   | -                | 35.00             | -                |
| <b>TOTAL</b>                                       | <b>-</b>          | <b>-</b>        | <b>35.00</b>  | <b>-</b>         | <b>35.00</b>      | <b>-</b>         |
| <b>Advance received against sale of land</b>       |                   |                 |   |                  |                   |                  |
| JM   | 79,521.75         | -               | -   | -                | 79,521.75         | -                |
| RHS  | 26,775.00         | -               | -   | -                | 26,775.00         | -                |
| <b>TOTAL</b>                                       | <b>106,296.75</b> | <b>-</b>        | <b>-</b>  | <b>-</b>         | <b>106,296.75</b> | <b>-</b>         |
| <b>Repayment of advance against sale of land</b>   |                   |                 |   |                  |                   |                  |
| JM   | 79,521.75         | -               | -   | -                | 79,521.75         | -                |
| RHS  | 26,775.00         | -               | -   | -                | 26,775.00         | -                |
| <b>TOTAL</b>                                       | <b>106,296.75</b> | <b>-</b>        | <b>-</b>  | <b>-</b>         | <b>106,296.75</b> | <b>-</b>         |
| <b>Rent paid</b>                                   |                   |                 |   |                  |                   |                  |
| AAAHT  | -                 | -               | 576.00  | 576.00           | 576.00            | 576.00           |
| <b>TOTAL</b>                                       | <b>-</b>          | <b>-</b>        | <b>576.00</b>   | <b>576.00</b>    | <b>576.00</b>     | <b>576.00</b>    |
| <b>Interest expenses</b>                           |                   |                 |   |                  |                   |                  |
| AAMPL  | -                 | -               | 1,849.59  | 9,923.70         | 1,849.59          | 9,923.70         |
| ADMPL  | -                 | -               | 1,227.11  | 55.60            | 1,227.11          | 55.60            |
| RHS  | -                 | -               | 16,190.83   | 845.51           | 16,190.83         | 845.51           |
| <b>TOTAL</b>                                       | <b>-</b>          | <b>-</b>        | <b>19,267.53</b>  | <b>10,824.81</b> | <b>19,267.53</b>  | <b>10,824.81</b> |



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

(₹ in '000)

| Particulars                   | KMP            |                | Enterprises Over which KMPs / Their Relatives Exercise Significant Influence or Control |                  | Total             |                  |
|-------------------------------|----------------|----------------|---|------------------|-------------------|------------------|
|                               | March 31, 2019 | March 31, 2018 | March 31, 2019  | March 31, 2018   | March 31, 2019    | March 31, 2018   |
| <b>Professional fees paid</b> |                |                |   |                  |                   |                  |
| AZB                           | -              | -              | 63.01   | 200.00           | 63.01             | 200.00           |
| FRL                           | -              | -              | 73.28   | 42.82            | 73.28             | 42.82            |
| <b>TOTAL</b>                  | -              | -              | <b>136.29</b>   | <b>242.82</b>    | <b>136.29</b>     | <b>242.82</b>    |
| <b>Loan taken</b>             |                |                |   |                  |                   |                  |
| AAMPL                         | -              | -              | 20,800.00   | 61,500.00        | 20,800.00         | 61,500.00        |
| ADMPL                         | -              | -              | 26,775.00   | 11,500.00        | 26,775.00         | 11,500.00        |
| RHS                           | -              | -              | 127,175.00  | 3,000.00         | 127,175.00        | 3,000.00         |
| <b>TOTAL</b>                  | -              | -              | <b>174,750.00</b>   | <b>76,000.00</b> | <b>174,750.00</b> | <b>76,000.00</b> |

### c) Outstanding balance as at March 31, 2019

(₹ in '000)

| Particulars                 | KMP's          |                | Enterprises Over which KMPs / Their Relatives Exercise Significant Influence or Control |                   | Total             |                   |
|-----------------------------|----------------|----------------|---|-------------------|-------------------|-------------------|
|                             | March 31, 2019 | March 31, 2018 | March 31, 2019  | March 31, 2018    | March 31, 2019    | March 31, 2018    |
| <b>Loan payable</b>         |                |                |   |                   |                   |                   |
| AAMPL                       | -              | -              | 75,300.00   | 140,500.00        | 75,300.00         | 140,500.00        |
| ADMPL                       | -              | -              | 43,000.00   | 54,500.00         | 43,000.00         | 54,500.00         |
| ATCPL                       | -              | -              | 36,375.00   | 43,000.00         | 36,375.00         | 43,000.00         |
| RHS                         | -              | -              | 374,775.00  | 9,600.00          | 374,775.00        | 9,600.00          |
| <b>TOTAL</b>                | -              | -              | <b>529,450.00</b>   | <b>247,600.00</b> | <b>529,450.00</b> | <b>247,600.00</b> |
| <b>Trade payables</b>       |                |                |   |                   |                   |                   |
| AZB                         | -              | -              | 36.13   | 180.00            | 36.13             | 180.00            |
| FRL                         | -              | -              | 3,587.79  | 9.21              | 3,587.79          | 9.21              |
| AAAHT                       | -              | -              | 3,623.92  | 2,965.71          | 3,623.92          | 2,965.71          |
| ATL                         | -              | -              | 44.80   | -                 | 44.80             | -                 |
| <b>TOTAL</b>                | -              | -              | <b>7,292.64</b>   | <b>3,154.91</b>   | <b>7,292.64</b>   | <b>3,154.91</b>   |
| <b>Interest payable</b>     |                |                |   |                   |                   |                   |
| AAMPL                       | -              | -              | 1,714.67  | 14,725.82         | 1,714.67          | 14,725.82         |
| ADMPL                       | -              | -              | 1,906.21  | 50.04             | 1,906.21          | 50.04             |
| RHS                         | -              | -              | 30,149.43   | 801.81            | 30,149.43         | 801.81            |
| <b>TOTAL</b>                | -              | -              | <b>33,770.31</b>  | <b>15,577.67</b>  | <b>33,770.31</b>  | <b>15,577.67</b>  |
| <b>Remuneration payable</b> |                |                |   |                   |                   |                   |
| AS                          | 586.26         | 311.15         | -   | -                 | 586.26            | 311.15            |
| AG                          | 110.62         | 30.35          | -   | -                 | 110.62            | 30.35             |
| <b>TOTAL</b>                | <b>696.88</b>  | <b>341.50</b>  | -   | -                 | <b>696.88</b>     | <b>341.50</b>     |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### 38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to various financial risks. These risks are categorized into credit risk, capital risk, liquidity risk, and market risk. The Company's risk management is coordinated by the Board of Directors and focuses on securing long term and short term cash flows. The Company does not engage in trading of financial assets for speculative purposes.

##### (a) Credit risk

Credit risk arises from the possibility that the counter party may not be able to settle their obligations as agreed. To manage this, the Company periodically assesses financial reliability of customers and other counter parties, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of financial assets. Individual risk limits are set and periodically reviewed on the basis of such information.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis through each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on asset as at the reporting date with the risk of default as at the date of initial recognition. It considers reasonable and supportive forwarding-looking information such as:

- i) Actual or expected significant adverse changes in business;
- ii) Actual or expected significant changes in the operating results of the counterparty,
- iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations,

The Company measures the expected credit loss of trade receivables and loan from individual customers based on historical trend, industry practices and the business environment in which the entity operates. Loss rates are based on actual credit loss experience and past trends.

##### Trade receivables:

- i) The ageing of trade receivables and expected credit loss analysis on these trade receivables is given in below table:

|                    | (₹ in '000)           |                       |
|--------------------|-----------------------|-----------------------|
| <b>Particulars</b> | <b>March 31, 2019</b> | <b>March 31, 2018</b> |
| 0-180 days         | 208,406.88            | 183,742.61            |
| More than 180 days | 17,556.27             | 12,259.46             |
| <b>TOTAL</b>       | <b>225,963.15</b>     | <b>196,002.07</b>     |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

ii) The expected credit loss analysis on these receivables is given in below table:

(₹ in '000)

| Particulars                             | March 31, 2019  | March 31, 2018  |
|---|-----------------|-----------------|
| Opening provision for the year          | 2,740.56        | 2,128.34        |
| Add: Provision for expected credit loss | 1,935.58        | 1,346.97        |
| Less: Bad debts                         | (689.43)        | (734.75)        |
| Less: Reversal of expected credit loss  | (944.72)        | -               |
| <b>Closing provision for the year</b>   | <b>3,041.99</b> | <b>2,740.56</b> |

### (b) Capital risk

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings as detailed in notes 17 & 21, and offset by cash and bank balances as detailed in notes 12 and 13) and total equity of the Company.

The Company determines the amount of capital required on the basis of annual as well as long term operating plans and other strategic investment plans. The funding requirements are met through long-term and short-term borrowings. The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

The capital components of the Company are as given below:

(₹ in '000)

| Particulars                                    | March 31, 2019    | March 31, 2018    |
|--|-------------------|-------------------|
| Total Equity                                   | 203,759.81        | 248,513.12        |
| Current borrowings                             | 395,234.67        | 246,031.93        |
| Current maturities of non - current borrowings | 7,140.37          | 36,903.00         |
| Non-current borrowings                         | 146,469.04        | 163,253.95        |
| <b>Total debt</b>                              | <b>548,844.08</b> | <b>446,188.87</b> |
| Cash and cash equivalents                      | 31,257.03         | 34,374.60         |
| Other bank balances                            | 5,526.71          | 4,022.72          |
| <b>Net debt</b>                                | <b>512,060.34</b> | <b>407,791.56</b> |
| <b>Debt equity ratio</b>                       | <b>2.51</b>       | <b>1.64</b>       |

### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

The table below summarizes the maturity profile of the Company's financial liabilities:

(₹ in '000)

| Particulars   | Carrying Value    | Upto 1 year       | 1 to 5 years      | 5 years & above |
|---|-------------------|-------------------|-------------------|-----------------|
| <b>Maturities of Financial Liabilities as at March 31, 2019</b> |                   |                   |                   |                 |
| Borrowings  | 548,844.08        | 402,375.04        | 146,469.04        | -               |
| Trade payables  | 136,861.50        | 136,861.50        | -                 | -               |
| Other financial liabilities                                     | 48,957.48         | 48,957.48         | -                 | -               |
|   | <b>734,663.06</b> | <b>588,194.02</b> | <b>146,469.04</b> | -               |
| <b>Maturities of Financial Liabilities as at March 31, 2018</b> |                   |                   |                   |                 |
| Borrowings  | 446,188.87        | 282,934.92        | 163,253.95        | -               |
| Trade payables  | 104,427.86        | 104,427.86        | -                 | -               |
| Other financial liabilities                                     | 33,873.22         | 33,873.22         | -                 | -               |
|   | <b>584,489.95</b> | <b>421,236.00</b> | <b>163,253.95</b> | -               |

#### (d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

##### (i) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. In order to optimize the Group's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

##### Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for assets and liabilities at the end of the reporting period. For floating rate assets and liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year and the rates are reset as per the applicable reset dates. The basis risk between various benchmarks used to reset the floating rate assets and liabilities has been considered to be insignificant.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Company's profit for the year would decrease / increase by amount as stated below.

(₹ in '000)

| Particulars    | Financial Liabilities | Change in Interest rate | Impact on Profit or Loss before tax for the year |                |
|----------------|-----------------------|-------------------------|--|----------------|
|                |                       |                         | Increase by 1%                                   | decrease by 1% |
| March 31, 2019 | 548,844.08            | 1%                      | (5,488.44)                                       | 5,488.44       |
| March 31, 2018 | 446,188.87            | 1%                      | (4,461.89)                                       | 4,461.89       |

##### (ii) Other Price Risks

The Company is not significantly exposed to equity price risks / other price risks.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 39 UNHEDGED FOREIGN CURRENCY (FC) EXPOSURE

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

(₹ in '000)

|                      | March 31, 2019    |                  | March 31, 2018    |                  |
|----------------------|-------------------|------------------|-------------------|------------------|
|                      | Foreign currency  | INR              | Foreign currency  | INR              |
| <b>Trade payable</b> |                   |                  |                   |                  |
| - Hedged             | -                 | -                | -                 | -                |
| - Unhedged           |                   |                  |                   |                  |
| - USD                | 282,475.40        | 19,570.26        | 32,972.21         | 2,144.65         |
| - GBP                | 46,377.48         | 4,190.68         | 17,199.16         | 1,587.22         |
| - EURO               | 38,827.75         | 3,018.42         | 5,103.41          | 411.45           |
|                      | <b>367,680.63</b> | <b>26,779.36</b> | <b>55,274.78</b>  | <b>4,143.31</b>  |
| <b>Trade payable</b> |                   |                  |                   |                  |
| - Hedged             | -                 | -                | -                 | -                |
| - Unhedged           |                   |                  |                   |                  |
| - USD                | 431,360.30        | 29,885.20        | 180,730.75        | 11,755.05        |
| - EURO               | 387.60            | 30.13            | -                 | -                |
|                      | <b>431,747.90</b> | <b>29,915.33</b> | <b>180,730.75</b> | <b>11,755.05</b> |

Of the above, the Company is exposed to USD, GBP & EURO. Hence the following table analyses the Company's sensitivity to a 5% increase and a 5% decrease in the exchange rates of this currency against INR.

|                | Financial Liabilities | Change in Interest rate | Impact on Profit or Loss before tax for the year |                |
|----------------|-----------------------|-------------------------|--|----------------|
|                |                       |                         | Increase by 1%                                   | decrease by 1% |
| March 31, 2019 | (3,135.97)            | 5%                      | (156.80)   | 156.80         |
| March 31, 2018 | (7,611.73)            | 5%                      | (380.59)   | 380.59         |

The Company is exposed to currency risk arising from its trade exposures and capital receipt / payments denominated, in other than the functional currency. The Company has a detailed policy which includes setting of the recognition parameters, benchmark targets, the boundaries within which the treasury has to perform and also lays down the checks and controls to ensure the continuing success of the treasury function.

The Company has defined strategies for addressing the risks for each category of exposures (e.g. for imports, for loans, etc.). The centralised treasury function aggregates the foreign exchange exposure and takes prudent measures to hedge the exposure based on prevalent macro-economic conditions.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

#### 40 DISCLOSURE UNDER IND AS - 115 REVENUE FROM CONTRACTS WITH CUSTOMERS

##### Disaggregate revenue information

Set out below is the disaggregation of the Company revenue from contracts with customers and reconciliation to the statement of profit and loss:

| Particulars  | (₹ in '000)             |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2019 | As at<br>March 31, 2019 |
| <b>(a) Type of product</b>   |                         |                         |
| Sale of magnets - hard ferrites  | 384,056.08              | 357,362.00              |
| Sale of magnets - soft ferrites  | 204,391.65              | 186,153.32              |
| Sale of coil windings  | 74,771.99               | 46,934.70               |
| Sale of powder   | 53,606.91               | 53,598.88               |
| Magnet assembly  | 59,524.86               | 63,430.08               |
| Job work   | -                       | 1,303.51                |
| Others   | 15,673.15               | 17,231.80               |
| <b>Total revenue contract with customer</b>  | <b>792,024.64</b>       | <b>726,014.30</b>       |
| <b>(b) Geographical market</b>   |                         |                         |
| India  | 459,829.16              | 427,409.07              |
| Outside India  | 332,195.48              | 298,605.23              |
| <b>Total revenue contract with customer</b>  | <b>792,024.64</b>       | <b>726,014.30</b>       |
| <b>(c) Timing of revenue recognition</b>   |                         |                         |
| Performance obligation satisfied at a point in time  | 792,024.64              | 726,014.30              |
| Performance obligation satisfied over time   | -                       | -                       |
| <b>Total revenue contract with customer</b>  | <b>792,024.64</b>       | <b>726,014.30</b>       |
| <b>(d) Contract balances</b>   |                         |                         |
| Trade receivables  | 225,963.15              | 196,002.07              |
| Contract assets  | -                       | -                       |
| Contract liabilities   | 3,448.97                | 5,822.60                |
| <b>(e) Trade receivable are presented net of impairment in the balance sheet. In 2019, provision for expected credit loss recognised on trade receivable</b> | <b>596.17</b>           | <b>1,540.90</b>         |
| <b>(f) Significant changes in contract liability during the year are as follows:</b>   |                         |                         |
| Movement in contract liabilities   |                         |                         |
| Contract liabilities at the beginning of the year  | 5,822.60                | 8,312.89                |
| Increase due to cash received and decrease as a result of changes in the measure of progress, change in estimate   | 3,448.97                | 5,822.60                |
| Changes due to reclassification from deferred income   | (5,822.60)              | (8,312.89)              |
| <b>Contract liabilities at the end of the year</b>   | <b>3,448.97</b>         | <b>5,822.60</b>         |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

## 41 STATEMENT OF NET ASSETS, PROFIT OR (LOSS), OTHER COMPREHENSIVE INCOME AND TOTAL COMPREHENSIVE INCOME AND NON CONTROLLING INTEREST CONSIDERED IN THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in '000)

| Name of Company  | Net Assets                   |                   | Share in Profit / (Loss)          |                    | Share in other comprehensive income (OCI) |                   | Share in total comprehensive income (TOCI) |                    |
|--|------------------------------|-------------------|-----------------------------------|--------------------|---|-------------------|--|--------------------|
|  | % of Consolidated Net Assets | Amount            | % of Consolidated Profit / (loss) | Amount             | % of Consolidated OCI                     | Amount            | % of Consolidated Profit / (loss)          | Amount             |
| <b>Parent</b>  |                              |                   |                                   |                    |   |                   |  |                    |
| Delta Magnets Limited                                  | 55.60%                       | 553,216.76        | -10.35%                           | 4,488.88           | -47.93%                                   | 653.63            | -11.49%                                    | 5,142.52           |
| <b>Subsidiaries</b>                                    |                              |                   |                                   |                    |   |                   |  |                    |
| MMG India Private Limited (Indian)                     | 43.27%                       | 430,554.61        | 143.45%                           | (62,244.28)        | -1.99%                                    | 27.20             | 139.02%                                    | (62,217.08)        |
| Magdev Limited (Foreign)                               | 24.15%                       | 240,297.02        | -34.73%                           | 15,070.44          | 0.00%                                     | -                 | -33.67%                                    | 15,070.44          |
| Piamec Limited (Foreign)                               | 5.49%                        | 54,671.94         | -3.41%                            | 1,479.65           | 0.00%                                     | -                 | -3.31%                                     | 1,479.65           |
| <b>Consolidation adjustment</b>                        |                              |                   |                                   |                    |   |                   |  |                    |
| Add / (less) : Adjustment arising out of consolidation | -28.51%                      | (283,663.38)      | 5.03%                             | (2,184.24)         | 149.92%                                   | (2,044.59)        | 9.45%                                      | (4,228.84)         |
| Add / (less): Adjustment arising out of consolidation  | 0%                           | -                 | 0.00%                             | -                  | 0.00%                                     | -                 | 0.00%                                      | -                  |
| <b>Consolidated Net Assets / Profit &amp; (Loss)</b>   | <b>100.00%</b>               | <b>995,076.95</b> | <b>100.00%</b>                    | <b>(43,389.55)</b> | <b>100.00%</b>                            | <b>(1,363.76)</b> | <b>100.00%</b>                             | <b>(44,753.31)</b> |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2019

### 42 FAIR VALUE DISCLOSURES

#### a) Categories of financial instruments:

(₹ in '000)

| Particulars                                       | March 31, 2019 |        |                   | March 31, 2018 |        |                   |
|---|----------------|--------|-------------------|----------------|--------|-------------------|
|   | FVTPL          | FVTOCI | Amortised Cost    | FVTPL          | FVTOCI | Amortised Cost    |
| <b>Financial assets</b>                           |                |        |                   |                |        |                   |
| Other financial assets - non current              | -              | -      | 5,961.21          | -              | -      | 5,213.42          |
| Trade receivables                                 | -              | -      | 225,963.15        | -              | -      | 196,002.07        |
| Cash and cash equivalents                         | -              | -      | 31,257.03         | -              | -      | 34,374.60         |
| Bank balances other than cash and cash equivalent | -              | -      | 5,526.71          | -              | -      | 4,022.72          |
| Other financial assets - current                  | -              | -      | 1,055.73          | -              | -      | 1,678.76          |
|   | -              | -      | <b>269,763.83</b> | -              | -      | <b>241,291.57</b> |
| <b>Financial Liabilities</b>                      |                |        |                   |                |        |                   |
| Borrowings - non current                          | -              | -      | 146,469.04        | -              | -      | 163,253.95        |
| Borrowings - current                              | -              | -      | 395,234.67        | -              | -      | 246,031.93        |
| Trade payables                                    | -              | -      | 136,861.50        | -              | -      | 104,427.86        |
| Other financial liabilities                       | -              | -      | 56,097.85         | -              | -      | 70,776.22         |
|   | -              | -      | <b>734,663.06</b> | -              | -      | <b>584,489.95</b> |

#### b) Fair value hierarchy and method of valuation

Except as detailed in the following table, the Company considers that the carrying amounts of financial instruments recognised in the financial statements approximate their fair values.

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Input other than quoted prices included within level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The fair value of other financials assets and financial liabilities are approximate to their carrying values.

### 43. MERGER / AMALGAMATION

The Company, as per the order of the National Company Law Tribunal, Mumbai Bench ('NCLT') dated March 15, 2019, had convened a meeting of the members on April 22, 2019 wherein the members have approved the scheme of amalgamation of Arrow Textiles Limited ('First Transferor Company') and MMG India Private Limited ('Second Transferor Company') with Delta Magnets Limited (Transferee Company) and their respective shareholders with requisite majority. Further The Company has filed a petition with National Company Law Tribunal (NCLT) on April 25, 2019, for obtaining sanction to the Scheme pursuant to the provisions of Section 230 to Section 232 of the Companies Act, 2013. The hearing on the same is awaited.

As Per Our Report of Even Date  
For M H S & Associates

Chartered Accountants  
ICAI Firm Registration No.: 141079W

**Mayur H. Shah**  
Proprietor  
Membership No: 147928  
Mumbai: May 22, 2019

For and on behalf of the Board of Directors  
Delta Magnets Limited (CIN: L32109MH1982PLC028280)

**Jaydev Mody**  
Chairman  
DIN:00234797

**Abhilash Sunny**  
Chief Financial Officer

Mumbai: May 22, 2019

**Dr. Ram H. Shroff**  
Managing Director  
DIN:00004865

**Anannya Godbole**  
Company Secretary (ACS No. 23112)

**Rajesh Jaggi**  
Director  
DIN:00046853



# ANNEXURE - A

## Silent features of Financial statements of Subsidiary as per Company's Act, 2013

(₹ in '000)

| Sr. No. of Subsidiary Companies | Name of Subsidiary | Reporting Period | Reporting Currency | Capital Reserves      | Total Assets | Total Liabilities | Total Investments | Turnover (includes other income) | Profit/ (Loss) before taxation | Provision for Taxation | Profit/ (Loss) After taxation | Proposed Dividend | % of Shareholding | Country of Company |    |
|---------------------------------|--------------------|------------------|--------------------|-----------------------|--------------|-------------------|-------------------|----------------------------------|--------------------------------|------------------------|-------------------------------|-------------------|-------------------|--------------------|----|
| 1.                              | MMG India Pvt Ltd  | 31-Mar-19        | INR                | 138658.70 (262238.71) | 435032.16    | 558612.17         | 0.00              | 243219.14                        | (63640.23)                     | (1395.95)              | (62244.28)                    | 0.00              | 99.99             | India              |    |
| 2.                              | Magdev Ltd         | 31-Mar-19        | INR                | 69125.63              | 113794.25    | 280897.91         | 97978.03          | 60135.50                         | 275070.63                      | 14743.46               | 2954.12                       | 11789.34          | 0.00              | 100.00             | UK |
|                                 |                    |                  | GBP                | 765.00                | 1259.34      | 3108.64           | 1084.30           | 665.51                           | 3012.16                        | 161.45                 | 32.35                         | 129.10            | 0.00              |                    |    |
| 3.                              | Pilamec Ltd        | 31-Mar-19        | INR                | 1042.85               | 43470.26     | 54280.88          | 9767.77           | 0.00                             | 46271.46                       | 1292.91                | 320.53                        | 972.38            | 0.00              | 100.00             | UK |
|                                 |                    |                  | GBP                | 11.54                 | 481.08       | 600.72            | 108.10            | 0.00                             | 506.70                         | 14.16                  | 3.51                          | 10.65             | 0.00              |                    |    |

\* Exchange rate as on 31.03.2019

|              |              |
|--------------|--------------|
| Closing rate | Average rate |
| GBP 90.3603  | 91.32015     |





*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.



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**

I hereby record my/our presence at the **37<sup>th</sup> ANNUAL GENERAL MEETING** of the Company held on Friday, 27<sup>th</sup> September, 2019 at 02.00 p.m. at The Gateway Hotel, P-17, Mumbai-Agra National Highway, MIDC, Ambad, Nashik, Maharashtra - 422 010.

Name and Address of the Shareholder :

No. of Shares held :

Member's Folio No./ DP ID & Client ID

Member's/Proxy's name in Block Letters

Member's/Proxy's Signature

**E-VOTING DETAILS:**

| <b>EVEN (E-VOTING EVENT NUMBER)</b> | <b>USER ID</b> | <b>PASSWORD</b> |
|-------------------------------------|----------------|-----------------|
|                                     |                |                 |

Note: Please read the instructions given in the Notice of the Annual General Meeting carefully before voting electronically.

this page is intentionally left blank



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: \_\_\_\_\_ DP ID: \_\_\_\_\_ Folio No./Client ID: \_\_\_\_\_

I/We being the Member(s) of \_\_\_\_\_ Equity 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 \_\_\_\_\_

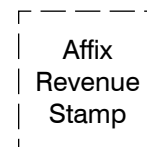
Address \_\_\_\_\_

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 **37<sup>th</sup> ANNUAL GENERAL MEETING** of the Company to be held on Friday, 27<sup>th</sup> September, 2019 at 02.00 p.m. at The Gateway Hotel, P-17, Mumbai-Agra National Highway, MIDC, Ambad, Nashik, Maharashtra - 422 010 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 Audited Financial Statements (including the Consolidated Financial Statement) for the year ended 31st March, 2019 together with Reports of Board of Directors and Auditors thereon. |      |         |         |
| 2              | Appointment of a Director in place of Dr. Ram H. Shroff (DIN: 00004865) who retires by rotation and being eligible, offers himself for re-appointment.  |      |         |         |
| 3              | Re-appointment of Mr. Rajesh Jaggi (DIN: 00046853) as an Independent Director of the Company.   |      |         |         |
| 4              | Re-appointment of Mr. Javed Tapia (DIN: 00056420) as an Independent Director of the Company.  |      |         |         |
| 5              | Re-appointment of Mr. Samir Chinai (DIN: 00112601) as an Independent Director of the Company.   |      |         |         |
| 6              | Re-appointment of Dr. Vrajesh Udani (DIN: 00021311) as an Independent Director of the Company.  |      |         |         |
| 7              | Appointment Mr. Darius Khambatta (DIN: 00520338), Director, as Independent Director of the Company.   |      |         |         |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019



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.